

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298

JAN - 5 2004

REVENUE & TARIFFS DEPT.



December 19, 2003

Advice Letter: 1680-E

Akbar Jazayeri  
Director of Revenue and Tariffs  
Southern California Edison Company  
P O Box 800  
Rosemead, CA 91770

Reference: Contract for procurement from renewable resources pursuant to Decision 02-08-071

Dear Mr. Jazayeri:

Advice Letter 1680-E is effective December 4, 2003 by Resolution E-3814. A copy of the advice letter is included herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clanon".

Paul Clanon, Director  
Energy Division

jjr

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January 14, 2003

**ADVICE 1680-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:**      **Submission of Contract for Procurement from Renewable  
Resources Pursuant to Commission Decision 02-08-071**

**PURPOSE**

In compliance with Ordering Paragraphs 3 and 4 of Decision (D.) 02-08-071 (Decision), Southern California Edison Company (SCE) hereby requests approval by the California Public Utilities Commission (Commission) of a power purchase agreement for the procurement of power from a renewable resource (PPA), a true and correct copy of which is attached as Confidential Exhibit B-2 to this Advice Letter. The effectiveness of the PPA is expressly conditioned on Commission approval being obtained in the manner and within the time set forth in the PPA. Pursuant to the procedures for accelerated approval of such contracts by the Commission set forth in Appendix B to the Decision, SCE requests that, no later than February 13, 2003, the Commission approve the PPA by a resolution containing findings in the form requested in this Advice Letter.

In Advice 1676-E, filed December 24, 2002, SCE seeks the Commission's approval of five power purchase agreements for the procurement of power from renewable resources, resulting from a solicitation conducted by SCE pursuant to the Decision (Solicitation). The PPA also results from the Solicitation. Confidential Appendix A and Confidential Exhibits A-1 and A-2 to this Advice Letter contain an overview of the PPA and information about the proposed project. Confidential Exhibit B-1 contains a summary of the material terms of the PPA and, as indicated above, Confidential Exhibit B-2 contains a copy of the PPA.

The materials contained in Confidential Appendices A and B are "Confidential Protected Material" within the meaning of the protective order issued on

May 1, 2002 in Rulemaking (R.) 01-10-024 (Protective Order) and should be treated in accordance with the provisions of the Protective Order, Public Utilities (PU) Code Section 583 and General Order 66-C.

## **BACKGROUND**

The Commission issued the Decision on August 22, 2002. Insofar as renewable procurement is concerned, the Decision directed SCE to solicit contracts providing for energy deliveries from eligible renewable resources in an amount, in the aggregate, equal to 1% of SCE's sales, including sales of power procured by the California Department of Water Resources (DWR).

The Commission also directed SCE to convene a Procurement Review Group (PRG) consisting of non-market participant parties that are bound by the Protective Order. Participants in SCE's PRG have included representatives of the Commission's Energy Division, the Office of Ratepayer Advocates, The Utility Reform Network, the Natural Resources Defense Council, the California Energy Commission, the Consumers' Union, California Utility Employees, and the CDWR. In accordance with the Decision, SCE has consulted with its PRG during each step of the renewable procurement process. Among other things, SCE has provided Solicitation materials and standardized contract forms to the PRG for review and comment before commencing the Solicitation, informed the PRG of the results of the Solicitation, explained the evaluation process, and updated the PRG periodically concerning the status of contract negotiations.

The Decision also adopted an expedited procedural schedule for Commission review and approval of contracts entered into pursuant to the Decision. This procedure permits the Commission's Energy Division to place a resolution on the Commission's consent agenda for consideration approximately 30 days from the date of this Advice Letter.

As explained in Advice 1676-E, pursuant to the Decision, SCE conducted the Solicitation, with an objective of obtaining qualifying proposals of a type and quantity sufficient to meet the Solicitation goal of increasing procurement from such resources by 1% of SCE's total annual sales (including DWR sales and excluding direct access sales). SCE provided its proposed Solicitation materials to the PRG for review in advance of the Solicitation. A complete copy of the Solicitation materials is attached as Exhibit A-1 to Confidential Appendix A to Advice 1676-E. Like the power purchase agreements which are the subject of Advice 1676-E, the PPA resulted from the Solicitation. The benefits of the PPA are described in Confidential Appendix A. Commission approval of the PPA will result in additional procurement of energy and capacity from an eligible renewable resource.

