

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

ENERGY DIVISION

RESOLUTION E-5275

June 29, 2023

**REDACTED**  
**RESOLUTION**

Resolution E-5275. Bear Valley Electric Service, Inc. Power Purchase Agreement with Shell for Procurement of Bundled Energy and Renewable Energy Credits.

PROPOSED OUTCOME:

- Approves Bear Valley Electric Service’s (“BVES” or “Bear Valley”) Power Purchase Agreement with Shell Energy North America (“Shell”) to procure renewable portfolio standard energy and energy credits, as required by Senate Bill 100.
- Approves the use of a memorandum account to capture refunds or under-collections that arise from this agreement.

SAFETY CONSIDERATIONS:

- Because the Power Purchase Agreement will not require any changes to any facilities operations, there are no incremental safety implications associated with the approval of the Power Purchase Agreement beyond status quo.

ESTIMATED COST:

- Actual costs of the power purchase agreement are confidential at this time.

By Advice Letter 470-E filed on March 30, 2023.

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**SUMMARY**

This resolution approves Bear Valley Electric Service’s (“Bear Valley’s” or “BVES”) power purchase agreement (“PPA”) with Shell Energy North America (“Shell”). The PPA will be used by Bear Valley for procurement of “firm” bundled energy and

associated renewable energy credits (“RECs”) under a long-term contract. This resolution also authorizes Bear Valley’s use of a memorandum account to account for any unrealized gains and losses stemming from this PPA.

## **BACKGROUND**

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

First established by Senate Bill (“SB”) 1078 in 2002, California’s RPS program initially required from all electric retail sellers that 20 percent of their sales must be served by renewable resources by 2017. In 2015, this time frame was accelerated with the implementation of SB 350, which set a mandate of 50 percent renewable resources by 2030. SB 350 also required that 65 percent of that renewable resource procurement must be derived from long-term contracts of ten or more years. In 2018, SB 100 was signed into law, further accelerating the mandate by requiring that 60 percent of electric retail sales must be derived from an RPS mix by 2030, and 100 percent of sales by carbon-free resources by 2045.

Additional background information about the Commission’s RPS program, including links to relevant laws and Commission decisions, is available at <https://www.cpuc.ca.gov/rps/> and <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/rps/rps-program-overview/rps-decisions-and-proceedings>.

## **NOTICE**

Notice of AL 470-E was made by publication in the Commission’s Daily Calendar. Bear Valley states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

## **PROTESTS**

Advice Letter 470-E was not protested.



**DISCUSSION**

**BVES requests approval of a power purchase agreement (PPA) for bundled energy and associated renewable energy credits with Shell Energy North America**

On March 30, 2023, Bear Valley filed AL 470-E, requesting Commission approval of a bilaterally negotiated PPA<sup>1</sup> with Shell, for the procurement of portfolio content category 1 (PCC 1) energy and associated renewable energy credits (RECs). The PPA would procure 6 megawatts (MW) of annual, around-the-clock energy from an unspecified mix of eligible renewable resources (ERRs).

The following table summarizes the Shell PPA:

<b>Generating Facilities</b>	<b>Project Technology Type</b>	<b>Total Annual Quantity</b>	<b>Contract Delivery Start Date</b>	<b>Project Location</b>
Various, existing	Various ERRs	52,560 MWh <sup>2</sup>	November 1, 2024	Various

In AL 470-E, BVES requests that the Commission issue a resolution that:

1. Approves the Master Agreement, as modified by a Cover Sheet and a Collateral Annex Credit Elections Cover Sheet, and Transaction Confirmation in their entirety, including payments to be made to Bear Valley pursuant to the Transaction Confirmation, subject to the Commission’s review of Bear Valley’s administration of the Master Agreement and Transaction Confirmation.
2. Finds that any procurement pursuant to the Transaction Confirmation is procurement from an eligible renewable energy resource for purposes of determining Bear Valley’s compliance with RPS decisions and applicable laws.
3. Finds that all procurement and administrative costs (as provided by Public Utilities Code Section § 399.13(g)) associated with the Shell Agreement shall be recovered in rates.

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<sup>1</sup> The PPA consists of two primary documents: a Master Power Purchase and Sale Agreement (“Master Agreement”) and a Transaction Confirmation.

<sup>2</sup> Total annual quantity is 52,560 MWh (prorated to 8,784 MWh in 2024), except 52,704 MWh for the years 2028 and 2032.

4. Adopts the following facts and conclusions of law in support of the Commission's approval:
  - a. The Transaction Confirmation is consistent with Bear Valley's RPS Procurement Plan.
  - b. The Transaction Confirmation is consistent with Bear Valley's 2020 IRP.
  - c. The terms of the Master Agreement and the Transaction Confirmation, including the price, are reasonable.
  - d. The deliveries under the Transaction Confirmation shall be categorized as PCC1 RPS procurement under the portfolio content category specified in Public Utilities Code Section § 399.16(b)(1(A), subject to the Commission's after-the-fact verification that all applicable criteria have been met.
  - e. The Transaction Confirmation is not a long-term financial commitment prohibited by Public Utilities Code Section § 8340 *et seq.* provided that no eligible renewable energy resource under the Transaction Confirmation is a "baseload generation" as defined in Section 8340(a) or does not produce or emit GHG emissions that equal or exceed the GHG emission rate of a combined-cycle gas turbine power plant as determined in D.07-01-039 (i.e., 1,100 lbs/MWh of CO<sub>2</sub>).
  - f. BVES is authorized to establish a memorandum account to track unrealized gains and unrealized losses on the Transaction Confirmation in a new, non-interest bearing memorandum account, the Preliminary Statement form of which is set forth in Appendix E, and BVES is authorized to file such Preliminary Statement form of the memorandum account via a Tier 1 Advice Letter.

### **Energy Division Review of the Proposed Agreement**

Energy Division evaluated the Power Purchase Agreement for the following criteria:

- Consistency with bilateral contracting guidelines;
- Consistency with Bear Valley's 2020 Integrated Resource Plan , 2021 RPS Procurement Plan, and 2022 Integrated Resource Plan;
- Consistency with portfolio content category requirements;
- Consistency with RPS standard terms and conditions (STCs);
- Consistency with the Commission's least-cost-best-fit expectations; and
- Cost reasonableness
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard

### **Consistency with Bilateral Contracting Guidelines**

In AL 470-E, Bear Valley describes their repeated attempts to procure RPS-eligible generation and RECs. Bear Valley states they had issued two requests for proposals (RFPs): the first being in pursuit of preferably PCC 1 energy under a four-month contract. Bear Valley found that the offers were unsatisfactory and issued a second RFP with a broader, more flexible scope. After certain offers were pursued by Bear Valley, the small utility pursued the proposal from Shell. The PPA considered herein is the result of an agreement reached as a result of the negotiations between Bear Valley and Shell described above.

In D.06-10-019, the Commission determined that bilateral contracts were permissible provided that they met several conditions, including that the contracts are at least one month in duration, submitted for approval by advice letter, and be deemed reasonable. In D.09-06-050, the Commission determined that bilateral contracts should be reviewed according to the same processes and standards as contracts that are the result of a competitive solicitation. Accordingly, as described in this resolution, Energy Division reviewed the Power Purchase Agreement under the same standards used to review contracts resulting from a competitive solicitation. Applying the above standards, the Shell Power Purchase Agreement is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.

### **Consistency with Bear Valley's RPS Procurement Plan and Integrated Resource Plans**

Bear Valley's 2021 RPS Procurement Plan was approved by the Commission in D.22-01-004, subject to certain modifications. In compliance of that decision, Bear Valley modified and then filed its Final 2021 RPS Procurement Plan ("RPS Procurement Plan") on February 17, 2022.

In its RPS Procurement Plan, Bear Valley indicated that it intended to procure bundled solar energy through the development of a local solar generation facility,<sup>3</sup> bundled energy through additional RPS purchase agreements, and/or a singular REC contract with both base and optional REC amounts.<sup>4</sup> Additionally, in its RPS Procurement Plan, the small utility stated that though it is already complying with the 65 percent long-term procurement requirement, it intended to seek long-term renewable products

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<sup>3</sup> RPS Procurement Plan at p. 8.

<sup>4</sup> *Id.* at pp. 6-7.

through a February 2022 RFP.<sup>5</sup> In this case Bear Valley's procurement of bundled energy and associated RECs is consistent with the approach laid out in their RPS Procurement Plan.

Bear Valley filed its 2020 Integrated Resource Plan ("IRP") in R.20-05-003 on September 1, 2020, which was approved by the Commission in D.22-02-004. Additionally, on November 1, 2022, Bear Valley filed its 2022 IRP with the Commission, which remains under consideration by the Commission.

In its 2020 IRP, Bear Valley declared its intention to transition away from primarily "brown" power and towards RPS firm contracts for base and seasonal load requirements.<sup>6</sup> Bear Valley also asserted within its 2020 IRP its goal of securing solar energy contracts for daytime supply as well as wind energy support ("or a blend thereof") for nighttime supply, starting in 2022.<sup>7</sup> And finally, in its 2022 IRP, Bear Valley reasserted its goal of meeting GHG emission benchmarks by transitioning to firm RPS energy contracts for base and seasonal loads. In this case Bear Valley's procurement of firm, bundled RPS energy from Shell is consistent with the goals and objectives laid out in their 2020 and 2022 Integrated Resource Plans.

### **Consistency with Portfolio Content Category Requirements**

D.11-12-052 requires all load-serving entities (LSEs) to provide sufficient information about the details of their RPS procurement for Commission staff to determine that the LSE's procurement actually meets the requirements of the portfolio content category (PCC) in which it is claimed. Bear Valley states in AL 470-E that the portfolio content category of the RPS energy to be provided pursuant to the Shell PPA is PCC 1.

Pursuant to D.11-12-052, RPS procurement can be sufficiently classified as PCC 1 if it meets one of the following criteria:<sup>8</sup>

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<sup>5</sup> *Id.* at p. 11.

<sup>6</sup> 2020 IRP at p.44.

<sup>7</sup> *Id.* at p.44.

<sup>8</sup> CPUC Portfolio Content Category Classification Review Process Handbook.

- First point of interconnection to the Western Electricity Coordinating Council (WECC) transmission grid within the metered boundaries of a California balancing authority area.
- First point of interconnection with the electricity distribution system used to serve end users within the metered boundaries of a California balancing authority area.
- Generation from a facility that is scheduled into a California balancing authority without substituting electricity from any other source. If another source provides real-time ancillary services required to maintain an hourly or sub-hourly import schedule into the California balancing authority only the fraction of the schedule actually generated by the generation facility from which the electricity is procured may count toward this portfolio content category.
- Generation from a facility that is scheduled into a California balancing authority pursuant to a dynamic transfer agreement<sup>93</sup> between the balancing authority where the generation facility is located and the California balancing authority into which the generation is scheduled.

In AL 470-E, BVES states that the PPA limits the RPS energy procured by BVES to be from facilities that have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or be scheduled from the ERR into a California balancing authority without substituting electricity from another source.<sup>10</sup> While the exact ERR(s) to be procured under this contract is left unspecified, Bear Valley attests to Shell's reliability as a "substantial power supplier, who has contractual obligation under the Transaction Confirmation to locate and retain sufficient and compliant ERRs to provide the required amounts of PCC 1 energy and related RECs".<sup>11</sup> Thus, consistent with D.11-12-052, BVES provided information in AL 470-E regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Shell PPA.

In this resolution, the Commission makes no determination regarding the PCC classification of the RECs to be procured pursuant to this PPA. The RPS contract

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<sup>9</sup> See the CAISO's Dynamic Transfer page for more information:

<http://www.caiso.com/participate/Pages/DynamicTransfers/Default.aspx>

<sup>10</sup> BVES AL 470-E, p.3.

<sup>11</sup> *Id.* at p.10.

evaluation process is separate from the RPS compliance and PCC classification process, which requires consideration of several factors based on various showings in a compliance filing. Thus, making a PCC classification determination in this resolution regarding the procurement considered herein is not appropriate. BVES should incorporate the procurement resulting from the approved the Shell PPA and all applicable supporting documentation to demonstrate PCC classification in the appropriate compliance showings consistent with all applicable RPS program rules.

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

The Commission requires a set of standard terms and conditions (STCs) required in RPS contracts, six of which are considered “non-modifiable.” The STCs were compiled by the Commission in D.08-04-009, amended in D.08-08-028, and refined in D.10-03-021, as modified by D.11-01-025.

The Power Purchase Agreement includes all of the RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, and D.11-01-025.

### **Consistency with the Commission’s Least-Cost-Best-Fit Expectations**

In D.04-07-029, the Commission directs the utilities to use certain criteria for the selection of least-cost and best-fit (“LCBF”) renewable resources on a total-cost basis to comply with the RPS program.<sup>12</sup> The LCBF requirements enumerated in D.04-07-029, as well as D.11-04-030, D.12-11-016, D.14-11-042 and D.16-12-044 were imposed on California’s three largest investor-owned utilities.

