

RPS Implementation Proposal:

Standard Offer Contract Approach

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Key Attributes of Plan

- Implementation Target (20% by 2020)
- Adopts Revenue Cap
- Avoided Cost Plus Model
- Solar Rebates (Residential and Commercial PV)
- Standard Offer Contracts (Utility Self Build Option)
- Utilization of Existing Framework
- Well Understood and Flexible
- Avoids Substantial Delay and Cost Associated Developing Captive Market for Attributes

Implementation Plan

- Implementation Target (20% by 2020)
- Establish Revenue Cap
- Fund Solar Rebates (5% of Revenue Cap)
- Establish Pricing for Standard Offer Contracts
- Energy and Attributes Retained by Utility
- Utility Can Sell Attributes Out-of-State to Offset Ratepayer Impact (attribute not used for compliance)
- Readily Implemented (2010)

Implementation Plan (graphical representation)

Establish
Revenue Cap

Avoided Cost
Plus Model

95%

5%

Supports
Distributed
Solar

Standard Offer Contracts
(Appropriately Priced by Renewable Type)

Solar Rebates
(Energy Office)

Biomass
Waste Energy

Waste Heat

Wind

Solar

Out-of-State Sale of
Attributes to Offset
Ratepayer Impact

Standard Offer Contracts

- Avoided Cost Plus Model
- Avoided Cost Pricing Indexed to Natural Gas (PG&E SRAC)
- Appropriately Priced by Renewable Type (Plus component)
- Sufficient to Attract Investment (Capital Cost + O&M+ ROE)
- Long Term, Stable Revenue Stream (Required for Financing)

Standard Offer Contracts (continued)

- Utility Self Build Option
- Energy and Attributes Retained by Utility
- Utility Can Sell Attributes Out-of-State to Offset Ratepayer Impact (attribute not used for compliance)
- Utilization of Existing Framework
- Well Understood, Flexible, and Adaptable to New Technologies
- Avoids Substantial Delay and Cost Associated Developing Captive Market for Attributes
- Readily Implemented (2010)

Questions