

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

AGENDA ID #14987  
RESOLUTION E-4780  
July 14, 2016

R E D A C T E D  
R E S O L U T I O N

Resolution E-4780. Grants Southern California Edison Company's request for approval of a renewables portfolio standard eligible power purchase agreement with Valentine Solar, LLC.

PROPOSED OUTCOME

- Approves cost recovery for a renewable energy power purchase agreement between Southern California Edison Company (SCE) and Valentine Solar, LLC (Valentine PPA). The Valentine PPA is approved without modification.

SAFETY CONSIDERATIONS:

- Based on the information before us, the Valentine PPA does not appear to result in any adverse safety impacts on the facilities or operations of SCE.

ESTIMATED COST:

- Actual costs of the Valentine PPA are confidential at this time.

By Advice Letter 3382-E filed on March 18, 2016.

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SUMMARY

**Southern California Edison Company's (SCE's) renewable energy power purchase agreement with Valentine Solar, LLC (Valentine) complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modification**

SCE filed Advice Letter 3382-E (Valentine AL) on March 18, 2016, requesting California Public Utilities Commission (Commission) review and approval of a 15-year renewable energy PPA with Valentine (Valentine PPA). The Valentine

PPA was executed through SCE’s 2014 RPS solicitation (2014 RPS RFO). Pursuant to the Valentine PPA, RPS-eligible generation will be purchased from the proposed Valentine solar facility. The Valentine facility will be located in Kern County, California (CA) and is planned to have a capacity of approximately 111 megawatts (MW). It will interconnect within the California Independent System Operator (CAISO)-controlled grid at Whirlwind Substation.

This Resolution approves the Valentine PPA. SCE’s execution of the agreement is consistent with SCE’s 2014 RPS Procurement Plan (RPS Plan), which the Commission approved in Decision (D.) 14-11-042. In addition, RPS deliveries pursuant to the Valentine PPA are reasonably priced and the related PPA costs to SCE are fully recoverable in rates over the life of the Valentine PPA, subject to Commission review of SCE’s administration of the PPA.

The following table provides a summary of the Valentine PPA:

**Table 1: Summary of Valentine PPA**

<b>Seller</b>	<b>Generation Type</b>	<b>Size (MW)</b>	<b>Estimated Average Energy (GWh/Yr.)</b>	<b>Forecasted Commercial Operation Date</b>	<b>Term of Agreement (Years)</b>	<b>Location</b>
Valentine Solar, LLC	Solar Photovoltaic (PV)	111	316	December 1, 2019	15	Kern County, CA

## **BACKGROUND**

### **Overview of the Renewables Portfolio Standard (RPS) Program**

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X) and SB 350.<sup>1</sup> The

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<sup>1</sup> SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session); and SB 350 (De León, Chapter 547, Statutes of 2015).

RPS program is codified in Public Utilities Code Sections 399.11-399.31.<sup>2</sup> The RPS program requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources is an amount that equals an average of 20 percent of the total electricity sold to retail customers in California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; 33 percent of retail sales by December 31, 2020; and corresponding increases up to 50% by December 31, 2030.<sup>3</sup>

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

## **NOTICE**

Notice of the Valentine AL was made by publication in the Commission's Daily Calendar. SCE states that a copy of the Valentine AL was mailed and distributed to the R.15-02-020 service list and GO 96-B service lists in accordance with Section 4 of General Order 96-B.

## **PROTEST**

The Valentine AL was not protested.

## **DISCUSSION**

### **SCE requests approval of a renewable energy power purchase agreement (PPA) with Valentine**

SCE filed the Valentine AL requesting Commission approval of the Valentine PPA. The proposed Valentine solar PV facility will be located in Kern County,

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<sup>2</sup> All further statutory references are to the Public Utilities Code unless otherwise specified.

<sup>3</sup> D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

CA. Valentine Solar, LLC is wholly owned by EDF Renewable Energy, Inc. (EDFRE), which will develop the proposed facility. Pursuant to the Valentine PPA, the renewable energy from the facility will be delivered to the Whirlwind Substation within the CAISO-controlled grid. SCE is to begin purchasing the generation from Valentine beginning December 1, 2019. The expected annual generation to be purchased from the facility is 316 Gigawatt-hours (GWh). This generation could count towards SCE's RPS requirements in Compliance Period 2017-2020 and subsequent Compliance Periods through the end of the PPA.