The PPA between Bear Valley and Shell stems from two RFPs, whereby Bear Valley considered Shell the best-fit option, and the contract was then negotiated bilaterally to further meet the procurement, contracting, and resource needs of the small utility. Though Bear Valley is not required to comply to the specific LCBF requirements mentioned above, the small utility states it “considered those factors and objectives in pursuing the resource product reflected in the subject Transaction Confirmation”.<sup>13</sup>

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<sup>12</sup> See §399.14(a)(2)(B).

<sup>13</sup> BVES AL 470-E, p. 8.

In sum, the Bear Valley evaluated its RFPs and bilateral options consistent with the Commission's LCBF requirements.

### **Cost Reasonableness**

Though actual costs of the power purchase agreement are confidential at this time, the small utility determined that at the time of the PPA execution, the contract price that resulted from the solicitation and bilateral negotiations was reasonable. Bear Valley justifies the price reasonableness of the contract when it is compared with other bids received in the same time frame regarding relatively comparable RPS products, as well as when compared with levelized wind and solar cost outlooks.<sup>14</sup>

The Commission's cost reasonableness review for RPS contract prices includes comparisons of proposed RPS contract prices from the Bear Valley RPS solicitations for similar RPS products held around the time of the contract execution. Applying this analysis and the analysis provided by Bear Valley in AL 470-E, the Commission determines that the PPA's costs are reasonable.

The total expected costs of the PPA are reasonable based on the PPA price relative to Bear Valley's solicitation prior to the execution of the agreement and comparable metrics at the time of the execution.

Provided that the energy and associated RECs derive from an eligible renewable energy resource, payments made by Bear Valley pursuant to the PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of the utility's administration of the PPA.

### **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>15</sup>

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<sup>14</sup> In Confidential Appendix B of BVES AL 470-E, Bear Valley details their process of their evaluation analysis.

<sup>15</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).

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>16</sup>

In AL 470-E, BVES states that the Shell PPA limits renewable generation to be from facilities that have an annualized plant capacity factor of less than 60 percent or emit CO<sub>2</sub> at a rate less than 1,100lbs/MWh.<sup>17</sup> Thus, the Shell PPA is not covered procurement subject to the EPS because the generating facilities either have a forecast annualized capacity factor of less than 60 percent or will be from baseload facilities that are exempt under the Adopted Interim EPS Rules.

### **Public Safety**

California Public Utilities Code 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.

This resolution approves the Shell PPA for the purchase of RPS-eligible generation from potentially a mix of operating and to be developed facilities. As this PPA does not require any changes in facilities operations, there are no incremental safety implications associated with approval of this PPA beyond the status quo. Based on the information before us, this PPA does not appear to result in any adverse safety impacts on the facilities or operations of BVES.

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

In AL 470-E, Bear Valley requests that CPUC finds any procurement pursuant to the Transaction Confirmation is procurement from an ERR for purposes of determining Bear Valley's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to California's RPS laws (Public Utilities Code § 311 *et seq.*) and related Commission decisions and applicable laws. Pursuant to Public Utilities Code § 399.25, 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

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<sup>16</sup> D.07-01-039, Attachment 7, p. 4.

<sup>17</sup> BVES AL 470-E, p.3.



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 California RPS, and that the seller use commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>18</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* § 399.11 *et seq.*), D.11-12-020 and D.11-12-052, or other applicable law”.<sup>19</sup>

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, nor can the Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.”

Therefore, 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. Nor shall such a finding absolve a seller from its obligation to obtain CEC certification or absolve the purchasing utility of its obligation to enforce compliance with Standard Term and Condition 6, set forth in Appendix A of D.08-04-009 and included in the PPA. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the administration of such contracts.

### **Energy Division’s Assessment of Bear Valley’s Request for a Non-Interest Bearing Memorandum Account**

Bear Valley requests that the CPUC approve the use of a memorandum account to capture refunds or under-collections that arise from this PPA. Bear Valley argues that the use of a non-interest bearing memorandum account can help the utility eliminate

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<sup>18</sup> See, e.g., D.08-04-009 at Appendix A, STC 6, Eligibility.

<sup>19</sup> See, e.g., D.08-04-009 at Appendix A, STC 1, CPUC Approval.

significant fluctuations and uncertainty to its reported earnings associated with derivative gains and losses.<sup>20</sup> It asserts that if there were fluctuations to Bear Valley's reported earnings, the small utility would look less reliable to potential investors in the future. Lastly, Bear Valley articulates that if authorized, the non-interest bearing memorandum account will effectively reverse and zero out by the end of the contract period, ultimately having no impact to customers. In addition, in Appendix E of AL 470-E Bear Valley provided a Preliminary Statement form for such a memorandum account.

Similar memorandum accounts have been authorized by the CPUC in D.09-05-025, D.11-06-030, D.14-12-003, and D.19-08-030. The CPUC finds that the use of a memorandum account is justified here as well. We approve this request on the understanding that no actual additional cost will be recovered or refunded that is not directly incurred as a part of the good faith contract performance. BVES shall file a Tier 1 advice letter with language consistent with the language provided in Appendix E of Bear Valley AL 470-E.

### **CONFIDENTIAL INFORMATION**

The Commission implemented Public Utilities Code § 454.5(g), which determined in D.06-06-066, as modified by D.07-05-032 and D.21-11-029, states 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, as modified, adopted a time limit on confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for 30 days after commercial operation date or 18 months from Commission approval, whichever comes first, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "CONFIDENTIAL" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

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<sup>20</sup> BVES AL 470-E.

## COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

## FINDINGS

1. The PPA is consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. Bear Valley's procurement of bundled energy and associated renewable energy credits is consistent with the approach laid out in their RPS Procurement Plan.
3. Bear Valley's procurement of firm, bundled RPS energy from Shell is consistent with the goals and objectives laid out in their 2020 and 2022 Integrated Resource Plans.
4. Consistent with D.11-12-052 BVES provided information in the AL 470-E regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Shell PPA.
5. The PPA includes all of the RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, and D.11-01-025.
6. The PPA was evaluated consistent with the Commission's least-cost-best-fit requirements.
7. The total expected costs of the PPA are reasonable based on the PPA price relative to Bear Valley's solicitation prior to the execution of the PPA and comparable metrics at the time of the execution.
8. Payments made by BVES under the Shell PPA are fully recoverable in rates over the life of the PPA, subject to Commission reasonableness review of BVES' administration of the PPA and any other conditions contained herein or required by law.
9. The Shell PPA is not covered procurement subject to the EPS because the generating facilities either have a forecast annualized capacity factor of less than 60 percent or will be from baseload facilities that are exempt under the Adopted Interim EPS Rules.
10. Procurement pursuant to the PPA is procurement of Renewable Energy Credits that conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent

decision of the California Public Utilities Commission or by subsequent legislation, for purposes of determining BVES' compliance with any obligation it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11 *et seq.*), or other applicable law.

11. The immediately preceding finding shall not be read to absolve BVES of its obligation to enforce compliance with Standard Term and Condition 6, set forth in Appendix A of D.08-04-009, and included in this PPA.
12. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
13. AL 470-E should be approved without modification.
14. It is reasonable for BVES to establish a memorandum account to track unrealized gains and unrealized losses on the PPA in a new, non-interest-bearing memorandum account in the form proposed in AL 470-E, Appendix E.

**THEREFORE IT IS ORDERED THAT:**

1. The request of Bear Valley Electric Service for Commission review and approval of a Power Purchase Agreement with Shell Energy North America (US), L.P. for the procurement of bundled renewable portfolio standard energy and associated renewable energy credits, as requested in Advice Letter 470-E is approved without modification.
2. Bear Valley Electric Services shall file a Tier 1 Advice Letter with language consistent with the tariff language in Appendix E of Bear Valley Electric Service Advice Letter 470-E to establish a non-interest bearing memorandum account to record the unrealized gains or losses with respect to the power purchase agreement with Shell Energy North America (US), L.P., LLC approved in this resolution no later than August 1, 2024.

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 June 29, 2023; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson  
Executive Director

ALICE REYNOLDS  
President

GENEVIEVE SHIROMA  
DARCIE HOUCK  
JOHN REYNOLDS  
KAREN DOUGLAS  
Commissioners

**Confidential Appendix A**

Summary of the Shell Power Purchase Agreement (PPA)

REDACTED



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Bear Valley Electric Service, Inc. (913-E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Ronald Moore

Phone #: (909) 394-3600 x682

E-mail: ronald.moore@gswater.com

E-mail Disposition Notice to: RegulatoryAffairs@bvesinc.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 470-E

Tier Designation: Tier 3

Subject of AL: Power Purchase Agreement Between BVES and Shell for Procurement of Bundled RPS Energy and Associated RECs

Keywords (choose from CPUC listing): Agreement

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: Appendices B, C and D

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information: Paul Marconi, VP BVES, Inc.; Paul.Marconi@bvesinc.com

Resolution required?  Yes  No

Requested effective date: 7/31/23

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 0.0%

Estimated system average rate effect (%): 0.00%

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>: See Advice Letter

Pending advice letters that revise the same tariff sheets: N/A

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Ronald Moore  
Title: Senior Regulatory Analyst  
Utility Name: Bear Valley Electric Service, Inc.  
Address: 630 E. Foothill Blvd  
City: San Dimas State: California  
Telephone (xxx) xxx-xxxx: (909) 394-3600 x682  
Facsimile (xxx) xxx-xxxx:  
Email: [RegulatoryAffairs@bvesinc.com](mailto:RegulatoryAffairs@bvesinc.com); [rkmoore@gswater.com](mailto:rkmoore@gswater.com)

Name:  
Title:  
Utility Name:  
Address:  
City: State: California  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Clear Form





Bear Valley Electric Service, Inc.  
P.O. Box 9028  
San Dimas, CA 91773-9028  
A Subsidiary of American States Water Company

March 30, 2023

(913 E)

Advice Letter No. 470-E

## California Public Utilities Commission

### SUBJECT

Power Purchase Agreement Between BVES and Shell for Procurement of Bundled RPS Energy and Associated RECs

### PURPOSE

Bear Valley Electric Service, Inc. ("BVES" or "Bear Valley") submits this Advice Letter pursuant to California Public Utilities Code<sup>1</sup> Section 399.11 *et seq.* (the "RPS Legislation") seeking approval of a master power purchase agreement and transaction confirmation between BVES and Shell Energy North America (US), L.P. ("Shell") for renewables portfolio standard ("RPS")-eligible energy and associated renewable energy credits ("RECs").

This Advice Letter contains both confidential and public appendices. Appendix A is public, and Appendices B, C and D are confidential:

Appendix A (Public):

BVES 2021 RFP for Bundled Renewable Energy Seasonal Power Supply  
BVES 2022 RFP for California RPS-Eligible Renewable Energy

Appendix B (Confidential):

Information Relating to Request for Approval of Shell Agreement

Appendix C (Confidential):

Summary of Shell Agreement

Appendix D (Confidential):

Shell Master Agreement and Transaction Confirmation

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<sup>1</sup> Unless specifically stated otherwise, all references to "Section" are to the California Public Utilities Code.

## Appendix E (Public)

## Preliminary Statement for Shell Agreement Memorandum Account

BVES requests that the California Public Utilities Commission (“CPUC” or “Commission”) issue a resolution no later than July 31, 2023 approving the Master Agreement and Transaction Confirmation, authorizing a memorandum account, and including findings in the form requested in this Advice Letter.

**BACKGROUND**

The subject of this Advice letter is a power purchase agreement comprised of two primary documents: a Master Power Purchase and Sale Agreement (version 2.1 modified 4/25/00) (“Master Agreement”), as modified by a Cover Sheet and a Collateral Annex Credit Elections Cover Sheet containing the elections and other changes agreed to by the parties (together, referred to herein as the “Master Agreement”), and a Transaction Confirmation. It also includes a memorandum account.

The Transaction Confirmation sets forth the specifics of the proposed sale by Shell and the purchase by BVES of 6 MWs of firm (24x7 around-the-clock) PCC1 RPS energy (approximately 52,560 MWhs annually) from eligible renewable energy resources, for a delivery period beginning November 1, 2024 and ending December 31, 2035 (11 years, two months) plus associated (approximately 52,560 MWhs annually) RECs, both at fixed prices. The combination of the Master Agreement and the Transaction Confirmation shall be referred to herein as the “Shell Agreement.”

The Shell Agreement resulted from a series of requests for proposals (“RFPs”) seeking RPS energy to meet Bear Valley’s power-supply, RPS and GHG emission-reduction needs.

Prior to December 2022, BVES had a seasonal, firm (brown) power contract (November – 3MW, December – 7MW, January 7MW, February – 3MW) with Exelon Generation Company LLC, approved by the Commission in D.19-08-030. It expired December 31, 2022. To begin to green-up its portfolio with resources of similar operating characteristics, while simultaneously meeting its customers’ energy needs, BVES seeks to replace the firm, brown-power seasonal contract with a firm, RPS-energy seasonal contract.

