

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

Order Instituting Rulemaking Pursuant to Assembly Bill
2514 to Consider the Adoption of Procurement Targets
for Viable and Cost-Effective Energy Storage Systems.

Rulemaking 10-12-007
(Filed December 12, 2010)

**COMMENTS OF MARIN ENERGY AUTHORITY ON
ORDER INSTITUTING RULEMAKING**

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Pursuant to the Public Utilities Commission (Commission) Rule 6.2 and the instructions of the Commissioners set forth in the Order Instituting Rulemaking dated December 12, 2010 (Order Instituting Rulemaking), the Marin Energy Authority (MEA) respectfully submits these comments regarding: (i) MEA's interest in the proceeding, (ii) MEA's support of improved integration of intermittent resources, and (iii) MEA's request that the scope of the proceeding include an analysis of the process applicable to community choice aggregation (CCA) programs regarding the development and adoption of their procurement targets (if any) for energy storage, specifically whether the process applicable to publicly owned utilities is the appropriate process for a CCA to follow.

I. MEA'S INTEREST IN THE PROCEEDING

Pursuant to Commission Rule 1.4(b), MEA has an interest in the proceeding as the first community choice aggregation (CCA) program in California, and the only CCA program currently operating in the state. MEA is currently delivering high renewable content to customers, and plans on significantly increasing renewable energy as a proportion of its load. Furthermore, the Order Instituting Rulemaking specifically states that "all load serving entities

(LSEs)... are placed on notice that they may be subject to the decisions issued in this rulemaking.” (Order Instituting Rulemaking at 7.)

II. THE SCOPE OF THE PROCEEDING SHOULD INCLUDE A DETERMINATION OF WHETHER THE PROCESSES APPLICABLE TO PUBLICLY OWNED UTILITIES SHOULD APPLY EQUALLY TO COMMUNITY CHOICE AGGREGATORS

MEA is a joint powers authority consisting of the County of Marin and seven cities and towns and has a Board of Directors comprised of one representative from each of the member jurisdictions. MEA was launched to address climate change by reducing energy-related greenhouse gas emissions and increasing renewable energy. As described below, MEA is a leader in RPS procurement and is committed to achieving Assembly Bill (AB) 32 (the Global Warming Solutions Act of 2006) and other state-wide goals. Similar to publicly owned utilities, MEA is a not-for-profit public agency which has no shareholders and is directly accountable to its customers.

Because of the structural similarities to publicly owned utilities, MEA believes that the decision-making and target-setting process set forth in Section 2863(b) of the legislation providing the timelines for this proceeding, AB 2514, is applicable to CCAs. Specifically, Section 2863(b) provides that:

(1) On or before March 1, 2012, the governing board of each local publicly owned electric utility shall initiate a process to determine appropriate targets, if any, for the utility to procure via viable and cost-effective energy storage systems to be achieved by December 31, 2016, and December 31, 2021. As part of this proceeding, the governing board may consider a variety of possible policies to encourage the cost-effective deployment of energy storage systems, including refinement of existing procurement methods to properly value energy storage systems.

(2) The governing board shall adopt the procurement targets, if determined to be appropriate pursuant to paragraph (1), by October 1, 2014.

(3) The governing board shall reevaluate the determinations made pursuant to this subdivision not less than once every three years.

(4) A local publicly owned electric utility shall report to the Energy Commission regarding the energy storage system procurement targets and

policies adopted by the governing board pursuant to paragraph (2), and report any modifications made to those targets as a result of a reevaluation undertaken pursuant to paragraph (3).

CCAs were created to be an alternative to investor -owned utility (IOU) service, and the imposition of the same processes and rules on CCAs as on IOUs would fail to recognize: (i) structural differences between IOUs and CCAs – including the public agency nature of a CCA, public processes applicable to CCAs, and its not-for-profit structure, (ii) difference in scale as IOUs and CCAs – for example, MEA’s total average load at full roll -out will be approximately 100 MW, well under one percent of PG&E’s load – necessitating differing procurement strategies, (iii) the policy objective of having a differentiated product available to CCA customers. The Commission itself has determined that “[the Commission’s] authority over CCAs is circumscribed. AB 117’s provisions are generally either permissive with respect to CCAs or direct us to regulate the utilities that serve them.” (D. 05-12-041 at 8-9)

The description of AB 2514 set forth in the Order Instituting Rulemaking does not discuss the different decision-making or target-setting structures available for the Commission to apply to CCAs. Specifically, MEA requests that the Commission analyze the appropriate forum for the development and adoption of CCA procurement targets for energy storage and the applicability of the decision-making structure set forth in Section 2863(b) to CCAs.

