BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewable Portfolio Standard Program.	R.11-05-005 (Filed on May 5, 2011)

REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON SB 32 FIT STAFF PROPOSAL

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I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) hereby submits these Reply Comments addressing issues raised by parties in response to Administrative Law Judge Regina DeAngelis's October 13, 2011 *Administrative Law Judge's Ruling (1) Issuing Staff Proposal (2) Entering Staff Proposal and Other Documents into the Record and (3) Setting Comment Dates* (October 13, 2011 Ruling). DRA provides its response to the various parties' comments, addressing these issues in the same order as its opening comments.

II. DRA'S RESPONSE TO PARTIES' COMMENTS ON THE STAFF PROPOSAL

Parties' opening comments identified numerous flaws and legitimate legal issues with the Staff Proposal. It is clear from the issues raised in these comments that the Staff Proposal cannot be implemented in its current form. Due to these outstanding concerns with the Staff Proposal, and the Commission's intent to move quickly to implement the Senate Bill (SB) 32/Feed-in Tariff (FiT) program, DRA reiterates its support for either

DRA's Net Surplus Compensation (NSC) rate proposal or Southern California Edison Company's (SCE's) Market Price (MP) FiT proposal as the preferred pricing mechanism for the SB 32/FiT program.[1] Both proposals provide for a tariff price based on the combination of two existing and publicly available price points; the default load aggregation point (DLAP) "brown power" price and a renewable premium or "renewable energy credit" (REC) payment. In addition, DRA reiterates its adoption of SCE's proposed price trigger mechanism to adjust the price upwards or downwards based on the amount of monthly subscription and market interest. SCE's price adjustment mechanism is necessary to prevent excessive costs to ratepayers.

Adoption of either the NSC rate or MP FiT pricing proposal, with SCE's price adjustment mechanism, would (1) avoid the numerous legal issues raised by many parties regarding the Staff Proposal, and (2) allow the Commission to quickly implement the SB 32/FiT program with a pricing structure that is transparent and provides certainty to potential customers. Parties' comments regarding the potentially fatal legal pitfalls with the Staff Proposal and the likelihood of delay in program implementation due to these legal issues are detailed below. In contrast, no party's comments disputed that DRA's NSC rate proposal complies with the FERC's avoided cost mandate and all sections of Public Utilities (PU) Code 399.20; most significantly the statute's market price (§399.20(d)(1)) and ratepayer indifference (§399.20(d)(3)) clauses. Moreover, the Commission could easily transition the SB 32 tariff price to the existing and transparent NSC rate or MP FiT and the tariff would be immediately available to potential participants as opposed to waiting for the results of the Renewable Auction Mechanism (RAM) to be finalized.

A. RAM Pricing

1. How should the CPUC set the price if an IOU does not execute any contracts in one or more product categories?

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[1] For details of DRA's NSC rate proposal, see DRA's August 26, 2011 reply comments (Division of Ratepayer Advocates' Reply Comments to Section 399.20 Ruling Issued June 27, 2011).

For example, the IOU could use the price from another one of its product categories.

2. *How should the CPUC adjust the transmission part of the total RAM price if the generator only has a Phase I or System Impact Study, since the results of these studies are usually an overestimate of actual transmission costs?*

Although DRA prefers the NSC rate for the SB 32/FiT program, if the Commission adopts the RAM clearing price as the base price for the program, DRA agrees with those parties who recommend that the Commission have **only one** clearing price for each product category (baseload, peaking as available, and non-peaking as-available) that would apply to all three IOUs.[2] In contrast, the Staff Proposal recommends that the Commission use three IOU-specific RAM market clearing prices for each of the three product categories. PG&E makes a compelling argument that it is appropriate to establish a single state-wide FiT price for each product category that is based on the weighted average of the market clearing prices from all three IOUs' RAM auctions, especially since RAM project developers are not confined to bid into the IOU's RAM auction in which their project is located.[3]

The use of one statewide clearing price for each product category would resolve some of the outstanding concerns that arise from setting individual IOU-specific clearing prices for each product category. For example, because it is likely that at least one IOU will receive bids in each product category, a statewide price for each product category would eliminate the need for an individual IOU to substitute the clearing price in one product category for another if that IOU does not receive or select any bids in a specific product category (Question 1). In addition, a statewide price for each product category would eliminate the price transparency and confidentiality issues raised by both Energy

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[2] These parties include PG&E, TURN, and SDG&E. As DRA discusses in more detail below, the three product category clearing prices should not include any additional price components such as a locational adder payment.