In the first RFP, issued November 19, 2021, BVES sought bundled RPS energy (preferably PCC1 content) and associated RECs for a four-month period (November through February). For the months of January and December, BVES desired 7 MW/hour (7x24), and 3 MW/hour (7x24) for the months of November and February. The structure and amounts in this RFP were intended to mirror the expiring Exelon brown-power contract for seasonal resources. The responses from the November 2021 RFP are described in Confidential Appendix B. None of the responses were pursued.

A second, substantially revised RFP with a much broader, more flexible scope for California RPS-Eligible Renewable Energy (“RFP”) was issued on February 21, 2022. The responses to this RFP are described in Confidential Appendix B. Certain responsive bids were pursued by BVES. Following some adjustment of an acceptable energy product/structure, coupled with negotiations with bidders, BVES concluded that the proposed Shell Agreement was the least-cost, best-fit option available to BVES at this time. BVES describes the entire bid and negotiation process, demonstrating the reasonableness of the terms, conditions and prices of the Shell Agreement, in Confidential Appendix B.

***-General Project Description***

Because the product in the Shell Agreement is “firm” RPS energy, there are no specific eligible renewable energy resources (“ERRs”) identified in the Transaction Confirmation. Under the Transaction Confirmation, Shell is contractually obligated to providing firm PCC1 RPS energy (6 MW around-the-clock 7x24, approximately 52,560 MWhs annually) and associated RECs from any ERR (that meets the statutory definition set forth in Sections 399.12 or 399.16) that has a first point of interconnection with a California balancing authority, has a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the ERR into a California balancing authority without substituting electricity from another source. The ERRs will be either owned by or under contract to Shell. It is anticipated that the ERRs providing PCC1 RPS energy and associated RECs under the Shell Agreement will be largely from solar and wind resources, and possibly some small hydro resources.

The Transaction Confirmation also requires that ERRs either be designed and intended to provide electricity at an annualized plant capacity factor of less than 60 percent, as defined in Section 8340(a), or emits CO<sub>2</sub> at a rate less than 1,100 lbs/MWh, in compliance with D.07-01-039, or both.

***-Project Location***

It is anticipated that most, if not all, of the ERRs that are qualified to provide RPS energy to BVES under the Transaction Confirmation will be located in California in order to meet the definition of “ERRs” under the Transaction Confirmation.

***-General Deal Structure***

The general deal structure is that Shell will sell to BVES 6 MW (around-the-clock 7x24) of bundled PCC1 RPS energy and related RECs over the period November 1, 2024 through December 31, 2035, from ERRs. There is no firming or shaping associated with the Transaction Confirmation. The delivery point is the CAISO SP15 Trade Hub, with the hourly quantity scheduled by Shell to BVES via CAISO IST. Shell is required to perform all scheduling and tagging requirements as may be applicable to the transaction, consistent with all applicable CAISO and WECC Scheduling Protocols.

Regarding the RECs sold and purchased under the Transaction Confirmation, Shell will transfer them to Bear Valley's Western Renewable Energy Generation Information System ("WREGIS") account no later than May 1 of the year following the year in which the RPS energy to which such RECs are attributable was generated.

### *-RPS and GHG Statutory Goals & Requirements*

California's RPS program was established in 2002 by Senate Bill ("SB") 1078 with the initial requirement that 20% of electricity retail sales must be served by renewable resources by 2017. The time frame was accelerated in 2015 with SB 350, which mandated a 50% RPS mix by 2030. It further required that 65% of RPS procurement must be derived from long-term contracts of ten or more years. In 2018, SB 100 became law requiring 60% of electricity retail sales must be served by renewable resources by 2030 and requires that all of the state's electricity must be derived from carbon-free resources by 2045.

In addition to having to meet constantly accelerating RPS requirements, BVES must also achieve reductions in its green-house gas ("GHG") emissions. Each electric utility, including BVES, is assigned a target amount of GHG reduction to achieve by a target date. Electric utility reduction of GHG emissions is largely accomplished through the procurement of RPS resources to serve their customers' load.

As authorized by Section 399.18, BVES has historically met its RPS requirements through the procurement of unbundled RECs.<sup>2</sup> To minimize costs for the benefit of its ratepayers, BVES has taken, and will continue to take, advantage of unbundled RECs to meet its RPS obligations wherever possible. However, unbundled RECs are not eligible for meeting Bear Valley's obligation to reduce GHG emissions. Accordingly, BVES must acquire RPS energy to green up its generation portfolio.

The Transaction Confirmation is consistent with, and is crucial to compliance with, Bear Valley's requirements to reduce its GHG emissions. It is key to Bear Valley's efforts to meet its current and future RPS and GHG requirements through year 2029 at which time BVES anticipates it will need to add additional RPS-eligible contract(s). This strategy allows BVES to meet its RPS and GHG targets concurrently and is designed to help BVES avoid being long early and short as the contract expires. This stacked or layered contract approach will also allow additional time for the renewable energy market to further develop/mature and, hopefully, will result in lower-priced future RPS contracts for BVES and its customers.

The RPS energy from the Transaction Confirmation will displace largely "brown" system power currently used to serve BVES load, helping BVES and California to move towards Legislative and Commission environmental goals. These goals include the SB

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<sup>2</sup> The Commission issued Resolution E-4604 approving Bear Valley's Advice Letter 277-E for a ten-year REC contract with Avangrid Renewables, LLOC (formerly called Iberdrola Renewables).

100 mandate of increasing percentages of electrical sales using RPS resources, culminating in a requirement that at least 60% of electricity retail sales must be served using RPS resources by 2030, and that all of the State’s electricity must be derived from carbon-free resources by 2045.

The Transaction Confirmation will also facilitate Bear Valley’s efforts to meet the requirements of Section 454.51 to achieve a more diverse and balanced portfolio of resources that relies upon zero carbon-emitting resources to the maximum extent reasonable and is designed to achieve a reduction in GHG emission limits.

In addition, the RPS energy from the Transaction Confirmation will help to promote stable retail rates for BVES customers as the cost of the RPS energy is fixed for the duration of the eleven-year contract.

**CONFIDENTIALITY**

The information set forth in Confidential Appendices B, C and D is confidential, consistent with D.06-06-066, D.07-05-032, D.08-04-023 and related Commission decisions and the Matrix of Allowed Confidential Treatment Investor Owned Utility (IOU) Data (“Confidentiality Decisions”). This information is commercially sensitive. Disclosure of this information, including the terms, conditions and pricing of the Transaction Confirmation, would cause a loss of a competitive advantage for BVES and would adversely affect Bear Valley’s ability to achieve the best possible result for its customers in the future.

Allowing this information to become public would directly harm Bear Valley’s customers in future negotiations with power suppliers for additional energy. The public interest in nondisclosure clearly outweighs the public interest in disclosure insofar as release of the power procurement, commercially sensitive information. The information in Appendices B, C and D is not already public and cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. Accordingly, BVES requests that the information in Appendices B, C and D be deemed and treated as confidential under the Confidentiality Decisions.

A declaration seeking confidentiality treatment of Appendices B, C and D is attached to this Advice Letter.

**CONSISTENCY WITH COMMISSION DECISIONS**

***-RPS Procurement Plan and Integrated Resource Plan***

BVES filed its 2021 RPS Procurement Plan in R.18-07-003 on February 19, 2021. The Commission approved Bear Valley’s 2021 RPS Procurement Plan in D.22-01-004, subject to certain modifications. In compliance with D.22-01-004, BVES modified and then filed its Final 2021 RPS Procurement Plan (“RPS Procurement Plan”) on February 17, 2022.

BVES filed its 2020 Integrated Resource Plan (“IRP”) in R.20-05-003 on September 1, 2020, which was approved by the Commission in D.22-02-004.

As provided in Section 399.18 and as noted in its 2021 RPS Procurement Plan, BVES is permitted to meet the entirety of its RPS obligations utilizing unbundled RECs. BVES stated that it has historically met the bulk of its RPS procurement requirements with unbundled RECs.<sup>3</sup> BVES observed that in issuing Resolution E-4604, the Commission approved Bear Valley's Advice Letter 277-E with respect to a ten-year REC-only contract with Avangrid Renewables, LLC (formerly known as Iberdrola Renewables), which BVES believed would fully satisfy its RPS requirements through 2023.<sup>4</sup>

In its RPS Procurement Plan, BVES indicated that it intended to seek to procure bundled solar energy through the development of a local solar generation facility,<sup>5</sup> bundled RECs through additional RPS purchase agreements, and/or a standalone REC contract with both base and optional REC amounts.<sup>6</sup> While recognizing its ability to meet RPS requirements through the procurement of unbundled RECs, BVES noted that some of the additional procurement BVES might seek to procure would be for the purpose of satisfying its GHG procurement obligations. BVES stated in its RPS Procurement Plan that it intended to issue an RFP for short-, mid- and long-term RPS products in February 2022.<sup>7</sup> It did so, and eventually resulted in the proposed Shell Agreement. BVES further declared that its primary goal of future RFPs was to obtain sufficient renewable resources to satisfy its RPS and GHG procurement requirements.<sup>8</sup>

BVES also declared in its RPS Procurement Plan that BVES is already complying with the 65% long-term procurement requirement, and that BVES intended to seek long-term renewable products through a February 2022 RFP.<sup>9</sup>

Regarding specific characteristics needed by BVES in an RPS project, BVES stated in its RPS Procurement Plan that BVES has several different options regarding specific delivery or operational characteristics.<sup>10</sup> BVES believes its planned approximately 5MW solar plus battery project will allow BVES to self-supply a portion of both renewable energy and capacity. By incorporating storage with solar, the solar battery storage project will have the ability to provide capacity as needed, essentially supplying specific deliverability characteristics, including delivery during daytime hours or to address Bear Valley's peak load periods.<sup>11</sup> Bear Valley's proposed procurement of RPS baseload energy, on the other hand, was not intended to provide any particular delivery or operational characteristics, other than an around-the-clock block of energy.

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<sup>3</sup> RPS Procurement Plan at p. 2.

<sup>4</sup> *Id.* at p. 6.

<sup>5</sup> BVES withdrew its application for the solar project due to changes in the design to address potential flooding of the site selected for the solar project. RPS Procurement Plan at p. 8.

<sup>6</sup> RPS Procurement Plan at pp. 6-7.

<sup>7</sup> *Id.* at p. 9. See also a statement that BVES intends to issue an RFP for bundled and unbundled renewable products in the future. *Id.* at p. 17. See also the statement that BVES will issue an RFP for bundled and unbundled RPS products in February 2022. *Id.* at p. 35.

<sup>8</sup> *Id.* at p. 36.

<sup>9</sup> *Id.* at p. 11.

<sup>10</sup> RPS Procurement Plan. at p. 8.

<sup>11</sup> *Id.* at p. 14.

BVES also declared in its RPS Procurement Plan that it has no plans to procure advanced emerging technologies such as offshore wind or other emerging technologies to add to its portfolio of resources.<sup>12</sup>

As set forth in the Action Plan of its 2020 Integrated Resource Plan (“2020 IRP”), approved by the Commission in D.22-02-004, BVES declared its intention to reduce its historic reliance on system (primarily “brown”) power and transition to obtaining RPS firm contracts for both its base and seasonal load requirements.<sup>13</sup> BVES also stated it intended to meet its forecasted GHG emissions benchmark from Bear Valley’s energy supply by transitioning to firm RPS contracts for both base and seasonal loads.<sup>14</sup> And finally, the Action Plan in the 2020 IRP included the goal of securing firm renewable energy contracts for solar daytime supply starting in 2022 and nighttime wind load support in 2022 (or a blend thereof).<sup>15</sup>

On November 1, 2022, BVES filed its 2022 Integrated Resource Plan (“2022 IRP”) with the Commission. It remains subject to review and approval by the Commission. In it, BVES disclosed to the Commission that it was negotiating a contract for a 7x24 RPS product that would deliver approximately 30 percent of Bear Valley’s annual supply beginning in late 2024. It was a mix of multiple RPS resources that together could provide a firm product. BVES believes that this relatively unique, firm RPS contract is achievable due in large part to the relatively small size of the block of energy. BVES concluded that procuring firm renewable contracts readily aligned with Bear Valley’s historic approach of energy procurement and, ultimately, is the best path forward for BVES to comply with emission benchmarks.<sup>16</sup>

In its 2022 IRP Action Plan, BVES reasserted that its goal of meeting forecasted GHG emission benchmarks would be by transitioning to firm renewable energy contracts for both base and seasonal loads, and reducing reliance on system power contracts. It also restated its intent to reduce its reliance on system power and meet GHG emission benchmarks by procuring power contracts for RPS energy.<sup>17</sup>

In summary, the Shell Agreement is consistent with the goals and objectives set forth in Bear Valley’s 2020 Integrated Resource Plan, approved in D.22-02-004, Bear Valley’s Final 2021 RPS Procurement Plan, approved in D.22-01-004, and Bear Valley’s 2022 Integrated Resource Plan filed with the Commission on November 1, 2022, and meets Bear Valley’s current energy portfolio needs.