**SCE requests that the Commission issue a resolution that:**

1. Approves the Valentine PPA in its entirety;
2. Finds that the Valentine PPA is consistent with SCE's 2014 RPS Procurement Plan;
3. Finds that the Valentine PPA is compliant with the Emissions Performance Standard;
4. Finds that any procurement pursuant to the Valentine PPA is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, et seq.), Decision 03-06-071, or other applicable law;
5. Finds that the Valentine PPA, and SCE's entry into it, is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the Valentine PPA, subject only to further review with respect to the reasonableness of SCE's administration of the Valentine PPA;
6. Any other and further relief as the Commission finds just and reasonable.

**Energy Division Evaluated the Valentine PPA based on the following criteria:**

- Consistency with the RPS policies and requirements:
  - SCE's 2014 RPS Procurement Plan and RPS Procurement Need
  - SCE's Least-Cost, Best-Fit (LCBF) Methodology
  - RPS Standard Terms and Conditions
  - Portfolio Content Categories Requirements

- Long-Term Contracting Requirement
- Independent Evaluator (IE) Review Requirements
- Procurement Review Group (PRG) Requirements
- Net Market Value and Cost Reasonableness
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard
- Contract Viability Assessment and Project Development Status
- Safety Considerations

### **Consistency with SCE's 2014 RPS Procurement Plan**

In its 2014 RPS Plan SCE provided an assessment of supply and demand to determine the optimal mix of renewable generation resources, description of potential RPS compliance delays, status update of projects within its RPS portfolio, and an assessment of project failure and delay risk within its RPS portfolio.<sup>4</sup> Specifically, SCE explained that its assessment for determining need is based on a forecast of bundled retail sales, performance and variability of existing generation, the likelihood of new generation achieving commercial operation, expected commercial on-line dates of facilities under contract, technology mix, expected curtailment, and the impact of pre-approved procurement programs, among other factors. Based on that assessment, SCE stated that it does not have a short-term RPS procurement need, but it does have a long-term RPS procurement need for renewable energy in the 2017-2020 Compliance Period.

Specifically, SCE stated in its 2014 RPS Plan the intention to procure additional RPS-eligible resources in order to satisfy its RPS requirements. The plan called for the issuance of a competitive solicitation for the purchase of RPS-eligible energy with deliveries beginning on or after January 1, 2016. In addition, SCE sought offers that would qualify as Portfolio Content Category 1 or 3, be for at least 10 years in length, and have a contract capacity of 500 kW or greater.

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<sup>4</sup> Section 399.13(a)(5).

Based on SCE's RPS portfolio needs described in its 2014 RPS Plan and updated Renewable Net Short (RNS), the Valentine PPA is consistent with SCE's 2014 RPS Plan. The Valentine PPA is for generation from a proposed renewable energy resource<sup>5</sup> with deliveries to begin on December 1, 2019, and continuing for 15 years. See Confidential Appendix A for details on SCE's updated forecasted RPS procurement needs.

The Valentine PPA is consistent with SCE's 2014 RPS Procurement Plan, approved by D.14-11-042.

### **Consistency with SCE's Least-Cost and Best-Fit (LCBF) Methodology**

In D.04-07-029 and D.12-11-016, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.<sup>6</sup> The decisions provide guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its 2014 RPS Plan,<sup>7</sup> SCE's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SCE's quantitative analysis is based on a market valuation that calculates the net market value of a bid, which is the net of a project's levelized benefits and costs. SCE's quantitative analysis or market valuation includes evaluation of price, transmission costs, integration cost, congestion costs, debt equivalence costs, as well as, energy, resource adequacy, and congestion benefits. SCE ranks all conforming bids and creates a preliminary shortlist based on the net market value results.

In addition to the quantitative ranking of bids, SCE evaluates the qualitative attributes of proposals with the best net market values. SCE assesses factors such as location, project viability, portfolio fit, resource diversity, contract term length, counterparty concentration, and other attributes to eliminate or add projects to the final shortlist.