Under the PPA, the contract term will not begin until after the Commission's decision granting approval becomes final. Commission approval, for purposes of the PPA, means that the Commission has adopted a resolution approving the PPA, all aspects of the Solicitation of renewable power that resulted in the PPA and SCE's conduct in respect of the Solicitation, and making the required findings SCE requests in numbered paragraphs 1 through 4 in the next section of this Advice Letter.

## **REQUEST FOR COMMISSION APPROVAL**

Pursuant to the procedure set forth in Appendix B to the Decision, SCE requests that the Commission issue a resolution no later than February 13, 2003, approving as reasonable the PPA, and finding that:

1. The PPA and SCE's entry into the PPA are reasonable and prudent for all purposes, including, but not limited to, recovery of all payments made pursuant to the PPA in rates, subject only to review with respect to the reasonableness of SCE's administration of the PPAs;
2. SCE's Solicitation of renewable power that resulted in the PPA has been conducted reasonably;
3. Any procurement pursuant to the PPA is deemed transitional procurement by SCE from a renewable resource for purposes of determining SCE's compliance with any obligation that it may have pursuant to D. 02-08-071 and D. 02-10-062, or other applicable law, to procure an additional 1% of its annual electricity sales from renewable resources; and
4. Any procurement pursuant to the PPA is deemed part of SCE's "baseline" quantity of eligible renewable resources for purposes of Section 399.15 of the Public Utilities Code or other applicable law.

## **CONFIDENTIAL APPENDICES**

The following appendices and exhibits thereto demonstrate SCE's compliance with the Decision and the the reasonableness of the PPAs:

- **Confidential Appendix A, including Confidential Exhibits A-1 and A- 2;** and
- **Confidential Appendix B, including Confidential Exhibits B-1 and B-2.**

This advice letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

**EFFECTIVE DATE**

This advice filing will become effective on February 13, 2003, pursuant to the Procurement Contract Review Process set forth in Appendix B of D.02-08-071.

**NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Energy Division and SCE no later than seven days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager  
Energy Division  
c/o Jerry Royer  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri  
Director of Revenue and Tariffs  
c/o Emelyn Lawler  
Southern California Edison Company  
2244 Walnut Grove Avenue, Rm. 303  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [Emelyn.Lawler@sce.com](mailto:Emelyn.Lawler@sce.com)

Bruce Foster  
Vice President of Regulatory Operations  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2040

San Francisco, California 94102  
Facsimile: (415) 673-1116  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

Lars E. Bergmann  
Director of QF Resources  
c/o Gary Allen  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Suite 495  
Rosemead, CA 91770  
Facsimile: (626) 302-1103  
E-mail: [Gary.Allen@sce.com](mailto:Gary.Allen@sce.com)

With a copy to

J. Eric Isken  
Senior Attorney  
Southern California Edison Company  
2244 Walnut Grove Ave.  
Suite 342  
Rosemead, CA 91770  
Facsimile: (626) 302-1904  
E-mail: [J.Eric.Isken@sce.com](mailto:J.Eric.Isken@sce.com)

There are no restrictions on who may file a protest, but the protest must set forth specifically the grounds upon which it is based and must be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list and on the electronic service list for R.01-10-024. Requests to change an address on the attached GO 96-A service list should be directed to Emelyn Lawler at (626) 302-3985 or by electronic mail at [Emelyn.Lawler@sce.com](mailto:Emelyn.Lawler@sce.com). For changes to the R.-01-10-024 Service List, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [ven@cpuc.ca.gov](mailto:ven@cpuc.ca.gov).

Further, in accordance with Pub. Util. Code Section 491, notice is hereby given to the public by filing and keeping this advice filing open for public inspection at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/adviceletters>.

All questions concerning this advice filing should be directed to Gary Allen at (626) 302-9612. Mr. Allen can also be contacted via electronic mail at [Gary.Allen@sce.com](mailto:Gary.Allen@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:jh/jj  
Enclosures

Confidential Information

Redacted