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<sup>12</sup> RPS Procurement Plan at p. 12.

<sup>13</sup> 2020 IRP at p. 44.

<sup>14</sup> *Id.* at p. 44.

<sup>15</sup> *Id.* at p. 44. See also Table 24 BVES Power Procurement Summary, pp. 46-47.

<sup>16</sup> *Id.* at pp. 49-50.

<sup>17</sup> 2020 IRP at pp. 50-51.

***-The Transaction Confirmation Is Consistent with Bilateral Contracting Requirements***

In D.06-10-019, the Commission authorized all load-serving entities (“LSEs”) to enter into bilateral contracts with RPS-eligible generators, provided that the contracts were at least one-month in duration.<sup>18</sup> Bilateral RPS contracts, of any length, must be submitted to the Commission for approval by advice letter, and must be reasonable.<sup>19</sup> The Commission further concluded that utilities could accept alternative contracts offered by RPS generators in response to a utility’s solicitation.<sup>20</sup>

In D.09-06-050, the Commission held that bilateral contracts, including long-term bilateral contracts, are held to the same review standards as contracts that result from a solicitation, including price reasonableness.<sup>21</sup>

As discussed in Confidential Appendix B, the process which resulted in the Transaction Confirmation was initiated through a robust RFP process and culminated through bilateral negotiations. In sum, the Transaction Confirmation meets the requirements for bilateral contracts set forth in D.06-10-019 and D.09-06-050.

***-Transaction Confirmation Meets Applicable LCBF Requirements***

The least-cost, best-fit (“LCBF”) requirements enumerated in D.04-07-029, D.11-04-030, D.12-11-016, D.14-11-042 and D.16-12-044 were imposed on California’s three largest investor-owned utilities. BVES can find no decision where the Commission has required BVES to comply with those specific LCBF requirements.

Section 399.13(a)(9) requires that in soliciting and procuring RPS resources, a utility must consider best-fit attributes of resource types that ensure a balanced resources mix to maintain reliability of the electric grid. Similarly, Section 454.51 directs that investor-owned utilities procure “best-fit and least-cost” resources to satisfy portfolio needs. As a prudent utility manager, and in compliance with those statutory requirements, BVES considered those factors and objectives in pursuing the resource product reflected in the subject Transaction Confirmation.<sup>22</sup> The criteria and factors utilized in analyzing bids received from the November 2021 RFP and the February 2022 RFP, and the results of that evaluation process leading to the selection of Shell, are set forth in Confidential Appendix B.

Section 399.13(a)(8) requires a preference for RPS projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission level of toxic gases. For bids that included RPS projects that met those criteria, BVES would have given a preference for such projects in

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<sup>18</sup> D.06-10-019 at p. 29; see also Conclusions of Law #16 and Ordering Paragraphs #16 and #17.

<sup>19</sup> *Id.* at p. 31; see also Conclusions of Law #16 and Ordering Paragraphs #16 and #17 See D.03-06-017 at p. 59 regarding reasonableness.

<sup>20</sup> *Id.* at pp. 28-29 and 43.

<sup>21</sup> D.09-06-050 at pp. 28-29.

<sup>22</sup> The objective of obtaining the “least-cost” resource is not absolute. Section 454.52 authorizes the Commission to approve procurement of resource types that will reduce overall emissions of GHG but due to the nature of the technology or fuel source may not compete favorably in price against other resources.



compliance with Section 399.13(a)(8). No bids were received that indicated the subject ERR projects would provide such environmental and economic benefit.

BVES is not required to submit a bidders’ shortlist report to the Energy Division.

In sum, the Transaction Confirmation meets all statutory requirements for a least-cost, best-fit resource that will help BVES meet its statutory and regulatory requirements to reduce its overall emissions of GHG. It will also help Bear Valley meet its RPS portfolio requirements while simultaneously increasing the diversity and balance of its energy portfolio.

***-Transaction Confirmation Complies with Standard Terms and Conditions***

The Transaction Confirmation complies with D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025, with respect to the inclusion of non-modifiable standard terms and conditions (“STCs”) required by the Commission in RPS contracts. The STCs are located in the Transaction Confirmation as indicated below:

Non-Modifiable Term	Confirmation Section	Confirmation Page Number
STC 1: CPUC Approval	C-Definitions	4
STC 6: Eligibility	A(1)	3
STC 17: Applicable Law	A(2)	3
STC REC 1: Transfer of RECs	A(3)	3
STC REC 2: WREGIS Tracking of RECs	A(4)	3

BVES has previously submitted to the Commission, and the Commission has reviewed and approved of, slightly modified EEI Master Power Purchase & Sale Agreements. BVES views those prior, Commission-approved Master Agreements as its pro forma contracts for RPS contracting purposes. In D.13-11-024 the Commission stated that pro forma contracts serve as a starting point for negotiating a final agreement between a seller and utility and that, except for the STCs (which BVES has included in the Transaction Confirmation as noted above) all other terms and conditions are negotiable.<sup>23</sup>

The parties began their negotiations of the terms and conditions of the transaction using the EEI Master Power Purchase & Sale Agreement (Version 2.1, modified 4/25/00) (“Master Agreement”), which is a well-regarded and frequently used master power agreement in the California electric utility industry. The parties negotiated a limited number of changes to the model Master Agreement and Collateral Annex, and

<sup>23</sup> D.13-11-024 at p. 33, including fn. 79.

populated the Transaction Confirmation with the particulars of the purchase and sale of RPS PCC1 energy and associated RECs, all of which are attached hereto as Confidential Appendix D. The terms and conditions of those documents are commercially reasonable, and BVES requests the Commission approve them without modification.

*-Portfolio Content Category Claim and Upfront Showing (D.11-12-052, Ordering Paragraph 9).*

The portfolio content category of the RPS energy to be provided to BVES under the Transaction Confirmation is PCC1. The Transaction Confirmation requires Shell to deliver PCC1 RPS energy to BVES from eligible renewable energy resources (“ERRs”), as that term is defined in Section 399.12 or Section 399.16).

D.11-12-052 requires an LSE to provide information regarding the risks that the procurement will not ultimately be classified in the claimed portfolio content category, the value to ratepayers of the procurement as proposed, and the value to ratepayers if the procurement is not ultimately classified in the claimed portfolio content category.

Pursuant to the Transaction Confirmation, Shell is contractually obligated to provide BVES with RPS PCC1 energy and associated RECs generated by certified ERRs. In addition, per the Transaction Confirmation, the Projects must obtain and keep current the CEC certification as ERRs<sup>24</sup> as well as take all necessary steps to allow the RECs transferred to BVES to be tracked in the Western Renewable Energy Generation Information System (“WREGIS”). Shell represents and warrants that the RPS energy and associated RECs from each of the Projects have not yet been generated and are yet to be delivered and therefore have not been unbundled or transferred to another owner. Such RECs will be transferred to BVES pursuant to the terms of the Transaction Confirmation.

The Transaction Confirmation limits the RPS energy to ERRs owned or under contract to Shell that have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the ERR into a California balancing authority without substituting electricity from another source.

The above facts demonstrate that this is a PCC1 category transaction. In addition, Shell is a highly regarded, substantial power supplier, who has a contractual obligation under the Transaction Confirmation to locate and retain sufficient and compliant ERRs to provide the required amounts of PCC1 energy and related RECs. BVES views the likelihood of Shell breaching its contractual obligations as relatively remote.

The value of the Transaction Confirmation energy being classified as PCC1 is very substantial to BVES and its customers. BVES believes its ratepayers expect to receive

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<sup>24</sup> The Projects must qualify and be certified by the CEC as an ERR as such term is defined in Section 399.12 of Section 399.16. See definition of “ERR” in Section C of the Transaction Confirmation.

energy that complies with California’s RPS requirements as well as reduces GHG emissions. And through its RPS Procurement Plan and its IRP, BVES has declared its commitment to “green up” its energy portfolio, with all the attendant benefits for BVES ratepayers. BVES believes its ratepayers expect BVES to deliver, and the Transaction Confirmation is a very crucial step forward in delivering on Bear Valley’s RPS and GHG commitments and obligations.

The RPS procurement under the Transaction Confirmation will result in Bear Valley’s portfolio balance requirements to appear as set forth in the chart below, assuming no other changes to Bear Valley’s portfolio during the ten-year period. Note that under the Transaction Confirmation, REC’s are delivered no later than May 1 of the year following the year in which the associated RPS energy was generated.

Forecast of Portfolio Balance Requirements*	Compliance Period 2021 - 2024	Compliance Period 2025-2027	Compliance Period 2028-2030
PCC1 Balance Req*	0	0	0
Quantity of PCC1 REC’s (under contract, not including Shell Contract)	0	0	0
Quantity of PCC1 REC’s from Shell Contract	0	113,904	157,680
Quantity of PCC2 REC’s	0	0	0
Quantity of PCC2 REC’s (under contract, not including Shell contract)	0	0	0
Quantity of PCC2 REC’s from Shell Contract	0	0	0
PCC3 Balance	0	0	0
Quantity of PCC3 Limitation	0	0	0
Quantity of PCC 3 REC’s (under contract but not including Shell contract)	224,886	0	0
Quantity of PCC2 REC’s from Shell contract	0	0	0

\*Pursuant to Section 399.18(b), BVES is not subject to the procurement content limitations in Section 399.16. Accordingly, BVES is authorized to use any or all of the procurement content levels to comply with its RPS requirements.

Based upon current sales forecasts and approval of the eleven-year, two-month Transaction Confirmation, BVES believes it will be in substantial compliance with its RPS requirements through year 2029. In the event of any RPS shortfall, BVES will address it through short-term bilateral purchases of unbundled REC’s (PCC3), which is consistent with its RPS Procurement Plan. Bear Valley also plans to seek additional renewable energy contracts in the 2028-2029 time-frame to continue to meet its RPS and GHG emission reduction targets.

In addition to RPS contracts, BVES is working to develop and seek approval of a locally-owned and operated 5MW solar plus battery storage facility in Bear Valley’s service territory. If approved by the Commission, it will add approximately 14,800 REC’s annually and further assist in BVES meeting its 65% long-term RPS requirements and

GHG emission reductions. The facility is anticipated to produce RPS energy and PCC1 RECs for at least 20 years.

***-Long-Term Contracting Requirement.***

Senate Bill (“SB”) 1078 requires that, beginning January 1, 2021, 65% of RPS procurement must be derived from long-term contracts or ownership interests of ten or more years for each compliance period. By executing a ten-year REC-only contract with Avangrid Renewables, which was approved by the Commission in Resolution E-4604, BVES is currently in compliance with the RPS long-term contracting requirement for compliance period 2021-2024.

The Transaction Confirmation, with a term of 11 years and two months, meets the definition of a long-term contract. As a consequence, the requirement of meeting 65% of RPS procurement requirements through long-term contracts is currently projected to be met for compliance period 2026-2028. If submitted and approved, the Bear Valley Solar Energy Project will also help to meet future requirements. Should additional long-term RPS contracts be necessary to meet the 65% requirement, BVES intends to enter into long-term contracts to acquire additional bundled PCC1 or PCC3 products, as appropriate.

***-Interim Emissions Performance Standard***

Section 8340 *et seq.* restricts utilities from entering into long-term financial commitments regarding baseload generating plants unless it complies with certain GHG emission performance requirements established by the Commission. Section 8340(a) defines “baseload generation” as a plant designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. Section 8340(f) defines “long-term financial commitment” as including a new or renewed contract with a term of five or more years. In D.07-01-039, the Commission established the GHG emission level to be no higher than the GHG emission rate of a combined-cycle gas turbine (“CCGT”) power plant.

Although it is a long-term financial commitment as defined by Section 8340(f), the Transaction Confirmation restricts Shell to using only eligible renewable resource generating units that are either (a) designed and intended to provide electricity at an annualized plant capacity factor of less than 60 percent, as defined in Section 8340(a), or (b) emit CO<sub>2</sub> at a rate less than 1,100 lbs/MWh, in compliance with D.07-01-039, or both.<sup>25</sup>

For the reasons set forth above, the Transaction Confirmation is compliant with the provisions of Section 8340 *et seq.* and D.07-01-039.

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<sup>25</sup> See definition of “ERR” in the Transaction Confirmation.

***-Procurement Review Group (PRG) Participation***

In D.02-08-071, the Commission required PG&E, SCE and SDG&E to establish a Procurement Review Group as part of a new review and approval process for power procurement contracts.<sup>26</sup> The Commission has never required BVES to establish or utilize a Procurement Review Group (“PRG”). Accordingly, there was no PRG consultation with regard to the proposed Transaction Confirmation.

***-Independent Evaluator***

In D.04-12-048, the Commission directed the use of an independent evaluator (“IE”) for power procurement contracts of PG&E, SCE and SDG&E.<sup>27</sup> The Commission has never required BVES to establish or utilize an IE with respect to any power procurement process. Accordingly, there was no IE involved in Bear Valley’s procurement process related to the Transaction Confirmation.