[3] Pacific Gas & Electric Company's Comments on Staff's Proposal Regarding the Implementation of Section 399.20 (PG&E Opening Comments on Staff Proposal), p. 5.

Division (ED) Staff in the Staff Proposal and parties in opening comments. As SCE stated, under the Staff Proposal "there appears to be no way to use the RAM auction prices without revealing confidential contract pricing data."[4] One statewide clearing price for each product category may also help mitigate potential gaming at future RAM auctions since the clearing prices in each category will be a cumulative weighted average of all the bids from all three IOUs' auctions.

Despite the above benefits of a SB 32 FiT price based on statewide clearing prices in each RAM product category, DRA acknowledges that use of the RAM clearing prices raises many legal and substantive issues. For example, multiple parties stated that the RAM clearing price is not representative of the IOUs' true avoided cost as required by PURPA, is not a market price as required by §399.20(d)(1), or is not an accurate proxy for smaller, less than 3 MW distributed generation projects since the RAM program caters to projects up to 20 MWs in size.[5] If the Commission intends to elect the RAM clearing price aspect of the Staff Proposal, DRA strongly recommends that the Commission order a workshop to address these issues.

Lastly, the Commission should not elect a SB 32 tariff price that is technology-specific, as advocated by the Center for Energy Efficiency and Renewable Technology (CEERT), Sierra Club, Agricultural Energy Consumers Association (AECA), Fuel Cell Energy, Sustainable Conservation and Green Power Institute (SusCon/GIP), and AgPower Group, LLC. Nor should the Commission allocate a certain percentage or megawatt capacity to a specific technology as supported by the Placer County Air Pollution Control District, AECA, Fuel Cell Energy, and California Wastewater Climate Change Group (CWCCG). Technology-specific pricing or allocating a certain percentage or megawatt capacity for a particular technology does not adhere to the

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[4] Southern California Edison Company's Comments on the October 13, 2011 Renewable FIT Staff Proposal and Other Attachments (SCE Opening Comments on Staff Proposal), p. 13.

[5] Parties that raised these issues include: Sustainable Conservation and Green Power Institute (SusCon/GIP), CEERT, Solar Alliance, Fuel Cell Energy, SCE, PG&E, and SDG&E.

ratepayer indifference clause (§399.20(d)(3)) and only serves to support certain specific renewable technologies.

B. Pricing Adders

1. *If the CPUC adopts the locational adder, what should the CPUC do to increase the probability that a distribution system upgrade will be deferred?*

Foremost, DRA strongly urges the Commission to abandon the Staff Proposal's locational adder payment for projects located in designated "hot spots." The Staff Proposal recommends that generators located in high value areas or "hot spots"[6] receive a locational adder payment on top of the base tariff price, as compensation for estimated avoided or deferred transmission and distribution (T&D) costs and line losses.[7] Multiple parties, including all three IOUs, raised concerns similar to those brought forth by DRA regarding the inclusion of a locational adder payment in the SB 32 tariff price.[8] Like DRA, these parties see many flaws with all aspects of the locational adder payment, including the payment calculation methodology, the effectiveness of the payment, and the capacity of the Commission to monitor and track payments to developers in one program with cost savings and IOU requests for ratepayer funds in other proceedings. A non-exhaustive list of the issues raised in parties' comments regarding the Staff Proposal locational adder payment includes:

- Concerns with the methodology used by E3 to designate areas as hot spots, and the lack of sufficient data presented to parties regarding the E3 study;[9]
- Concerns with the reliance on outdated information, reports, and data used to determine the locational adder;[10]

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[6] High-value locations or "hot spots" are defined as areas serving 5 – 10% of an IOUs' load.

