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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 08-08-009
(Filed August 21, 2008)

**ASSIGNED COMMISSIONER'S RULING
ACCEPTING 2009 TRANSMISSION RANKING COST REPORTS**

The 2009 Transmission Ranking Costs Reports (TRCRs) are accepted.

Background

Transmission costs are considered in the least-cost, best-fit (LCBF) ranking of bids. These bids are submitted by prospective sellers as part of competitive solicitations undertaken pursuant to the California Renewables Portfolio Standard (RPS) Program for electricity to be generated from eligible renewable resources. (Pub. Util. Code § 399.11 et seq.) Decision (D.) 04-06-013 adopted a methodology for the development and consideration of transmission costs for this purpose. D.05-07-040 modified the transmission cost methodology in part.

TRCRs have been approved by Assigned Commissioner Rulings for the 2004, 2005, 2006, 2007 and 2008 RPS solicitations.¹ The Commission directed that the Assigned Commissioner or Administrative Law Judge set a schedule for consideration of TRCRs relative to the 2009 RPS solicitation. It also directed that

¹ Rulings dated September 10, 2004 and October 21, 2005 in Investigation 00-11-001; May 17, 2006 in Rulemaking (R.) 04-04-026; January 10, 2007 and January 18, 2008 in R.06-05-027.

the Assigned Commissioner assess the adequacy of TRCRs, and determine whether each utility's TRCR should be approved, modified, or other steps taken before its use in the LCBF ranking of bids in the 2009 solicitation. (D.08-02-008, Ordering Paragraph 7.)

A schedule for consideration of TRCRs was adopted in the Amended Scoping Memo dated June 20, 2008 (as modified by ruling dated August 12, 2008). Timely filing and service of draft TRCRs was made on October 1, 2008 by Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E). Comments on the draft TRCRs were due by October 15, 2008. No comments were filed.

Discussion

No party filed specific comments on a draft 2009 TRCR. No party recommended rejection of a draft 2009 TRCR. No reasons are known to modify or reject any TRCR. Each TRCR should be accepted.

The RPS statute provides that the Commission review and accept, modify or reject each electrical corporation's renewable energy procurement plan prior to the commencement of renewable energy procurement. (Pub. Util. Code § 399.14(c).) The Commission generally provides each electrical corporation considerable flexibility in how it satisfies RPS program goals, subject to limited and specific Commission-directed program requirements and guidance. Each electrical corporation must then reach program targets (within flexible compliance provisions) or face the possibility of penalties. In this context, each TRCR, as part of each utility's RPS Plan, should be accepted.

PG&E comments generally on TRCRs in its 2009 RPS Procurement Plan.² PG&E states that it has identified one area where future TRCRs and their implementation can be improved. In particular, PG&E recommends more consistent treatment within TRCRs of future transmission projects before the projects have obtained all required approvals. PG&E says:

For example, projects located in the Tehachapi area (SCE Cluster 1) were assessed a TRCR reflecting the cost of the proposed Tehachapi transmission upgrades that are currently being reviewed by the Commission. However, projects located near the Imperial Substation (SDG&E Cluster C2) received a transmission adder that treated the Sunrise transmission project, a project also under review by the Commission, as a sunk cost. Such inconsistent treatment of proposed transmission projects can result in unequal transmission valuations.³

No party replies to PG&E's general comment.

The Sunrise Powerlink Transmission Project (Sunrise) was approved approximately 90 days after PG&E made the above comment. (See D.08-12-058.) While PG&E is correct that proposed transmission projects must be treated consistently to avoid unequal transmission valuations, no specific modification to 2009 TRCRs is recommended by any party, and none is now necessary given the approval of Sunrise. Respondent utilities must treat proposed transmission projects consistently to avoid unequal transmission valuations in the future.

² This is in response to the June 20, 2008 Amended Scoping Memo, Attachment A, Item 5 (regarding discussion of experience with, and recommended improvements to, TRCRs).

³ 2009 RPS Procurement Plan dated September 15, 2008, p. 23.

IT IS RULED that:

1. The following Transmission Ranking Cost Reports are approved for the purpose of least cost and best fit bid ranking in the 2009 solicitation of generation from renewable resources:

- a. 2009 Transmission Ranking Cost Report of Southern California Edison Company filed October 1, 2008,
- b. 2009 Transmission Ranking Cost Report of Pacific Gas and Electric Company filed October 1, 2008, and
- c. 2009 Transmission Ranking Cost Report of San Diego Gas & Electric Company filed October 1, 2008.

2. This ruling shall also be served on the service list for consolidated proceedings Rulemaking 08-03-009 and Investigation 08-03-010 (rulemaking and investigation to actively promote the development of transmission infrastructure to provide access to renewable energy resources for California).

Dated April 29, 2009, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding and also on Rulemaking 08-03-009 and Investigation 08-03-010 by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated April 29, 2009, at San Francisco, California.

/s/ GLADYS M. DINGLASAN
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