***-Project Development Status***

The Transaction Confirmation provides for firm RPS energy supplied by Shell from ERRs. Shell has the risk of development of any ERR that is not already in operation which Shell may intend to rely upon to provide RPS energy under the Transaction Confirmation. Given the fact that Shell is obligated to provide firm RPS energy under the Transaction Confirmation, there is no project development information risk to BVES under the Transaction Confirmation. Moreover, the Transaction Confirmation is not contingent upon the completion of any project that is currently under development.

***-Contingencies and/or Milestones***

The Transaction Confirmation provides for firm RPS energy supplied by Shell. The Transaction Confirmation is not subject to any contingencies and/or milestones.

***-Safety Considerations.***

There are no specific ERRs identified or committed to provide RPS under the Transaction Confirmation. The ERRs identified in the Transaction Confirmation are not owned or operated by BVES. Because the Transaction Confirmation will not require any changes to BVES owned or operated facilities, there are no incremental safety implications associated with the approval of the Transaction Confirmation beyond status quo.

**REQUEST FOR MEMORANDUM ACCOUNT**

Bear Valley has historically met the majority of its customers’ energy needs through fixed-price power contracts. The Transaction Confirmation is a fixed-price power contract.

Accounting Standards Codification (“ASC”) No. 815 – “*Derivatives and Hedging*” (formerly known as Statement of Financial Accounting Standards (“SFAS”) Number

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<sup>26</sup> D.02-08-071 at pp. 24-25.

<sup>27</sup> D.04-12-048, Ordering Paragraphs ## 28 and 29, pp. 245-246.

133) *requires* companies to record derivatives on the balance sheet as assets and liabilities and to measure those instruments at their fair price. For accounting purposes, the Transaction Confirmation qualifies as a derivative instrument under accounting guidance for derivative accounting ASC No. 815. Due to the implementation of ASC No. 815, unrealized gains and unrealized losses on power contracts affect reported earnings of Bear Valley, even though when the power contract is finally settled, any realized gains or losses recognized under ASC No. 815 will be reversed and there is no impact to BVES's customers.<sup>28</sup>

To avoid adversely impacting Bear Valley's financial stature, BVES requests the Commission once again grant it authority to establish a non-interest bearing memorandum account to record refunds or under-collections to offset the unrealized gains or losses of the Transaction Confirmation created by ASC No. 815. Approval to utilize such a memorandum account will eliminate significant fluctuations and uncertainty to Bear Valley's reported earnings due to derivative gains and losses, which increase Bear Valley's risk profile from an investor's standpoint. Such added risk can potentially result in increases in cost of capital, which can ultimately have a negative impact on rates to Bear Valley's customers.

Similar memorandum accounts were previously authorized for BVES in D.09-05-025, D.11-06-030, D.14-12-003 and D.19-08-030 with respect to power contracts approved in those decisions. The Commission also granted similar requests for PacifiCorp and Sierra in D.01-08-049 and D.02-10-054. BVES requests that the Commission grant similar authority to track unrealized gains and unrealized losses throughout the contract period from the Transaction Confirmation in a new, non-interest bearing memorandum account, which will reverse and zero out by the end of the contract period, thus having no impact to customers.

Consistent with the above statements, BVES has prepared, and attached hereto as Appendix E -- Preliminary Statement for Shell Agreement Memorandum Account, a form of the proposed memorandum account for the Shell Agreement.

### **REQUEST FOR COMMISSION APPROVAL**

BVES requests that the Commission issue a resolution no later than July 31, 2023, that:

1. Approves the Master Agreement, as modified by a Cover Sheet and a Collateral Annex Credit Elections Cover Sheet, and Transaction Confirmation in their entirety, including payments to be made by BVES pursuant to the Transaction Confirmation, subject to the Commission's review of Bear Valley's administration of the Master Agreement and Transaction Confirmation.
2. Finds that any procurement pursuant to the Transaction Confirmation is procurement from an eligible renewable energy resource for purposes of

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<sup>28</sup> D.19-08-030, fn. 15 at p. 12.

determining Bear Valley's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to California's RPS laws (Public Utilities Code Section 399.11 *et seq.*) and related Commission decisions and applicable laws.

3. Finds that all procurement and administrative costs, as provided by Public Utilities Code Section 399.13(g), associated with the Shell Agreement shall be recovered in rates.
4. Adopts the following facts and conclusions of law in support of the Commission's approval:
  - a. The Transaction Confirmation is consistent with Bear Valley's RPS Procurement Plan.
  - b. The Transaction Confirmation is consistent with Bear Valley's 2020 IRP.
  - c. The terms of the Master Agreement and the Transaction Confirmation, including the price, are reasonable.
  - d. The deliveries under the Transaction Confirmation shall be categorized as PCC1 RPS procurement under the portfolio content category specified in Section 399.16(b)(1)(A), subject to the Commission's after-the-fact verification that all applicable criteria have been met.
  - e. The Transaction Confirmation is not a long-term financial commitment prohibited by Section 8340 *et seq.* provided that no eligible renewable energy resource under the Transaction Confirmation is a "baseload generation" as defined in Section 8340(a) or does not produce or emit GHG emissions that equal or exceed the GHG emission rate of a combined-cycle gas turbine power plant as determined in D.07-01-039 (*i.e.*, 1,100 lbs/MWh of CO<sub>2</sub>).
  - f. BVES is authorized to establish a memorandum account to track unrealized gains and unrealized losses on the Transaction Confirmation in a new, non-interest bearing memorandum account, the Preliminary Statement form of which is set forth in Appendix E, and BVES is authorized to file such Preliminary Statement form of the memorandum account via a Tier 1 Advice Letter.

#### **TIER DESIGNATION**

This advice letter is submitted with a Tier 3 designation.

#### **EFFECTIVE DATE**

BVES respectfully requests that this advice letter becomes effective on July 31, 2023 or such earlier date as provided by the Commission in an approving Resolution.

**NOTICE AND PROTESTS**

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the CPUC in acting on the request.

A protest must be mailed within 20 days of the date the CPUC accepts the advice letter for filing. The Calendar is available on the CPUC's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the advice letter.

The utility must respond to a protest within five days.

**All protests and responses should be sent to:**

California Public Utilities Commission, Energy Division  
ATTN: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
E-mail: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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

Copies of any such protests should be sent to this utility at:

Bear Valley Electric Service, Inc.  
ATTN: Ronald Moore  
630 East Foothill Blvd.  
San Dimas, CA 91773  
Fax: 909-394-7427  
E-mail: [RegulatoryAffairs@bvesinc.com](mailto:RegulatoryAffairs@bvesinc.com)

If you have not received a reply to your protest within 10 business days, contact Ronald Moore at (909) 394-3600 ext. 682.



**Correspondence:**

Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Ronald Moore  
Regulatory Affairs  
Bear Valley Electric Service, Inc.  
630 East Foothill Blvd.  
San Dimas, California 91773  
Email: [RegulatoryAffairs@bvesinc.com](mailto:RegulatoryAffairs@bvesinc.com)

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

Sincerely,  
*/s/Ronald Moore*

Ronald Moore  
Regulatory Affairs Department  
Bear Valley Electric Service, Inc.

c: Laura Martin, Energy Division  
R. Mark Pocta, California Public Advocates Office  
BVES General Order 96-B Service List

BEAR VALLEY ELECTRIC SERVICE, INC.

G.O. 96-B  
SERVICE LIST

BEAR VALLEY ELECTRIC SERVICE, INC.

AGNES ROBERTS, FINANCIAL ANALYST  
[AGNES.ROBERTS@BCCSD.ORG](mailto:AGNES.ROBERTS@BCCSD.ORG)  
EMAIL ONLY

CITY CLERK  
CITY OF BIG BEAR LAKE  
39707 BIG BEAR BLVD.  
P.O. BOX 10000  
BIG BEAR LAKE, CA 92315

CITY ATTORNEY  
CITY OF BIG BEAR LAKE  
39707 BIG BEAR BLVD.  
P.O. BOX 10000  
BIG BEAR LAKE, CA 92315

COUNTY CLERK  
COUNTY OF SAN BERNARDINO  
385 N. ARROWHEAD AVENUE - 2<sup>ND</sup> FLOOR  
SAN BERNARDINO, CA 92415-0140

COUNTY COUNSEL  
COUNTY OF SAN BERNARDINO  
385 N. ARROWHEAD AVENUE - 2<sup>ND</sup> FLOOR  
SAN BERNARDINO, CA 92415-0140

ASST ATTORNEY GENERAL  
OFFICE OF THE ATTORNEY GENERAL  
STATE OF CALIFORNIA  
300 SOUTH SPRING STREET  
LOS ANGELES, CA 90013

ERIC JANSSEN  
ELLISON, SCHNEIDER & HARRIS LLP  
2600 CAPITOL AVE., STE. 400  
SACRAMENTO, CA 95816-5905  
[ERICJ@ESLAWFIRM.COM](mailto:ERICJ@ESLAWFIRM.COM)

WADE REESER, VP, OPERATIONS  
BIG BEAR MOUNTAIN RESORTS  
P.O. BOX 77, 880 SUMMIT BLVD.  
BIG BEAR LAKE CA 92315  
[WREESER@MAMMOTHRESORTS.COM](mailto:WREESER@MAMMOTHRESORTS.COM)

PETER EICHLER  
LIBERTY UTILITIES  
2865 BRISTOL CIRCLE  
OAKVILLE, ONTARIO L6H 7H7  
[PETER.EICHLER@LIBERTYUTILITIES.COM](mailto:PETER.EICHLER@LIBERTYUTILITIES.COM)

MIKE LONG  
CALIFORNIA PACIFIC ELECTRIC CO., LLC  
933 ELOISE AVENUE  
SOUTH LAKE TAHOE, CA 96150  
[MIKE.LONG@LIBERTY-ENERGY.COM](mailto:MIKE.LONG@LIBERTY-ENERGY.COM)

RANDLE COMMUNICATIONS  
500 CAPITOL MALL, SUITE 1950  
SACRAMENTO, CA 95814  
[MGAZDA@RANDLECOMMUNICATIONS.COM](mailto:MGAZDA@RANDLECOMMUNICATIONS.COM)

ITZIAR ROMO  
OPR COMMUNICATIONS  
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RIVERSIDE, CA 92508  
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17409 MARQUARDT AVENUE, UNIT C-4  
CERRITOS, CA 90703  
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BIG BEAR LAKE, CA 92315

SOUTHERN CALIFORNIA EDISON CO.  
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ROSEMEAD, CA 91770

PATRICK O'REILLY  
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19318 JESSE LANE, SUITE 200  
RIVERSIDE, CA 92508  
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19318 JESSE LANE, SUITE 200  
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[AHERRERA@OPRUSA.COM](mailto:AHERRERA@OPRUSA.COM)

NAVAL FACILITIES ENGINEERING COMMAND  
REA. D. ESTRELLA  
SOUTHWEST DIVISIONM  
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SAN DIEGO, CA 92132  
[REA.ESTRELLA@NAVY.MIL](mailto:REA.ESTRELLA@NAVY.MIL)

LIBERTY UTILITIES  
9750 WASHBURN ROAD  
DOWNEY, CA 90241  
[AdviceLetterService@libertyutilities.com](mailto:AdviceLetterService@libertyutilities.com)

DOWNEY BRAND LLP  
455 MARKET STREET, SUITE 1500  
SAN FRANCISCO, CA 94105  
[msomogyi@DowneyBrand.com](mailto:msomogyi@DowneyBrand.com)  
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BRIAN T. CRAGG  
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455 MARKET STREET, SUITE 1500  
SAN FRANCISCO, CA 94105  
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WILLIAM A. MONSEN  
MRW & ASSOCIATES, LLC  
1736 FRANKLIN STREET, SUITE 700  
OAKLAND, CA 94612  
[WAM@MRWASSOC.COM](mailto:WAM@MRWASSOC.COM)

**DECLARATION OF PAUL MARCONI**

**SEEKING CONFIDENTIAL TREATMENT FOR CERTAIN DATA AND  
INFORMATION CONTAINED IN BVES ADVICE LETTER 470-E**

I, Paul Marconi, declare as follows:

I am presently President, Treasurer and Secretary of Bear Valley Electric Service, Inc. (“BVES” or “Bear Valley”). In this position, my responsibilities include oversight of Bear Valley’s negotiation and procurement of Renewables Portfolio Standard Program (“RPS”) agreements consistent with Bear Valley’s RPS Procurement Plan and Integrated Resource Plan approved by the Commission. Through my oversight and involvement in the negotiation and procurement of RPS agreements, I have become familiar with the type of information that would affect the negotiating positions of power suppliers with respect to price and other terms and conditions, as well as the type of information that such suppliers consider confidential and proprietary. This is the type of information that is contained in Confidential Appendices B, C and D.