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<sup>5</sup> Assuming the Valentine facility receives the California Energy Commission certification as an eligible renewable resource.

<sup>6</sup> Section 399.13(a)(4)(A).

<sup>7</sup> SCE's 2014 RPS Procurement Plan, Appendix I.1.

In the Valentine AL, SCE explains that the Valentine PPA is the result of SCE's 2014 RPS solicitation, which it evaluated and shortlisted the PPA bids consistent with its 2014 LCBF methodology.<sup>8</sup> See the "Net Market Value and Cost Reasonableness" section of this Resolution for a discussion of how the Valentine PPA compares to other offers from SCE's 2014 RPS solicitation and comparable RPS contracts executed by SCE in the 12 months prior to the PPA execution.

The Valentine PPA was evaluated consistent with the LCBF methodology described in SCE's 2014 RPS Procurement Plan.

### **Consistency with RPS Standard Terms and Conditions (STCs)**

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently, the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

The Valentine PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

### **Consistency with Portfolio Content Categories**

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and authorized the Director of the Energy Division to require the investor-owned utilities to provide information regarding the proposed contract's portfolio content category classification in each advice letter seeking Commission-approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another, less preferred, portfolio content category.

SCE claims in the Valentine AL that the procurement pursuant to the PPA will be

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<sup>8</sup> SCE's 2014 RPS solicitation protocols, including its LCBF methodology, as described above, were approved by the Commission in D.14-11-042.

classified as Portfolio Content Category 1.<sup>9</sup> To support its claim, SCE asserts that the Valentine facility will have its first point of interconnection within the California Independent System Operator (CAISO), obtain and maintain certification as an eligible renewable energy resource, and perform all actions necessary to transfer the RECs to SCE. Additionally, pursuant to the Valentine PPA, the RECs associated with the electricity from Valentine will be delivered to SCE and not unbundled or transferred to another owner. SCE has not identified a risk that the Valentine Project will fail to deliver Category 1 RECs.

Consistent with D.11-12-052, SCE provided information in the Valentine AL regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Valentine PPA.

In this Resolution, however, the Commission makes no determination regarding the Valentine PPA's portfolio content category classification or if resale conditions are met. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which requires consideration of several factors based on various showings in a compliance filing. Thus, making a portfolio content category classification determination in this Resolution regarding the procurement considered herein is not appropriate. SCE should incorporate the procurement resulting from the approved Valentine PPA and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showing consistent with all applicable RPS program rules.

### **Consistency with Long-Term Contracting Requirement**

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years in duration for compliance with the RPS program.<sup>10</sup> In order for the procurement from any short-term contract(s) signed after June 1, 2010, to count for RPS compliance, the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is

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<sup>9</sup> The Valentine AL at 13-14.

<sup>10</sup> For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038.)



signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).<sup>11</sup>

The Valentine PPA is for a 15-year term and was executed during Compliance Period 2014-2016.

Because the Valentine PPA is greater than 10 years in length, the long-term contracting requirement does not apply to SCE's procurement pursuant to the Valentine PPA, and the Valentine PPA will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.

### **Independent Evaluator Review**

SCE retained Merrimack Energy Group, Inc. as the independent evaluator (IE) to oversee its 2014 RPS solicitation. In addition, Merrimack oversaw the negotiations with Valentine and evaluated the overall merits of the Valentine PPA. The Valentine AL included a public and confidential version of the IE's report.

The IE states in its report that overall the Valentine PPA merits Commission approval because the agreement was reasonably negotiated with contract terms that, when taken as a whole, appropriately protect the interests of SCE's ratepayers. Specifically, the Valentine Project is reasonably priced in terms of its net market value and mature in terms of its development status. It is being developed by EDF RE with a strong track record.

Consistent with D.06-05-039, an independent evaluator oversaw SCE's 2014 RPS solicitation and negotiation with Valentine.