[7] Renewable FIT Staff Proposal, p. 11

[8] These parties include DRA, PG&E, SCE, SDG&E, TURN, Solar Alliance, Vote Solar, and Fuel Cell Energy.

[9] PG&E, TURN, and SCE.

- Concerns that the designated hot spots may only see a limited number of projects but not enough to defer a distribution upgrade;[11]
- Concerns with the lack of coordination between the Commission and the IOUs on distribution planning, and the absence of safeguards to ensure transparency and ratepayer protections;[12]
- Inconsistencies with the IOUs' distribution capacity planning, and the 3 – 5 year timeframe for designated hot spots;[13] and
- Concerns that the locational adder payment contradicts the principles of avoided cost and ratepayer indifference.[14]

Although all of these concerns are valid, DRA sees three critical issues as clear reasons for why the Commission should not adopt the locational adder payment.

First, all three IOUs stated that compensating generators in hot spots in the form of a locational adder payment does not correlate to avoided or deferred transmission and distribution upgrades in these areas. PG&E stated that "[the Commission] cannot ensure that distribution system upgrades are deferred, especially if these upgrades are needed for reliability…" and that it is "unlikely that any of the FIT projects will defer any distribution system upgrades given the timing mismatch between distribution planning and FIT project development, risks that a FIT project may never materialize even after a FIT contract is executed, and the mismatch between FIT project generation and distributions customer reliability needs."[15] Similarly, SCE stated that deferral is "far from guaranteed, due to continually changing T&D [transmission and distribution] system conditions and the inherent lack of dependability rendered by intermittent, as-available resources."[16] Lastly, San Diego Gas and Electric Company (SDG&E) stated

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[10] PG&E.

[11] Vote Solar, DRA, SDG&E, SCE, and PG&E.

[12] Fuel Cell Energy, DRA, Solar Alliance, and Vote Solar.

[13] PG&E.

[14] SCE, DRA, and PG&E.

[15] PG&E Opening Comments on Staff Proposal, p. 37.

[16] SCE Opening Comments on Staff Proposal, p. 15.

that it does not believe projects located in hot spots should receive an avoided distribution upgrade payment because "SDG&E designs its system without reliance on Distributed Generation (DG) projects…."[17] DRA is troubled by these comments and believes the Commission should be cautious about adoption of a locational adder payment outright when the IOUs themselves clearly state they cannot guarantee that actual transmission and distribution deferrals will be realized from SB 32 projects.

Furthermore, DRA is particularly concerned with the issue raised by PG&E regarding the conflict between the locational adder payment and SB 32 contract term length. The Staff Proposal would lock in a hot spot for 3 – 5 years so that generators in these areas receive a locational adder payment for the entirety of their contract term length, be it 10, 15, or 20 years. Yet PG&E notes that its distribution planning horizon takes place over a two-year window and consequently load growth and other changes to the distribution system may necessitate T&D upgrades regardless of the amount of DG in the hot spot area.[18] Thus, PG&E posits that in some instances the SB 32/FiT projects could continue to receive compensation for T&D deferrals years beyond what the individual project is actually capable of avoiding or deferring. This scenario would burden ratepayers with the long-term costs of paying for both SB 32 contracts with locational adder premiums and IOU transmission and distribution upgrades in these hot spot areas. This is a valid ratepayer concern that the Commission must resolve before adoption outright of any locational adder payment for assumed avoided or deferred transmission and distribution upgrades.

Finally, as DRA and other parties noted in opening comments, without proper accounting mechanisms in place to track locational adder payments to generators and IOUs' requests for transmission and distribution system upgrades, there is no way to assure that actual ratepayer savings will be realized. This lack of realized savings would

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[17] San Diego Gas & Electric Company Comments in Response to Ruling Dated October 13, 2011 (SDG&E Opening Comments on Staff Proposal), p. 11.