Based upon my knowledge and experience, and in accordance with D.06-06-066, D.07-05-032, D.08-04-023 and its Appendix C entitled Matrix of Allowed Confidential Treatment Investor Owned Utility (IOU) Data (“IOU Matrix”), the information in Confidential Appendices B, C and D is eligible for protection as confidential information. The IOU Matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, if applicable, and why confidential protection is justified. This information can be used against BVES and its customers in future negotiations for energy and, in particular, RPS energy. And disclosure of supplier price information would deter potential suppliers from submitting bids and doing business with BVES in the future.

Finally, (1) BVES is complying with the limitations specified in the IOU Matrix for that type of data or information, if applicable; (2) the information is not already public; and (3) the data/information cannot be aggregated, redacted, summarized or otherwise protected in a way that

allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text in the attached matrix that is pertinent to this filing.

The public interest in nondisclosure clearly outweighs the public interest in disclosure insofar as release of the power procurement, commercially sensitive information in Appendices B, C and D, and would directly harm Bear Valley’s future power procurement activities and its ability to secure best-fit, least-cost power, including RPS power, to serve Bear Valley’s customers.

For the reasons set forth above and in the IOU Matrix, BVES requests that all of the information in Confidential Appendix B, Confidential Appendix C and Confidential Appendix D be deemed CONFIDENTIAL MATERIALS protected under Cal. Gov’t Code § 7927.700 and Pub. Util. Code § 583.

I declare under penalty of perjury, under the laws of the State of California, that to the best of my knowledge, the foregoing is true and correct.

Executed on this **30<sup>th</sup> day of March, 2023**, at Big Bear Lake, California.

**Paul Marconi**, Digitally signed by Paul  
**President** Marconi, President  
Date: 2023.03.30  
13:14:42 -07'00'

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Paul Marconi  
President, Secretary and Treasurer  
Bear Valley Electric Service, Inc.

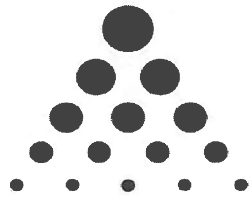
Matrix of Allowed Confidential Treatment

Investor Owned Utility (IOU) Data

Appendix B and Appendix C, Advice Letter 470-E

Type of Data	Authority/Matrix Category	Date When Specified Data Becomes Unsealed
Commercially available RPS price forecasts.	A(1)-Commercially available electric price forecasts.	Confidential for three years.
Costs of RPS contract.	B(4)-Generation cost of non-QF bilateral contracts.	Confidential for three years. Public by resource category (e.g., fossil, wind, solar, hydro-electric, etc.) after three years.
RPS Power Purchase Agreement.	VII(G) – Renewable Resource Contracts under RPS program – Contracts without SEPs.	Contract summaries public, including counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date. Other terms confidential for three years, or until one year following expiration, whichever comes first.
Scoring, evaluation, analysis of RPS Contract.	VII – Score sheets, analyses, evaluations of proposed RPS projects.	Confidential for three years.
Bid information (participating bids, counter-party names, prices and quantities offered).	VIII(A) – Competitive Solicitation (Bidding) Information – Electric – Bid Information.	Confidential for three years after winning bidders selected.
Analysis/scoring and evaluation of participating bids.	VIII(B) – Competitive Solicitation (Bidding) Information – Electric – Bid Evaluation Information.	Confidential for three years after winning bidders selected.

**APPENDIX A**  
**BEAR VALLEY ELECTRIC SERVICE, INC.**  
**2021 REQUEST FOR PROPOSAL FOR BUNDLED RENEWABLE ENERGY**  
**SEASONAL POWER SUPPLY**  
**AND**  
**2022 REQUEST FOR PROPOSALS FOR**  
**CALIFORNIA RPS-ELIGIBLE RENEWABLE ENERGY**



**Bear Valley**  
Electric Service, Inc.

**Request for Proposal for:**

**Bundled Renewable Energy  
Seasonal Power Supply**

**Issue Date: November 19, 2021**

**Due Date: December 6, 2021**

**Via electronic mail to:**

**[sean.matlock@bvesinc.com](mailto:sean.matlock@bvesinc.com)**

**With copy to:**

**[FredYanney@gmail.com](mailto:FredYanney@gmail.com)**

**[julie.roberts@bvesinc.com](mailto:julie.roberts@bvesinc.com)**



# REQUEST FOR PROPOSAL FOR SEASONAL POWER SUPPLY

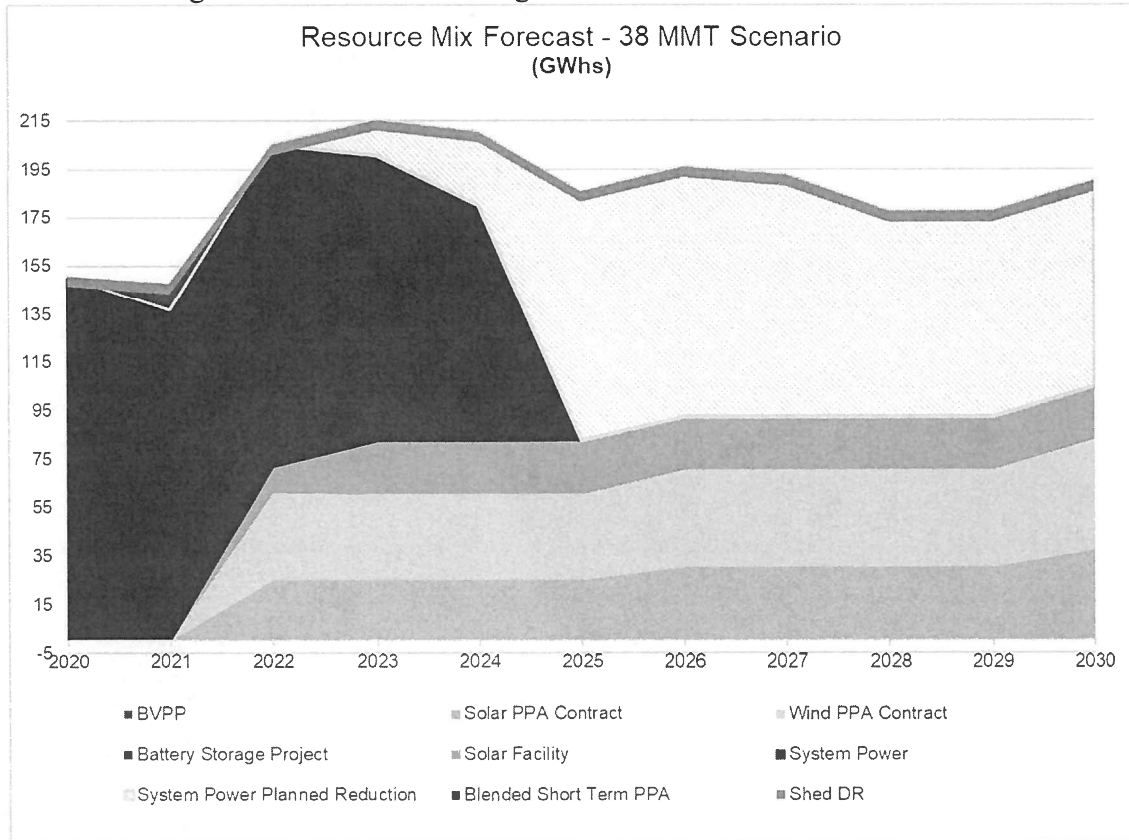
## 1. INTRODUCTION

Bear Valley Electric Service, Inc. (BVES), an investor-owned utility, is issuing this Request for Proposal (RFP) in order to enter into a Purchase Power Agreement (PPA) to meet the future renewable energy requirements for BVES. BVES provides electric distribution service to approximately 24,000 residential customers in a resort community with a mix of approximately 40% full-time and 60% part-time residents. Its service territory also includes about 1,500 commercial, industrial and public-authority customers, including two ski resorts.

BVES currently holds a seasonal wholesale power supply contract, which is set to terminate in 2022. Following this expiration, BVES is conducting this RFP seeking eligible renewable power supply opportunities, which will fulfill peak load months and replace its wholesale power supply contract. This awarded contract will enable BVES to move toward meeting its Integrated Resource Plan (IRP) 10-year strategy and meet carbon reduction benchmarks by 2030. In alignment with emissions assumptions issued by CPUC, and in part with the California Energy Commission (CEC) Integrated Energy Policy Report load forecast assignments, BVES plans to meet benchmark thresholds for the conforming policy-driven scenario of .019 million metric tons (MMT) of greenhouse gas (GHG) emissions by 2030.

In the 2020 IRP, BVES presented its preferred profile scenario with a resource mix forecast favoring eligible renewable contracts and local generation units to come online within future years. The figure below has since been modified with an updated 10-year strategy, though represents planned wholesale system power contract reduction as existing contracts begin to expire.

Figure 1: Resource Planning under 38 MMT Portfolio Scenario



Note: current contracts expire before 2025 with power procurement plan aligned to IEPR load forecast and demand modifiers calculated in the Clean System Power Calculator models. Entries for 2025-2030 reflect CPUC assumptions. Solar and wind PPAs represent four additional MWs of contracted power in the 38 MMT scenario as opposed to the 46 MMT portfolio.

## 2. PURPOSE

The purpose of this RFP is to invite interested parties to provide BVES competitive proposals to meet BVES’s primary goal in acquiring reliable, least-cost renewable seasonal energy and associated Renewable Energy Credits (RECs) to serve the needs of its retail customers and meet state carbon reduction targets.

**This RFP process involves a two-phase bidding structure. The first bidding phase will result in a short list of two to three bidders for the resource product. BVES reserves the right to finalize an agreement with one of the short-list bidders for the resource product after 1) the CPUC preapproves the proposed terms and conditions of any potential contract structure (excluding final price) and/or 2) a second phase (or final round) of bids among only the short-list bidders for the resource product is submitted to BVES after such CPUC preapproval is obtained.**

Generation delivery must be commercially operational before the commencement before January 1, 2023 and can be a mixture of eligible renewable generation (e.g., wind, solar, large hydro, etc.) providing 24/7 delivery to meet contract obligations. Intermittency must

be forecasted to provide, at minimum, 85% of production at all hours of the contract.

### **A. RPS and GHG Compliance**

As a CPUC-regulated entity, BVES must comply with the California Renewables Portfolio Standard (RPS) (Public Utilities Code sec. 399.11 *et seq.* and subsequent amendments made in SB 100) and GHG Requirements, which requires investor-owned utilities (IOUs) to move towards zero-carbon and economically competitive resources.

BVES seeks cost effective resources to support RPS objectives beginning in the year 2023. This RFP looks to find the best combination of projects or products to deliver energy from facilities that will be RPS compliant (pursuant to Public Utilities Code Sections 399.16 (b)(1) and (b)(3)) i.e., energy and associated REC in Portfolio Content Category 1, or Portfolio Content Category 2) and compliant with CPUC GHG reduction requirements.

## **3. BEAR VALLEY ELECTRIC SERVICE, INC.**

BVES began serving customers in 1929 and is located in the Big Bear recreational area in the San Bernardino Mountains of Southern California, 80 miles east of Los Angeles.

Unlike most California electric utilities, BVES' load peaks during winter evenings. BVES' winter daily peak loads can reach 49 MW, with monthly peaks occurring when snowmaking machines at the ski resorts are operating and recreational visitors are present (generally between 9:00 pm and 11:00 pm on weekends). In the summer months, the load in BVES' service area ranges from a minimum of about 12 MW (early summer mornings) to a maximum of approximately 20 MW (weekend, mid-morning and late evenings).

BVES purchases wholesale power to meet the majority of its energy requirements. To aid in meeting peak demand for electric energy, BVES owns and operates the Bear Valley Power Plant (BVPP), a natural gas-fired, 8.4 MW power plant in its service area. The BVPP became commercially operational on January 1, 2005. BVES also plans to deploy a utility-owned solar facility and potentially co-located battery storage system in late 2023 or early 2024 to reduce local demand and meet supply peak needs in addition to newly contracted eligible renewable PPAs. BVES plans to meet its RPS compliance period REC retirements through the combination of these resources as its current 10-year REC contract is set to terminate in 2023.

BVES has two receipt points from Southern California Edison Company (SCE), the Goldhill transfer station and Radford Feeder. The majority of BVES' power is transmitted over SCE's 33 kV distribution line from Cottonwood substation to Goldhill transfer station. The remainder of BVES' energy is transmitted over SCE's 33 kV

distribution facilities from Zanja substation near Redlands, California over the Radford Feeder<sup>1</sup>.

BVES' distribution system is located and operates in the Balancing Area of the California Independent System Operator (CAISO). However, BVES does not own transmission facilities nor is BVES a Participating Transmission Owner (PTO) under the CAISO Tariff. BVES facilities are not directly interconnected with the CAISO Controlled Grid; rather, its distribution system is interconnected only with distribution facilities owned, controlled, and operated by SCE. These SCE distribution facilities are in turn directly interconnected with SCE transmission facilities that are part of the CAISO Controlled Grid.

