

Wholesale Energy Issues Summary Brief 2012

Introduction

California's policy approach to renewable energy development has been the

towards large, transmission (grid) interconnected generation, typically termed "central station" is grounded in a number of assumptions:

- Assumption: Central station energy is the most cost-effective.
- Assumption: Central station is the only market that can scale to meet the RPS targets

Examining the costs and benefits of the different clean energy market

that neither of these assumptions. Wholesale distributed generation (WDG) is, in many circumstances, more cost-effective than central station, provides greater environmental and economic benefits, and can be deployed at scale more quickly.

This new reality requires a meaningful shift in the Public Utilities' clean energy programs and regulations. In the WDG market should be provided a level playing field in which to transparently compete with central station, deploying cost-effective energy towards California's clean energy goals.

Many of the active, relevant policies at the PUC are under the Ferron. This summarizes key considerations within the active proceedings.

Transmission Planning

R08-03-009, Implementing AB 1954

The proposed decision perpetuates flawed transmission planning assumptions.

the PD allows cost recovery for transmission projects that are necessary toward meeting RPS goals. But there is no requirement for transmission project against potential alternatives.

FERC Order 1000 directs transmission to consider alternative transmission project at all. Accordingly, the IOUs should be required to consider alternatives to central station before initiating any of their transmission expenses that they are seeking to recover.

In considering WDG alternatives, the Commission should acknowledge the borne by ratepayers in the procurement of central station energy.

- **Transmission Access Charges** approximately 1.6 cents/kwh over a 20 year cant
- **Transmission Project Access Remote Resources** 2 cents/kwh from various studies, including RETI and the costs of the Sunrise Power
- **Network Pgm for Interconnection** much as 3 cents/kwh from recent interconnection study results

Locational Benefits WDG

R11-05-005, Implementation of SB 32

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To level the playing field for WDG, the costs avoided by locating distribution grids and near load centers should be, in fact, the implementation of SB 32, developers must be compensated for these “locational. Such compensation is not only required due to the “ratepayer indifference but also satisfies the desire of the utilities preferred to the development

Four types of locational benefits should be included:

- **Avoided Losses** that serves local load does not suffer the associated with transportation. Avoided system average, estimated at 7.8%, should be applied as a pricing add-on for SB 32 contracts.
- **Avoided Congestion Losses** that serves local load avoids congestion associated with the system average, estimated at 12%, should be applied as a pricing add-on for SB 32.
- **Avoided Grid Investments:** New WDG capacity can defer investment in infrastructure. The current Transmission Access Charges (TACs) are a proxy for the value of deferral.
- **Avoided Grid Investments:** New WDG capacity can defer investment in the Grid infrastructure. The E3 analysis conducted for SB 32 serve methodology to determine that applies in each case.

Merger of SCE and PVR and RAM

Application 08-015, PD to MW and SPPV to RAM

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Initiated by an unverified cost savings analysis and based only on the Commission is poised to drastically reduce an existing WDG market scale, potentially interconnection. Although the Commission committed to the development of MW in the WDG market segment, the Proposed Decision market capacity to interconnect cannot allow WDG to compete on a level

The Commission should resist efforts by the IOUs to create more barriers see through the critically flawed reasoning the bias perpetuating in larger scale generation development

Modifying RAM Maps

R08-08-009, SCE Petition to Modify D.10

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In the petition, SCE is seeking to drastically reduce the information that publish to support the siting of RAM projects. The claims that under CII and is critical for grid security are unsubstantiated and dismissed. In order for SCE to be allowed to erect more barriers producers, they must satisfy a high burden of proof. The petition do so and as such the petition should be denied in whole.

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