[18] PG&E Opening Comments on Staff Proposal, p. 16.

not only harm ratepayers, but would violate the Staff Proposal Guiding Principle #2 which is to "contain costs and ensure maximum value to the ratepayer and utility."

Based on the numerous and persuasive arguments put forth by parties regarding the locational adder payment, and the equal number of unresolved issues as discussed above, DRA finds that it would be premature and not in the best interest of ratepayers or the IOUs for the Commission to move forward with adoption of a locational adder payment at this time. However, DRA agrees with TURN that if the Commission elects to adopt any locational adder payment, further workshops are needed. The workshops should, at a minimum, address the following:[19]

- The locational adder calculation (avoided cost methodology) used by E3;
- Data and reports used by E3 to determine the IOUs' hot spots;
- Mechanisms to readjust/recalculate or discontinue the locational adder payment for generators in hot spot areas that fall out of hot spot status;
- Tracking of deferred or avoided costs associated with the locational adder payment, and IOU reporting of planned transmission and distribution upgrades in hot spot areas;
- Safeguards to ensure that ratepayers do not eventually pay for transmission and distribution upgrades in designated hot spots;
- Allocation of locational adder payments to Direct Access (DA) and Community Choice Aggregator (CCA) customers in addition to IOU ratepayers; and
- Development of provisions to adjust contract prices to account for final transmission costs.

Creation of an open forum for parties to resolve these issues would provide more transparency and allow for the issues to be properly discussed and vetted by all stakeholders in a collaborative fashion.

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[19] PG&E also provides a very extensive and more exhaustive list of additional issues pertaining to the locational adder that would need to be addressed in hearings on page 23 and 24 of its opening comments.

1. *Besides a locational adder, staff is not proposing other adders to the FIT price. If parties believe the Commission should consider other adders, then parties should address the following issues when suggesting an adder:*

The Commission should not consider any additional locational adders as proposed by the following parties: Placer County Air Pollution Control District (PCAPCD) (a Wildfire Hazard Reduction Adder), California Wastewater and Climate Change Group (a-Pre-commercialization Adder), and Sustainable Conservation and the Green Power Institute (an Emerging Technology Adder). First, PCAPCD claims that ratepayers will benefit from the Wildfire Hazard Reduction Adder for small biomass generation projects through "increased public safety, protection of power generation/distribution infrastructure from wildfire, and protection of natural resources and private property."[20] However, DRA posits that even though PCAPCD quantifies the Wildfire Hazard Reduction Adder, the adder payment amount would only be applicable and potentially effective during the summer or high fire season months. Due to the seasonal time frame of this benefit, it is not apparent that ratepayers would receive sufficient value to warrant the amount of compensation paid to these generators over the life of the contract. Second, in response to parties' advocacy for adders to support emerging technologies, it is clear from the statute that the goals of the SB 32 program are to allow emerging technologies to participate in the tariff but not assist in establishing the market for these technologies by offering these projects a premium payment over other renewable technologies. A technology-specific adder clearly contradicts the ratepayer indifference clause and does not adhere to the market price clause of §399.20.

In addition, DRA advises the Commission to reject the recommendation to include a locational adder payment for all other non-hot-spot areas as proposed by Solar Alliance. The E3 presentation slides and the Staff Proposal are unclear as to whether developers in non-hot spot areas will receive a locational adder payment as well. Parties who advocate

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[20] Opening Comments of Place County Air Pollution Control District, p. 10.

for a locational adder payment in non-hot spot areas claim there is some avoided distribution value even in non-hot spot areas. While this may be a valid claim, DRA argues that if the IOUs cannot guarantee deferrals and avoided T&D upgrades in designated hot spot locations, there is absolutely no reason to extend a locational adder payment to other non-hot spot locations. Accordingly, the Commission should reject calls to expand the locational adder payment.

1. *Does the technology have an incremental avoided cost compared to a RAM project in the same product category? If so, explain why.*
2. *Is the adder avoiding ratepayer cost? In staff's view, an additional FIT adder should avoid a ratepayer cost and not a more general societal cost since the statute requires that ratepayers be held indifferent to the FIT payments.*
3. *Can the adder be quantified? If so, suggest a method and the date sources for quantifying the adder. Reference previous filings if applicable.*

DRA does not have any further recommendations or comments on these questions.