#### **4. DESCRIPTION OF REQUESTED BUNDLED ENERGY PRODUCTS**

One electronic copy of your proposal must be emailed to [sean.matlock@bvesinc.com](mailto:sean.matlock@bvesinc.com) with copy to [fredyanney@gmail.com](mailto:fredyanney@gmail.com) and [julie.roberts@bvesinc.com](mailto:julie.roberts@bvesinc.com).

The seasonal base load product has a fixed volume structure. (See below for details).

**Any energy should be delivered to the CAISO grid at the SP15 Existing Zone Generation Trading Hub (SP15 EZ Gen Hub) or the SCE Default Load Aggregation Point (SCE-DLAP):**

- **Proposals with deliveries to the SCE-DLAP may receive a higher rating upon bid evaluation;**
- **Any offers priced at the SCE-DLAP must also include a price at SP15;**
- **BVES will not be responsible for transmission charges, losses, or congestion costs to the delivery point;**
- **Past performance of any bidder shall be considered within the first phase of the evaluation process;**
- **Bidders without any past performance (e.g., queued generation builds) will receive a neutral score on its performance assessment; and**
- **The offers should reflect a start date for the seasonal product.**

BVES prefers a bundled product including renewable eligible generation attributed with product content category one (PCC 1) RECs. In-state deliveries maintain a preference with PCC 2 products a secondary consideration based on competitive, cost-effective proposals. As mentioned in Section 2A, offers for RPS-eligible renewable energy presented must conform to the rules and guidelines as promulgated by the CEC and the CPUC GHG and RPS requirements pursuant to Senate Bill 100.

BVES requires that during the term of any agreement, the Seller shall assume the risk of maintaining and bringing the facility or project into compliance should there be a change in law that renders the facility non-compliant with either RPS or CPUC GHG emissions

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<sup>1</sup> BVES refers to the voltage on these SCE lines as 34.5 kV

reduction requirements.

*Fixed Volume Seasonal Base Load Energy*

BVES requests a proposal for a power contract with a term from January 2023 to December 2033 or less, for a fixed volume annual seasonal base load for the months of November, December, January and February for the term of the contract, as depicted in Table 1 below. BVES will consider proposals for the full 10-year period. BVES will also consider proposals for an initial 5 years of delivery, with an option for a 5-year extension and reevaluation of terms, for a total of 10 years. Financial terms of submitted proposal are considered to be in nominal dollars for the duration of the contract period.

Table 1

*Term: 1/1/2023 – 12/31/2033*

Year	January	February	November	December
	MW/Hour	MW/Hour	MW/Hour	MW/Hour
	(7 x 24)	(7 x 24)	(7 x 24)	(7 x 24)
2023 - 2033	7	3	3	7

**5. PROPOSAL DUE DATE**

**All proposals must be received via email by 2:00 p.m. Pacific time on December 6, 2021.**

Late proposals will not be accepted UNLESS two (2) or less acceptable bids have been received by the deadline. In which case late proposals may be accepted until sufficient bids have been received.

**6. QUESTIONS**

Companies must submit their questions by November 29, 2021 via email to: [sean.matlock@bvesinc.com](mailto:sean.matlock@bvesinc.com) with copy to [fredyanney@gmail.com](mailto:fredyanney@gmail.com) and [julie.roberts@bvesinc.com](mailto:julie.roberts@bvesinc.com). All questions will be answered within 3 business days.

Bidders may be added to the original bidders list on or before the date bid proposals are due by e-mail request to the e-mail addresses listed above.

No telephone or facsimile inquiries will be accepted.

BVES reserves the right to contact individual bidders for purposes of clarifying proposal terms or requesting additional information.

## 7. BID FORMAT

Submitted proposals should be prepared simply and economically. In order to evaluate the bids consistently, BVES requests that bids for any of the products identified above be prepared using the following content outline and organization:

### A. Identification of Bidder

In this section, bidders should include:

- 1) Company name and address.
- 2) Primary contact name and phone number.
- 3) Description of company.
- 4) Credit ratings.

The bidder must provide credit ratings, or if it has no credit rating, credit references or parent guarantees sufficient to show that it is capable of meeting its obligations under the proposal, if selected for further negotiations. In addition, the bidder is encouraged to provide references demonstrating its success in providing the proposed or similar services to other entities.

### B. Description of Offer

The respondent must identify all of the items listed below:

1. A price/bid for the product bidder seeks to supply (expressed in nominal dollars, clearly defining any and all escalation adjustments if applicable).
2. Proposed delivery point for energy.
3. Ability to fulfill California RPS and CPUC GHG reduction requirements.
4. Name and location of generation facilit(ies), if applicable.
5. Technology type, if applicable.
6. Queue position, if applicable.
7. PCC quantity, type, and associated cost.
8. Contract quantity in MW and MWh/year, along with delivery shape for the months specified in Table 1.

9. Any other pertinent information known to bidder that may affect the operating characteristics, such as the delivery date of the electricity.

**C. Term**

The term for the seasonal base load product is January 2023 through December 2033. BVES will consider proposals for the full 10-year period. BVES will also consider proposals for an initial 5 years of delivery, with an option for a 5-year extension and reevaluation of terms, for a total of 10 years.

**D. Additional Information**

In this section, respondents are requested to provide any additional information about their firm (e.g., size, sales levels, and owned or operated generation facilities), number of personnel in firm or marketing department, or other product that would help BVES to choose the best proposal to reduce its costs, and yet fully meet its energy obligations.

**8. RFP SCHEDULE**

BVES intends to proceed as quickly as possible with evaluating the responses to this RFP and entering into contract negotiations with the short-listed bidders. The current schedule, which is subject to change, is:

November 19, 2021:	RFP issued to selected firms
November 29, 2021:	Deadline for submission of bidder questions (see Section 6)
December 6, 2021:	RFP responses electronically due by <b>2 p.m. local Pacific time</b> (see Section 5)
November 19 - 30, 2021:	Confidential, clarifying questions may be asked of individual respondents.
December 2021:	Short list of bidders selected and contract negotiations commence
TBD:	Terms and conditions of proposed power purchase agreements (excluding price) submitted to CPUC for approval
TBD:	Final round of bids among short-listed bidders

**Note: BVES reserves the right to award the contract after a final round of bidding or to reject all bids.**

## 9. EVALUATION OF RESPONSES

Responses will be evaluated on various criteria, including:

- Proposed cost, bundled and unbundled product
- Delivery point for energy
- Credit Rating or financial strength of supplier
- Reliability of supply
- Past generator performance
- References/experience
- RPS and GHG reduction eligibility

BVES reserves the right to consider other criteria in the selection process, including supplier diversity. Respondents may provide information pertaining to their status as a diverse supplier in the “Additional Information” section of the proposal.

BVES will develop a short list of bidders. The short list does not represent acceptance of a proposal or obligation to accept any proposal. Any short-listed bidders may be requested to update proposed prices periodically.

## 10. TERMS AND CONDITIONS OF CONTRACT

Contracts are subject to review and approval by the CPUC<sup>2</sup>. Contracts for renewable energy will include standard terms and conditions as required by the CPUC. Short-listed bidders will agree to assist and cooperate with BVES in the CPUC regulatory approval process. Bidders must also recognize that any proposal may be provided to the CPUC or other relevant regulatory body. Should the respondent wish to keep the proposal confidential, BVES still has the right to submit the proposal to the CPUC or other relevant regulatory body provided that regulatory provisions allow for a request that the filed materials be treated as confidential.

BVES shall perform an initial screening evaluation to identify and eliminate any proposals that are, for example, not responsive to the RFP, do not meet the minimum requirements set forth in the RFP, are not economically competitive with other proposals, or are submitted by Respondents that lack appropriate creditworthiness, sufficient financial resources, or qualifications to provide dependable and reliable services for this RFP. Those Respondents who submit proposals agree to do so without legal recourse against BVES.

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<sup>2</sup> EEI contracts will be used by BVES



## **11. RESERVATION OF RIGHTS**

BVES reserves the right at any time, in its sole discretion, to abandon or modify this RFP process, to change the basis for evaluation of proposals, to terminate further participation in this process by any party, to accept any proposal, to enter into any definitive agreement with respect thereto, to evaluate the qualifications of any bidder or the terms and conditions of any proposal, and to reject any or all proposals, all without notice and without assigning any reasons, and without liability to BVES, its parent company or any of its subsidiaries, affiliates or representatives. BVES shall have no obligation to consider any proposal, and will not reimburse bidders for their expenses under any circumstances, regardless of whether the RFP process proceeds to a successful conclusion or is abandoned, modified or otherwise affected.

Furthermore, BVES reserves the right to negotiate with any bidders to amend/clarify any bid proposal, issue solicitations for information to any party, or vary the timetable without notice to any/all parties. Information in this RFP is accurate to the best of BVES knowledge but is not guaranteed to be correct. Respondents are expected to complete all of their due diligence activities prior to entering into any final contract negotiations with BVES.

# Bear Valley Electric Service, Inc. 2022 Request for Proposals (“RFP”) for California RPS-Eligible Renewable Energy

## Introduction

Bear Valley Electric Service, Inc. (“BVES”), located in the mountainous resort community of Big Bear Lake, California, is requesting proposals for long-term, California Renewables Portfolio Standard (“RPS”) eligible renewable energy products with initial deliveries commencing as early as the 2023 calendar year. BVES, a subsidiary of American States Water Company, is an investor-owned utility (IOU) with approximately 24,000 customers and annual retail sales of approximately 136 GWh, with a winter peak of 45MW and summer peak of 24MW.

In consideration of reducing its green-house-gas emissions and current long-term renewable energy contracting requirements, as imposed by SB 350, BVES has certain open positions for RPS products. This RFP is intended to support future Portfolio Content Category 1 (“PCC1” or “Bucket 1”), Portfolio Content Category 2 (“PCC2” or “Bucket 2”) and/or Portfolio Content Category 3 (“PCC3” or “Bucket 3”) energy requirements through long-term power purchase agreements with one or more qualified counterparties.

By participating in this RFP, each respondent acknowledges that it has read, understands, and agrees to the terms and conditions set forth in this document. BVES reserves the right to reject any offer that does not comply with these requirements. Furthermore, BVES may, in its sole discretion and without notice, modify, extend, suspend, or terminate this RFP without further obligation or liability to any interested party or respondent. This RFP does not constitute an offer to buy or create an obligation for BVES to enter into an agreement with any party, and BVES shall not be bound by the terms of any offer until BVES has entered a duly authorized and fully executed agreement related thereto.

## RFP Instructions

*Standardized Response Template:* All respondents must use the standardized response template provided by BVES. An unmodified version of the template must be completed in its entirety based on instructions provided in the template. BVES may update the RFP template from time to time. Updated templates will be distributed by email to the contact information on file. Only submittals of the currently applicable template will be reviewed.

*Project Eligibility:* Each respondent may propose one or more offers conforming with the following eligibility requirements. Failure to meet all the following project eligibility criteria shall be grounds for proposal rejection:

### Portfolio Content Category 1 Bid Requirements:

- i. Resource Location:** The point of physical interconnection for any eligible generator must be within the California Independent System Operator (“CAISO”) or directly connected to and delivering into the CAISO. BVES has a strong preference for resource location/physical interconnection within the area generally termed SP15, as defined by the CAISO. Evaluative preference will be given to any resource(s) located directly within, or within proximity to, BVES.
- ii. Product:** Portfolio Content Category 1 Renewable Energy – offers for bundled PCC1 renewable energy should include, at a minimum, electric energy, and Green Attributes/Renewable Energy Credits. Offers may also include Capacity Attributes with such attributes described in related proposal materials (including quantity, pricing, etc.).

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**iii. Resource Eligibility:** All proposed generating resources must be certified by the California Energy Commission (“CEC”) as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the response template), as set forth in applicable sections of the California Public Utilities Code (“Code”), which may be amended from time to time. Each respondent shall be responsible for certification of the proposed resource through the certification process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.

**iv. Generating Capacity:** Minimum one (1) megawatt (“MW”) AC for intermittent renewable generating technologies (e.g., solar, wind and small hydroelectric technologies); minimum five (5) MW for baseload generating technologies (e.g. biogas, biomass and geothermal technologies).

**v. Annual Delivery Specifications:** Proposed energy volumes must be no less than 10,000 MWh but not more than 50,000 MWh during each year of the proposed delivery term.