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<sup>11</sup> Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period; 0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

### **Procurement Review Group (PRG) Participation Requirement**

The PRG was initially established in D.02-08-071 to review and assess the details of the investor owned utilities' (IOU's) overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

Participants in SCE's PRG include representatives from the Office of Ratepayer Advocates, California Department of Water Resources, Union of Concerned Scientists, Sierra Club, The Utility Reform Network, and the California Utility Employees. In the Valentine AL, SCE asserts that the proposed execution of the Valentine PPA was presented to its PRG at the July 1, 2015 meeting.<sup>12</sup>

Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Valentine PPA.

### **Net Market Value and Price Reasonableness**

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPA's net market value and price relative to other RPS offers received in recent RPS solicitations. Additionally, the Commission compares the PPA's net market value to comparable contracts executed by the IOU in the 12 months prior to the proposed PPA's execution date. Using this methodology and the confidential analysis provided by SCE in the Valentine AL, the Commission finds that the net market value of the Valentine PPA is competitive to other RPS offers received by SCE and that the costs of the Valentine PPA are reasonable. See Confidential Appendix A for a detailed discussion of the analysis.

The Valentine PPA compares reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2014 RPS solicitation and comparable contracts executed by SCE in the 12 months prior to executing the Valentine PPA.

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<sup>12</sup> The Valentine AL at 17.

Payments made by SCE under the Valentine PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SCE's administration of the PPA and any other conditions contained herein or required by law.

### **Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)**

Sections 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.<sup>13</sup>

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.<sup>14</sup>

The EPS is not applicable to the Valentine PPA because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

### **PPA Viability and Project Development Status**

SCE stated in the Valentine AL that part of its evaluation of bids included the use of the Commission-approved project viability calculator, which uses standardized criteria to quantify a project's strengths and weaknesses in key areas of renewable project development to assess certain project development factors. See Confidential Appendix A for SCE's and the IE's project viability scores.

In addition, the Valentine AL describes the proposed Valentine Project and its developmental progress to illustrate the project and PPA viability:

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<sup>13</sup> "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Section 8340 (a).

<sup>14</sup> D.07-01-039, Attachment 7, p. 4.

- Developer Experience: The Valentine facility is being developed for Valentine Solar, LLC by EDF Renewable Energy, Inc. (EDF RE). EDF RE is a wholly-owned U.S. subsidiary of EDF Energies Nouvelles, which is the renewable energy development subsidiary of the France-based EDF Group.

EDF RE has experience developing, constructing, and operating large scale solar power plants. It has put into service over 184 MW of solar projects in North America.

- Technology and Quality of Resource: The Valentine Project will use solar PV technology, which will be designed for utility-scale generation projects. The Project will be located in the northern portion of the Antelope Valley, a well-known solar resource area.
- Site Control and Permitting Status: The Valentine facility will be located in Kern County, CA, northwest of Rosamond, CA and southwest of Mojave, CA. EDF RE has secured site control to support the Valentine Project. In addition, the project's Conditional Use Permit from Kern County is pending and other required permits are to be filed.
- Interconnection Status: The Valentine facility will interconnect to the Whirlwind Substation within the CAISO-controlled grid and is a party to an existing Large Generation Interconnection Agreement (LGIA) with Avalon Wind, LLC, Avalon Wind 2, LLC, SCE, and the CAISO.

Based on the terms and conditions of the Valentine PPA and the level of project development detailed in the Valentine AL, it is reasonable to expect that Valentine will meet the terms and conditions of its PPA.

### **Safety Considerations**

Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public.

SCE's 2014 *pro forma* PPA includes safety provisions, which require the seller to operate the generating facility in accordance with "Prudent Electrical Practices," as defined in the *pro forma* PPA. Specifically, these provisions require that all sellers comply with all applicable requirements of law to ensure the safety, health, and comfort of the public and take all reasonable steps to ensure that the generation facility is planned, constructed, owned, operated, maintained, and

decommissioned in a safe manner. It also includes a provision that requires a report from an independent engineer certifying that the seller has a written plan for the safe construction and operation of the generating facility in accordance with Prudent Electrical Practices. The seller must also provide the report to SCE prior to the commencement of any construction activities on the project site. The Valentine PPA includes all of these provisions as written in SCE's approved 2014 *pro forma* PPA. Thus, based on the information before us, the Valentine Project does not appear to result in any adverse safety impacts on facilities or operations of SCE.