C. Pricing Trigger

DRA continues to recommend that the Commission adopt SCE's price trigger mechanism which adjusts the tariff price upwards or downwards depending on the level of subscription and sets a limit on the amount of monthly subscriptions based on a portion of the IOUs' total SB 32 megawatt allocation. This price trigger adjustment is a necessary ratepayer cost containment mechanism and thus adheres to the Staff Proposal's Guiding Principle #2. In opening comments many parties propose various price adjustment mechanisms that either fully support or include minor modifications to CalSEIA, Vote Solar, and Clean Coalition's price adjustment proposals. Other parties, however, argue that an adjustment of the tariff price based on the level of subscription is an arbitrary adjustment and does not reflect an avoided cost price.[21] DRA urges the

[21] PG&E Opening Comments on Staff Proposal, p. 25.

Commission to elect some form of price adjustment mechanism for the SB 32/FiT program, preferably SCE's proposal that accompanies its MP FiT. SCE's proposal provides for a straightforward approach to respond to the market's interest in the SB 32 program. To implement the program without any price adjustment mechanism could result in excess ratepayer costs if the initial tariff price is set too high without any mechanism to recalibrate. The absence of a price adjustment mechanism would also counter the statute's goal to provide a market price for the renewable energy by retaining stagnate and outdated prices even as market conditions and prices for renewables fluctuate.

DRA's primary concern with several of the other parties' price adjustment mechanisms is that the time period to readjust the tariff price is too long given the limited size of the SB 32 program. Moreover, many parties do not designate a set percentage or amount of the IOUs' allocated capacity towards each adjustment period. For example, some parties recommend relying on the next consecutive RAM auction to adjust the tariff price.[22] If the IOUs are required to wait until the next RAM auction to adjust the SB 32 price and are not required to have a set subscription target per tariff period, due to the six-month period between auctions realistically the tariff could be fully subscribed without ever adjusting the price once. In addition, there is no guarantee that the RAM auction will yield prices that are any more or less reflective of the avoided cost for renewable energy than the IOUs' adjustment of the price based on the level of subscription. If anything, allowing the IOUs to adjust the price based on the amount of subscription gives them more flexibility to respond and react to the market.

For the above reasons DRA reiterates its recommendations from its opening comments. Specifically, DRA recommends that regardless of the price adjustment or trigger mechanism the Commission adopts, it should create a subscription limit target for each price adjustment period and make this a hard target. DRA further recommends that

[22] Parties that support this include TURN, SDG&E, PG&E, and Constellation NewEnergy.

the subscription periods last no longer than one month and the allocation amount per month be less than $1/10^{th}$ of the IOUs' total program capacity allocation. In addition, the IOUs should be required to publish the current tariff rate on their SB 32/FiT website and notify any potential participants if a tariff price is about to decline.

4. *Identify the strengths and weaknesses for each party's proposal listed in the staff proposal, and make a recommendation addressing the following issues:*
   a. *Level of subscription that triggers price decrease*
   b. *Amount that the price should be decreased.*
   c. *Time period without any or minimal subscription that the price should be increased.*
   d. *Definition of minimal subscription.*

DRA does not have any further recommendations or comments on these questions.

D. FIT Contract

DRA agrees with SCE that each IOU should be permitted to use its own preferred contract in order to avoid lengthy disputes and litigation that will ultimately impact ratepayers and delay project development.[23]

1. *Do parties agree or disagree with the Agricultural Energy California Association's proposed modifications to PG&E's contract?*
2. *If you seek additional modifications to PG&E's contract or any other contract filed in the record, identify the term, proposed change, and rationale in a matrix format. To ensure your recommendation receives full consideration, provide documentation or attestation to support your rationale. In addition, if you propose a modification, you should state if the language is from a previously approved contract and provide the citation. When reviewing contract language, staff considers the following guiding principles to determine if a change is warranted:*

[23] SCE Opening Comments on Staff Proposal, p. 17.

a. *Term properly allocates risk between buyer, seller, and the regulator*

b. *Term minimizes transaction costs between buyer and seller*

c. *Term is financeable and provides regulatory certainty*

DRA does not have any further recommendations or comments on these questions.