**vi. Initial Date of Delivery:** No sooner than January 1, 2023.

**vii. Term of Agreement:** Not more than twenty (20) years, commencing on the Initial Date of Delivery.

**viii. Proposed Pricing:** For bundled PCC1 renewable energy, each respondent must propose two distinct pricing options. First, respondents must include a single, flat price for each MWh of electric energy delivered from the proposed resource, priced at the generator node and/or at the SP 15 Trading Hub, as defined by the CAISO [TH\_SP15\_GEN-APND]. This energy price shall include the energy commodity, all Green Attributes/Renewable Energy Credits related thereto, and (if applicable) Capacity Attributes. If energy storage is included in the proposal, a separate capacity price (\$/KW) for the storage capacity may also be provided. All pricing options shall remain unchanged throughout the entire contract term and shall not be adjusted by periodic escalators or time of deliver multipliers/factors. Second, respondents must also include an index-plus pricing option in which the “plus” component reflects the price to be paid for the Renewable Energy Credit, expressed as a flat/fixed price throughout the contract term. ***Alternative pricing options may be proposed so long as the aforementioned pricing requirements have been satisfied.***

**ix. Point of Delivery:** Per the requirements of the Proposed Pricing section, respondents must provide a proposal for the delivery of all electric energy at the generator node; however, respondents are also strongly encouraged to provide a proposal that includes pricing based on delivery of all electric energy to the SP 15 Trading Hub.

**x. Scheduling Coordinator (“SC”) Responsibilities:** BVES does not have a strong preference regarding the assignment of SC responsibilities and will evaluate proposals in which the Buyer or Seller provide such services. If the seller is providing SC services, then they shall be responsible for delivery to BVES at the Delivery Point through a CAISO Inter-SC Trade (“IST”).

**xi. Minimum Development Progress:** To the extent that a proposed generating resource is not yet commercially operational, documentation substantiating achievement of the following development milestones must be provided by the respondent for each eligible generator, including:

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1) evidence of site control; and 2) evidence that respondent has submitted a generator interconnection application to the appropriate jurisdictional entity; provided, however, that if respondent has completed interconnection studies or executed an interconnection agreement, as applicable, respondent should provide copies of such materials, including applicable appendices. Such documentation must be provided to BVES at the time of response submittal. *Respondents indicating advanced stage development or construction progress will be given evaluative preference during BVES’s review.*

**xii. Project Financing Plan:** For any outstanding financing needs, the respondent shall describe its intended financing plan for each proposed project in sufficient detail for BVES to effectively evaluate the viability of such arrangements. To the extent that a respondent anticipates a joint project ownership structure, this structure shall be clearly articulated along with applicable ownership percentages attributable to each partner. Supporting documentation and discussion shall be provided by each respondent, consistent with the informational requirements specified in the RFP response template.

**Portfolio Content Category 2 Bid Requirements:**

**i. Resource Location:** Anywhere within the Western Electricity Coordinating Council (“Western Interconnect” or “WECC”).

**ii. Product:** Portfolio Content Category 2 Renewable Energy – offers for PCC2 renewable energy should include electric energy (via substitute energy) and Green Attributes/Renewable Energy Credits.

**iii. Resource Eligibility:** All proposed generating resources supplying PCC2 volumes must be certified by the CEC as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the response template), as set forth in applicable sections of the Code, which may be amended from time to time. Each respondent shall be responsible for certification of the proposed resource through the certification process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.

**v. Annual Delivery Specifications:** Proposed energy volumes must be no less than 10,000 MWh but not more than 50,000 MWh during each year of the proposed delivery term.

**vi. Substitute Energy:** Respondent shall deliver all required substitute energy volumes to fulfill PCC2 product eligibility specifications. Substitute energy shall be delivered to a California Balancing Authority. Respondent shall identify the substitute energy source(s).

**vii. Initial Date of Delivery:** No sooner than January 1, 2023.

**viii. Term of Agreement:** Not more than twenty (20) years, commencing on the Initial Date of Delivery.

**ix. Proposed Pricing:** For PCC2 volumes, each respondent must propose a single fixed price (expressed as \$/REC) that will apply throughout the entire delivery term.

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**Portfolio Content Category 3 Bid Requirements:**

- i. Resource Location:** Anywhere within the Western Interconnect.
- ii. Product:** Portfolio Content Category 3 Renewable Energy (PCC3-eligible unbundled renewable energy certificates).
- iii. Resource Eligibility:** All proposed generating resources supplying PCC3 volumes must be certified by the CEC as Eligible Renewable Energy Resources (or must receive CEC certification prior to the commencement of any energy deliveries proposed in the response template), as set forth in applicable sections of the Code, which may be amended from time to time. Each respondent shall be responsible for certification of the proposed resource through the certification process administered by the CEC and shall be responsible for maintaining such certification throughout the contract term.
- v. Annual Delivery Specifications:** Proposed REC volumes must be no less than 10,000 MWh but not more than 50,000 MWh during each year of the proposed delivery term.
- vi. Initial Date of Delivery:** No sooner than January 1, 2023.
- vii. Term of Agreement:** Not more than twenty (20) years, but not less than ten (10) years, commencing on the Initial Date of Delivery.
- viii. Proposed Pricing:** For PCC3 volumes, each respondent must propose a single fixed REC price (expressed as \$/REC) that will apply throughout the delivery term.

**Transfer of Environmental Attributes/Renewable Energy Certificates**

As part of the proposed transaction associated with any renewable energy product, all Environmental Attributes/Renewable Energy Certificates must be created by and transferred to BVES via the Western Renewable Energy Generation Information System (“WREGIS”), or its successor, without any additional costs or conditions to BVES. Each respondent shall be independently responsible for registering its generating project(s) with WREGIS and for maintaining an active WREGIS account throughout the proposed term of agreement.

**RFP Schedule\***

This RFP will be administered in consideration of the following schedule:

<b>RFP Activity</b>	<b>Anticipated Date of Completion</b>
RFP Issuance	February 21, 2022
Deadline for Electronic Question Submittal	March 11 <sup>th</sup> no later than 5:00 P.M. PPT
RFP Response Deadline	March 18 <sup>th</sup> no later than 2:00 P.M. PPT
Follow-up with RFP Respondents, as necessary	To occur during the week of March 21 <sup>st</sup>
Supplier Notifications (Short-List Selection)	March 28 <sup>th</sup>
Contract Negotiations	March 28 <sup>th</sup> through April 30 <sup>th</sup>
CPUC Approval	December 2022

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<b>RFP Activity</b>	<b>Anticipated Date of Completion</b>
Execution of Contract(s)	January 2023 – pending CPUC approval

\*BVES reserves the right to change the schedule of these events at any time for any reason.

Respondents may submit questions to BVES regarding this RFP process and associated materials no later than 5:00 P.M. PPT on March 11, 2022. All questions and final proposals should be submitted electronically to Sean Matlock (sean.matlock@bvesinc.com) and must include the following subject line: “Questions for BVES’s 2022 RFP for Long-Term California RPS-Eligible Renewable Energy”. No telephone or facsimile inquiries will be accepted. BVES will send a question-and-answer document once all responses have been received– BVES anticipates sending such document by March 15, 2022. Responses to equivalent questions may be consolidated within BVES’s list of responses.

BVES may submit clarifying questions to certain respondents or conduct interviews, as necessary, based on information provided in the response template and/or supporting materials included with each response. BVES shall have the right, at its sole discretion, to request information without notifying other respondents. BVES shall establish due dates for responses at the time of each informational request and will directly notify individual respondents in the event that follow-up and/or interviews are necessary during this process.

Note: only electronic submittals will be accepted; such submittals must be received by BVES no later than **2:00 P.M. PPT on Friday, March 18, 2022**. All responses should be submitted to Sean Matlock (sean.matlock@bvesinc.com) and must include the following subject line: “Response to BVES’s 2022 RFP for California RPS-Eligible Renewable Energy”.

**Evaluation of Responses**

BVES will evaluate responses against a common set of criteria that will include various factors. A partial list of factors to be considered during BVES’s evaluative process is provided below. A limited subset of such criteria may be applied in evaluating proposals for proposed PCC2 and PCC3 supply. This list may be revised at BVES’s sole discretion.

- a. Price/value
- b. Term of contract
- c. Fit with existing BVES energy portfolio
- d. Integration costs
- e. Economic curtailment provisions
- f. Overall quality of response, including general completeness and conformance with RFP instructions/requirements
- g. Project location
- h. Benefits to the local economy
- i. Benefits to the local workforce
- j. Interconnection status, including queue position, full deliverability of Resource Adequacy capacity, and related study completion, if applicable
- k. Siting, zoning and permitting status, if applicable
- l. Qualifications of project team
- m. Proposed financing plan and ownership structure

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- n. Environmental impacts and related mitigation requirements
- o. Financing plan & financial stability of project owner/developer
- p. Proposed security obligations
- q. Development milestone schedule, if applicable
- r. Supplier diversity
- s. Experience developing and operating renewable energy projects in California
- t. Experience selling renewable energy
- u. Prospective benefits accruing to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases
- v. Impacts to disadvantaged communities

For PCC1 product proposals, if the proposed generating facility is located within a community afflicted with poverty or high unemployment or a community that suffers from high emission levels of toxic air contaminants, criteria air pollutants, or greenhouse gases, the respondent should be prepared to describe: 1) prospective hires within such community and/or adjacent communities; 2) duration of work associated with such employment opportunities; 3) anticipated direct and indirect impacts associated with the proposed project; and 4) projected emission reductions associated with the proposed project and whether such project is expected to replace/supplant an existing generating facility.

**Contracting**

BVES plans to negotiate a single form of Power Purchase Agreement (“PPA”) for each product type (PCC1, PPC2, and PCC3) with each of the short-listed suppliers. As part of the short-list notification process, BVES will provide each of the short-listed suppliers with a draft PPA. Contract negotiations will proceed thereafter.

**Terms and Conditions of Contract and Confidentiality**

Contracts are subject to review and approval by the CPUC. BVES will not be bound to operative provisions of the contract until and unless CPUC approval is received and final. Contracts will include certain standard terms and conditions as required by the CPUC. Short-listed respondents will agree to reasonably cooperate with BVES in the CPUC regulatory approval process. Respondents must also realize that any submittal may be provided to the CPUC or other relevant regulatory body. Should the respondent wish to keep its proposal confidential, BVES still has the right to submit the proposal to the CPUC or other relevant regulatory body provided that regulatory provisions allow for a request that filed materials be treated as confidential.

**Exclusivity Agreement and Bid Deposit for PCC1 Product Proposals**

As part of the short-listing process, BVES will require all short-listed bidders to execute a term sheet, enter into an exclusivity agreement (of no less than 90 days in duration), and post a bid deposit in the amount of \$4,000/MW multiplied by the project’s guaranteed capacity. BVES will accept bid deposits in the form of cash or an agreed upon form of a Letter of Credit. Letter of Credit means an irrevocable standby letter of credit, in a form reasonably acceptable to BVES, issued either by (i) a U.S. commercial bank, or (ii) a U.S. branch of a foreign commercial bank that meets the following conditions: (A) it has sufficient assets in the

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U.S. as determined by BVES, and (B) it is acceptable to BVES in its sole discretion. The issuing bank must have a credit rating of at least A- from S&P or A3 from Moody’s, with a stable outlook designation. All costs of the Letter of Credit shall be borne by the short-listed respondent.

**Please see attached Excel file “2022 BVES Renewable RFP Bid Workbook”.**



**CONFIDENTIAL APPENDIX B**

**CONFIDENTIAL INFORMATION RELATING TO**

**REQUEST FOR APPROVAL OF SHELL CONTRACT**

**CONFIDENTIAL APPENDIX C**

**CONTRACT SUMMARY FOR SHELL TRANSACTION CONFIRMATION**

**CONFIDENTIAL APPENDIX D**  
**MASTER AGREEMENT AND TRANSACTION CONFIRMATION**  
**FOR SHELL AGREEMENT**

**APPENDIX E**

**SHELL AGREEMENT MEMORANDUM ACCOUNT**

PRELIMINARY STATEMENT

**SHELL AGREEMENT MEMORANDUM ACCOUNT**

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Shell Agreement Memorandum Account ("SAMA").

1. PURPOSE

The purpose of the SAMA is to track the unrealized gains and losses otherwise imputed to the Shell Agreement as a consequence of complying with Accounting Standards Codification ("ASC") No. 815 - "Derivatives and Hedging".

2. APPLICABILITY

The SAMA applies to all customer classes, except for those specifically excluded by the Commission.

3. RATES

The SAMA does not have a rate component.

4. ACCOUNTING PROCEDURES

BVES shall maintain the SAMA by making entries at the end of each month as follows:

- a. Entries shall be made to the SAMA at the end of each month to record the unrealized gain or loss attributable to the application of ASC No. 815 to the Shell Agreement.
- b. This is a non-interest bearing memorandum account.

5. EFFECTIVE DATE

The SAMA shall go into effect on the effective date of Advice Letter No. 000-E.

6. DISPOSITION

At the conclusion of the memorandum account's operation, the account will be reversed and no additional costs will be recovered from (or refunded to) ratepayers as noted in the Commission's decision establishing this memorandum account.

ISSUED BY

**PAUL. MARCONI**

President

Date Filed \_\_\_\_\_

Effective Date: \_\_\_\_\_

Resolution No. \_\_\_\_\_

Advice Letter No. \_\_\_\_\_

Decision No. \_\_\_\_\_