III. MEA SUPPORTS THE IMPROVED INTEGRATION OF INTERMITTENT RESOURCES

MEA finds that the policy objective of the improved “integration of intermittent resources” (Order Instituting Rulemaking at 1) essential, particularly given the California-wide laws and policy objectives set forth in the Order Instituting Rulemaking, such as: AB 32, RPS and others.

Furthermore, MEA is aligned with the state -wide goals of integrating intermittent resources. Some of the highlights of MEA's performance to date since launching electricity service in May 2010 include:

AB 32. In keeping with MEA's mission to address climate change by reducing energy related greenhouse gas emissions and to exceed AB 32 mandates, MEA's resource mix is currently 78% greenhouse gas free. Going forward, MEA expects an average annual reduction of 123,844 tons of greenhouse gas emissions, the equivalent of taking over 21,000 cars off the road.

Renewables Portfolio Standard. MEA is exceeding the California RPS by more than 30% and is far outpacing California's investor -owned utilities in the level of RPS -qualifying renewable energy content (currently 26.5%) it supplies to its customers.

Energy Efficiency. Although the process for CCAs to access the Public Goods Charge and other energy efficiency funds through the Commission is not yet determined, MEA has allocated funds from its own revenues to launch an energy efficiency program supporting Energy Upgrade California. Energy Upgrade California is a state -wide program providing rebates and resources to help customers upgrade their residential or commercial property by saving energy, water and making other green building improvements. MEA will provide its customers with an additional \$500 rebate for participating in the program as a way to encourage increased energy efficiency in our communities.

Demand Response. MEA has already begun the process of analyzing demand response options for the agency which can provide an immediate and measurable value, including improved resource -efficiency of electricity production due to closer alignment between

customers' electricity prices and the value they place on electricity. This increased efficiency creates a variety of benefits including bill savings, increased reliability and operational security.

Distributed Generation. MEA offers its customers one of the best Net Energy Metering (NEM) programs in California and encourages local renewable energy development with a Feed-In Tariff program. MEA purchases excess electricity produced by NEM customers at premium rates (base rate plus \$0.01 per kilowatt -hour) and excess generation credits roll over month after month and are paid out on an annual basis if they exceed \$100. The FIT program is available to anyone in Marin County wishing to sell the power output from an eligible small-scale distributed renewable generation resource directly to MCE.

MEA is setting a new standard for communities to follow by supplying almost twice the amount of renewable energy as the incumbent utility at competitive rates. MEA has been recognized for its leadership by the Environmental Protection Agency (EPA), being named one of the nation's leading green power purchasers, ranking 13 on EPA's Top 20 Local Government list.

These achievements demonstrate MEA's effectiveness in developing its own policies and targets, and requests that the process for determining the energy storage targets be placed with the CCA itself.

IV. CONCLUSION

For the reasons set forth above MEA requests that the scope of the proceeding include an analysis of the decision-making process applicable to CCAs, specifically whether the board of directors or governing board of the CCA may follow the process set forth in Section 2863(b) of AB 2514.

MEA expresses its appreciation to Commissioner Ryan and ALJ Yip-Kikugawa for their consideration of the matters discussed herein.

Respectfully submitted,

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By: /s/ Elizabeth Rasmussen
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Dated: January 21, 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing *Comments of Marin Energy Authority on Order Instituting Rulemaking* on all parties of record in *R.10-12-007* by serving an electronic copy on their email addresses of record and, for those parties without an email address of record, by mailing a properly addressed copy by first class mail with postage prepaid to each party on the Commission's official service list for this proceeding.

This Certificate of Service is executed on January 21, 2011, at San Rafael, California.

/s/ Jordis Weaver
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