E. Resource Adequacy

1. *How should the CPUC implement PU Code § 399.20 (i), which states: "The physical generating capacity of an electric generation facility shall count toward the electrical corporation's resource adequacy requirement for purposes of Section 380?"*

DRA is concerned about the potential double purchasing of Resource Adequacy (RA) capacity by the IOUs. SCE and PG&E provide reasonable interim approaches to resolving the statutory obligation to count these smaller SB 32 distributed generation (DG) projects for RA without certainty that the capacity of these facilities can be used to satisfy RA requirements. Both SCE and PG&E suggest that the CPUC should reduce the IOUs' total RA obligation either by the full generation capacity (SCE) or by the amount of delivered energy (PG&E) of the SB 32 facilities.[24] Both recommendations would help to ensure that the IOUs do not end up double purchasing RA capacity. Since the statute requires the IOUs to count the SB 32/FiT project capacity towards their resource adequacy requirement, it is unreasonable for parties to simply recommend that a SB 32/FiT facility's capacity not count towards the IOUs' RA requirement.

2. *Should this issue be addressed in other planning proceedings, such as the LTPP and RA proceedings? To what extent is there overlap with the Distribution Interconnection Settlement process? What is an appropriate interim approach. If you support addressing this issue in other, more appropriate proceedings, provide*

[24] SCE Opening Comments on Staff Proposal, p. 22; PG&E Opening Comments on Staff Proposal, p. 38.

a rationale and an interim proposal to address this language before it is addressed elsewhere.

DRA reiterates and agrees with other parties (PG&E, Vote Solar, SCE, and Sierra Club) that this issue should be addressed in the new RA proceeding, Rulemaking (R.) 11-10-023, instead of in a fractionalized manner across various Commission proceedings.

F. Implementing Strategically Located

1. *How should "strategically located" be defined and implemented?*
2. *Comment on the strengths and weaknesses of each option listed in the staff proposal. If you have an alternative proposal, explain the rationale and the data sources required to implement it.*

DRA does not have any further recommendations or comments on this issue at this time.

G. CSI/SGIP/NEM Refund Options

1. *Over what time period should incentives be refunded? What is the rationale for your time period versus the alternatives presented in the record?*
2. *Which incentives should be refunded and why?*
3. *At what interest rate should incentives be refunded and why?*

Aside from Sierra Club, all parties recommended that CSI/NEM and SGIP program participants who switch to the SB 32/FiT tariff be required to refund at least some percentage of their incentives. DRA agrees that refunds are required. Given the complexities of this issue (the time period to refund the incentives, interest rates, exported energy versus energy that serves on-site load, and calculation of the refund to ratepayers, etc.), this issue requires additional time to be resolved. Accordingly, in order to settle on one consolidated refund option, DRA recommends the Commission consider a stakeholder forum that would allow Commission staff and parties to review and analyze these proposals along with developments in the NEM and SGIP programs in one interrelated manner.

H. Miscellaneous Issues

DRA responds to three miscellaneous issues raised by parties in opening comments.

1. IOU's Ability to Deny a Tariff

DRA agrees with PG&E's recommendation that the IOUs should be allowed to challenge the reasonableness of the RAM clearing price and not be automatically required to execute SB 32 contracts at high prices. This is a prudent and necessary cost containment mechanism for IOU ratepayers.

2. SB 32 & the Governor's 12,000 MW

The SB 32 program should not be looked upon as a subset of the Governor's request to introduce 12,000 megawatts (MWs) of distributed generation to California. It is premature for Sierra Club to suggest that the locational adder payment should be increased and the program capacity cap expanded in order to fulfill the 12,000 MWs of DG policy, especially since the SB 32 program policies are currently under development and have not yet been implemented. The current FiT program, even with the SB 32 addition, should not encompass any additional changes or augmentations beyond what is identified in the PU Code §399.20, unless and until legislation mandates additional modifications.