### **RPS ELIGIBILITY AND CPUC APPROVAL**

Pursuant to Section 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>15</sup>

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 et seq.), D.11-12-020 and D.11-12-052, or other applicable law."<sup>16</sup>

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<sup>15</sup> See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

<sup>16</sup> See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Notwithstanding this language, given that the Commission has no jurisdiction to determine whether a project is an “Eligible Renewable Energy Resource” for RPS purposes, this finding and the effectiveness of the non-modifiable “eligibility” language is contingent on CEC’s certification of the Valentine Project as an “Eligible Renewable Energy Resource.” The contract language that procurement pursuant to the Valentine PPA“ is procurement from an eligible renewable energy resource” must be a true statement at the time of the first delivery of energy, not at the signing of the PPA or at the issuance of this Resolution.

While we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation absent CEC certification. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

### **CONFIDENTIAL INFORMATION**

The Commission, in implementing Section 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, including price, is confidential for three years from the date the contract states that energy deliveries begin, or until one year following contract expiration, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked “[REDACTED]” in the public copy of this Resolution, as well as the confidential portions of the Valentine AL remain confidential at this time.

### **COMMENTS**

The Valentine AL is an uncontested matter in which this Resolution grants the relief requested. Accordingly, pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment was waived.

## **FINDINGS**

1. The Valentine Solar, LLC power purchase agreement is consistent with SCE's 2014 Renewables Portfolio Standard Procurement Plan, as approved by D.14-11-042.
2. The Valentine Solar, LLC power purchase agreement was evaluated consistent with the least-cost and best-fit methodology described in SCE's 2014 RPS Procurement Plan.
3. The Valentine Solar, LLC power purchase agreement includes the Commission-adopted Renewables Portfolio Standard "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.
4. Consistent with D.11-12-052, SCE provided information in Advice Letter 3382-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Valentine Solar, LLC power purchase agreement.
5. Because the Valentine Solar, LLC power purchase agreement is longer than 10 years, the long-term contracting requirement does not apply to SCE's procurement via the Valentine Solar, LLC power purchase agreement, and the Valentine Solar, LLC power purchase agreement will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.
6. Consistent with D.06-05-039, an independent evaluator oversaw SCE's 2014 Renewables Portfolio Standard procurement solicitation and SCE's negotiations with Valentine Solar, LLC.
7. Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Valentine Solar, LLC power purchase agreement.
8. The Valentine Solar, LLC power purchase agreement compares reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2014 RPS solicitation and contracts executed by SCE in the last 12 months.
9. The Emissions Performance Standard (EPS) is not applicable to the Valentine Solar, LLC power purchase agreement because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim Emissions Performance Standard Rules.

10. It is reasonable to expect that Valentine Solar, LLC will be able to meet the terms and conditions in the Valentine Solar, LLC power purchase agreement.
11. Procurement pursuant to the Valentine Solar, LLC power purchase agreement must be procurement from an eligible renewable energy resource certified by the California Energy Commission for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, *et seq.*), D.03-06-071 and D.06-10-050, or other applicable law on or before the first delivery of energy.
12. Payments made by SCE pursuant to the Valentine Solar, LLC power purchase agreement are fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of SCE's administration of the power purchase agreement and any other applicable Commission review.
13. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the Advice Letter 3382-E remain confidential at this time.
14. Advice Letter 3382-E should be approved and effective today.

**THEREFORE IT IS ORDERED THAT:**

1. The request of the Southern California Edison Company for review and approval of a power purchase agreement with Valentine Solar, LLC, as requested in Advice Letter 3382-E is approved without modification.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 14, 2016; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director



## **Confidential Appendix A**

### Evaluation Summary of Valentine Solar, LLC Power Purchase Agreement

[REDACTED]

## **Confidential Appendix B**

Excerpt from the Independent Evaluator Report  
On Valentine PPA<sup>17</sup>

[REDACTED]

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<sup>17</sup>The Valentine AL, Confidential Appendix C, Revised Report of the Independent Evaluator Review of the Power Purchase Agreement with Valentine Solar, LLC, Merrimack Energy Group, Inc. and New Energy Opportunities in March 2016 at 69-80.