

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

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

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF THE CALIFORNIA WIND
ENERGY ASSOCIATION AND THE LARGE-SCALE SOLAR
ASSOCIATION ON PROPOSED DECISION SETTING PROCUREMENT
QUANTITY REQUIREMENTS FOR RETAIL SELLERS FOR THE
RENEWABLES PORTFOLIO STANDARD PROGRAM**

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On behalf of Large-scale Solar Association

On behalf of California Wind Energy Association

November 22, 2011

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I. INTRODUCTION

Pursuant to Rule 14.3(d) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Wind Energy Association (“CalWEA”) and the Large-scale Solar Association (“LSA”) respectfully submit these reply comments on Administrative Law Judge (“ALJ”) Simon’s proposed *Decision Setting Procurement Requirements for Retail Sellers for the Renewables Portfolio Standard Program* (“Proposed Decision”). The Proposed Decision represents an important step in implementing the new Renewables Portfolio Standard (“RPS”) program contemplated by Senate Bill (“SB”) 2 (1x).

CalWEA and LSA have reviewed the Proposed Decision and the opening comments filed by various parties. Based upon this review, CalWEA and LSA respectfully recommend that the Commission:

A. Adopt the Proposed Decision and its specific intervening year procurement targets and reject Southern California Edison Company’s (“SCE”) renewed request for one percent (1%) per year increases for the intervening year procurement targets; and

B. Address the banking rules for the new RPS program and other issues raised in the *Administrative Law Judge's Ruling Requesting Comments on New Procurement Targets and Certain Compliance Requirements for the Renewables Portfolio Standard Program* issued by Administrative Law Judge (“ALJ”) Simon on July 15, 2011 (“ALJ Ruling”).

Each of these recommendations is addressed in further detail below.

II. DISCUSSION

A. **The Commission Should Adopt The Proposed Decision And Its Specific Intervening Year Procurement Targets And Reject SCE's Renewed Request For 1% Per Year Increases For The Intervening Year Procurement Targets**

The Proposed Decision sets specific intervening year procurement targets based on a straight-line (or linear) approach to establishing procurement targets that “reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, and 33 percent of retail sales by December 31, 2020” as required by SB 2 (1x).¹ As the Proposed Decision explains, the Legislature has already accommodated the concern of many retail sellers that procurement is “lumpy” by allowing compliance with procurement obligations to be measured over multi-year compliance periods.² Accordingly, the Commission should adopt the Proposed Decision and its procurement targets.

In contrast, in its opening comments, SCE renews its earlier arguments that the requirement in SB 2 (1x) for “reasonable progress” can be met by establishing procurement targets for each of the intervening years equal to the previous year’s procurement target plus one percent (1%), with a jump in the procurement targets in 2016 and 2020 to that statutorily-

¹ New California Public Utilities Code Section 399.15(b)(2)(B).

² Proposed Decision at 14.

required 25% and 33%, respectively.³ In addition, SCE argues that the Proposed Decision’s linear approach to setting the procurement targets will result in the procurement of more renewable energy, which will increase costs to customers.⁴ SCE’s arguments are inconsistent with the intent of SB 2 (1x). In the Legislature’s words, the point of SB 2 (1x) is “to increase the amount of electricity generated from eligible renewable energy resource per year, so that it equals at least 33 percent of total retail sales of electricity in California per year by December 31, 2020.”⁵ Thus, SCE’s argument that the Proposed Decision’s linear approach will increase procurement of renewable energy misses the mark and runs counter to what SB 2 (1x) sets out to achieve. Likewise, SB 2 (1x) requires the Commission to establish a limit on the costs of procurement of renewable energy comply with the RPS program.⁶ Thus, SCE’s argument that the Proposed Decision’s linear approach will result in increased costs to customers also misses the mark because SB 2 (1x) already provides ratepayer cost protections that are unaffected by the Proposed Decision. Moreover, the Proposed Decision’s linear approach is acceptable to a broad range of market participants, such as San Diego Gas & Electric Company (“SDG&E”),⁷ Pacific Gas and Electric Company (“PG&E”),⁸ The Utility Reform Network (“TURN”),⁹ and the Coalition of California Utility Employees (“CUE”).¹⁰ As such, the Commission should reject SCE’s renewed request for one percent (1%) per year increases for the intervening year procurement targets.

³ SCE Opening Comments at 3.

⁴ *Id.*

⁵ New California Public Resources Code Section 25740.

⁶ New California Public Utilities Code Section 399.15(c).

⁷ SDG&E Opening Comments at 2.

⁸ PG&E Opening Comments at 4.

⁹ TURN/CUE Opening Comments at 1.

¹⁰ *Id.*

B. The Commission Should Address The Banking Rules For The New RPS Program And Other Issues Raised In The ALJ Ruling As Soon As Possible

In their opening comments, several parties request that the Commission act quickly to address the banking rules for the new RPS program and other issues raised in the ALJ Ruling.¹¹ CalWEA and LSA join in their request. A high level of certainty regarding the procurement obligations of retail sellers is necessary for these retail sellers to determine how much renewable energy they still need to procure and when. In turn, the renewable energy project development community needs to know this information so that it can adjust development efforts to meet market needs. Accordingly, the Commission should address the banking rules for the new RPS program and other issues raised in the ALJ Ruling as soon as possible.

III. CONCLUSION

For the foregoing reasons, the Commission should adopt the Proposed Decision without modification and address the banking rules for the new RPS program and other issues raised in the ALJ Ruling as soon as possible.

Respectfully submitted,

/s/ Shannon Eddy

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November 22, 2011

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¹¹ See e.g., SCE Opening Comments at 5-6; PG&E Opening Comments at 1-2; TURN/CUE Opening Comments at 1.

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the California Wind Energy Association and the Large-scale Solar Association on Proposed Decision Setting Procurement Quantity Requirements for Retail Sellers for the Renewables Portfolio Standard Program* are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 22, 2011 at Berkeley, California.



Nancy Rader

Executive Director, California Wind Energy Association

VERIFICATION

I, Kristin Burford, am the Policy Director of the Large-scale Solar Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the California Wind Energy Association and the Large-scale Solar Association on Proposed Decision Setting Procurement Quantity Requirements for Retail Sellers for the Renewables Portfolio Standard Program* are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 22, 2011 at San Rafael, California.

/s/ Kristin Burford

Kristin Burford

Policy Director, Large-scale Solar Association