3. Seller Concentration and Daisy-Chaining

DRA agrees with CalSEIA, PG&E, and Sierra Club that the seller concentration should be capped at 10 MWs per seller of an IOU's total program capacity. DRA finds the 25% proposed by ED Staff in the Staff Proposal is too large of a percentage of the IOUs' total program capacity for such a small program. Moreover, DRA reiterates that the daisy-chaining issue is a legitimate ratepayer concern and must be addressed by the Commission. As other parties suggest, notably TURN and PG&E, contractual provisions should be included in the IOUs' contracts that give the IOUs the authority to deny a tariff if there is evidence of daisy-chaining. Furthermore, as DRA recommended in opening

comments, the IOUs should be allowed to limit a developer to one project per interconnection point to avoid gaming of the SB 32 tariff.

III. CONCLUSION AND RECOMMENDATIONS

For the reasons discussed above, the Commission should adopt DRA's following recommendations:

1. The Commission should adopt either DRA's NSC rate proposal or SCE's MP FiT proposal as the preferred pricing mechanism for the SB 32/FiT program.
2. If the Commission elects to move forward with the RAM clearing price to set the base price for the SB 32/FiT program, the Commission should use **only one** clearing price for each product category that applies to all three IOUs.
3. The Commission should abandon the locational adder payment for projects located in designated "hot spots" as there are many flaws with all aspects of the locational adder payment.
4. DRA agrees with TURN that if the Commission elects to adopt any locational adder payment, further workshops are needed to resolve certain flaws in this proposal.
5. The Commission should not consider any other locational adders as proposed by the following parties: Placer County Air Pollution Control District (PCAPCD) (a Wildfire Hazard Reduction Adder), California Wastewater and Climate Change Group (a-Pre-commercialization Adder), and Sustainable Conservation and the Green Power Institute (an Emerging Technology Adder).
6. The Commission should reject Solar Alliance's recommendation to offer a locational adder payment to generators in all other non-hot-spot areas.
7. The Commission should adopt SCE's price trigger/adjustment mechanism as a necessary ratepayer cost containment mechanism.
8. In adopting a price adjustment or trigger mechanism the Commission should create a subscription limit target for each price adjustment period and make this a hard target. DRA's preference is that the subscription periods last no longer than one month and the allocation amount per month be less than $1/10^{th}$ of the IOUs' total program capacity allocation.

9. The IOUs should be required to publicize the current tariff rates on their SB 32/FiT website and notify any potential participants if a tariff price is about to decline.
10. DRA agrees with SCE that each IOU should be permitted to use its own preferred contract to avoid lengthy disputes and litigation that will ultimately impact ratepayers and delay project development.
11. The full capacity deliverability issue should be addressed in the new RA proceeding, Rulemaking (R.) 11-10-023, instead of in a fractionalized manner across various Commission proceedings.
12. DRA agrees with PG&E that the IOUs should be allowed to challenge the reasonableness of the RAM clearing price and not be automatically required to execute SB 32 contracts at high prices.
13. The SB 32 program should not be looked upon as a subset of the Governor's request to introduce 12,000 MWs of distributed generation to California.
14. The Commission should cap the seller concentration at 10 MWs per seller of an IOU's total capacity cap.
15. The IOUs should be allowed to limit a developer to one project per interconnection point to avoid gaming of the SB 32 tariff, or deny a tariff if there is evidence of daisy-chaining.

Respectfully submitted,

/s/ MATT MILEY

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November 14, 2011

VERIFICATION

I, Matt Miley, am an attorney for the Division of Ratepayer Advocates which is a party herein, and am authorized to make this verification on DRA's behalf. The statements in the foregoing document are true of my own knowledge, except as to 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 are true and correct.

Executed on November 14, 2011 at San Francisco, California.

/s/ MATT MILEY

Matt Miley
Staff Counsel

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