

timelines and costs are problematic in the Renewable FiT Staff Proposal, which rejects the utilities' proposal to require FCDS.³ Despite this rejection, the Contract includes provisions that require a project to apply for and obtain FCDS prior to its commercial operation date (COD).⁴ Since the Delivery Term for the contract begins on the COD, a project will not receive contract payments until it obtains FCDS.⁵ The Deliverability Assessment is time consuming and only available in a limited manner for Fast Track and Independent Study Process applicants, thereby greatly extending the time a project would have to wait to come online. The FCDS requirement, therefore, will increase costs and delay CODs for the small projects that the FiT Program targets.

Both the ISO and the CPUC have recognized the need to reform the RA process to better conform with DG projects' timelines and economics. The ISO is revising its Assessment process for DG,⁶ and the CPUC has included in the scope of its RA proceeding (R.11-10-023) changes to the deliverability guidelines for DG.⁷ Given that these proceedings exist to improve the Deliverability Assessment process for DG, the Contract's requirement for a project to apply for and achieve FCDS is premature. The requirement will not be justified until the CPUC endorses a cost-effective assessment process at the ISO for DG resources. The statutory requirement that SB 32 resources "count toward the electrical corporation's resource adequacy requirement for purposes of Section 380"⁸ does not require that this be achieved by having each project apply for a Deliverability Assessment.

IREC agrees that there is some value for ratepayers in allowing the utilities to count FiT projects toward RA procurement goals. Until a timely and cost-effective methodology is developed to establish the RA value for DG, IREC makes the same proposal here as it did in its comments on the SPVP Draft Resolution. The utilities should be allowed to include a requirement that facilities apply for deliverability in the Contract, but the Contract should then include a requirement that the contracting utility reimburse any Deliverability Assessment costs to the developer. If the Deliverability Assessment determines that upgrades are need to obtain FCDS, the utility will then have the option of paying for those upgrades if it believes the costs are justified. Further, the project should be permitted to commence operation and receive contract payments while the Assessment is being completed.

IREC's proposal balances the utilities' needs to count projects towards RA procurement requirements with the needs of DG developers for efficient, cost-effective

³ Commission Staff FiT Proposal at 20.
⁴ Contract § 4.4.1.
⁵ Contract § 3.5.
⁶ RA Deliverability for DG Issue Paper and Straw Proposal: http://www.caiso.com/Documents/DistributedGenerationDeliverabilityStrawProposalDec12_2011.pdf.
⁷ Order Instituting Rulemaking 11-10-023 at 3 and Appendix A at 2 (October 27, 2011); Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, R.11-10-023, at 7 (December 27, 2011).
⁸ Pub. Utilities Code § 399.20(i).

interconnection. It also promotes Commission policy. IREC’s proposal assists the utilities in determining the “cost tradeoffs between requiring full deliverability for ... projects versus buying resource adequacy elsewhere,” as the Commission sought to achieve in its Resolution on the Renewable Auction Mechanism.⁹


IREC’s redline edits reflect its proposal. The edits ensure that FiT projects move forward in a timely and cost-effective manner, while allowing projects to provide RA value.

Sincerely,



Tim Lindl
Sky C. Stanfield
Keyes & Fox LLP
436 14th Street, Suite 1305
Oakland, CA 94612
tlindl@keyesandfox.com
sstanfield@keyesandfox.com

Counsel for the Interstate Renewable Energy Council, Inc.

⁹ 
Resolution E-4414 at 15.

Attachment A

Standard contract terms and conditions that “may not be modified” per CPUC Decision 0711-025, and CPUC Decision 10-03-021, as modified by CPUC Decision 11-01-025, are shown in shaded text.

**SMALL RENEWABLE GENERATOR
POWER PURCHASE AGREEMENT
FOR FACILITIES UP TO 3 MEGAWATTS
BETWEEN**

_____ AND

[Table of Contents to be added]

**SMALL RENEWABLE GENERATOR
POWER PURCHASE AGREEMENT
FOR FACILITIES UP TO 3 MEGAWATTS
BETWEEN**

AND

4. GREEN ATTRIBUTES; RESOURCE ADEQUACY BENEFITS; EIRP REQUIREMENTS; ERR REQUIREMENTS

4.1 Conveyance of Product. Throughout the Delivery Term, Seller shall provide and convey the Product to Buyer in accordance with the terms of this Agreement, and Buyer shall have the exclusive right to the Product. Seller shall, at its own cost, take all actions and execute all documents or instruments that are reasonable and necessary to effectuate the use of the Green Attributes, Resource Adequacy Benefits, and Capacity Attributes for Buyer's benefit throughout the Delivery Term, except as provided for in Section 4.4.1.

4.4 Resource Adequacy Benefits.

4.4.1 Seller shall, at the first available opportunity after the Execution Date, apply to the CAISO or the Transmission/Distribution Owner, as applicable, and pay for and expeditiously seek an Interconnection Study for Seller to obtain Full Capacity Deliverability Status, unless Seller has already made such application prior to the Execution Date. Seller is not required to obtain Full Capacity Deliverability Status prior to the Commercial Operation Date. Buyer shall reimburse Seller for any expense incurred in obtaining Full Capacity Deliverability Status.

[End of IREC Revisions]

Author

Deleted: shall

Attachment B

Via E-mail

January 17, 2011

Mr. Honesto Gatchalian
Ms. Maria Salinas
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
jnj@cpuc.ca.gov; mas@cpuc.ca.gov

Re: Reply Comments on Draft Resolution E-4453

Dear Mr. Gatchalian and Ms. Salinas,

Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure, the Interstate Renewable Energy Council (IREC)¹ respectfully submits this reply to responses submitted on Draft Resolution E-4453 (DR) on January 11, 2012.² IREC submits this reply to address a recurring concern about the impact of Resource Adequacy (RA) provisions on Distributed Generation (DG) in recent Commission resolutions,³ including the DR. IREC's proposed modifications to the Findings and Conclusions and Ordering Paragraphs are identified in Appendix A to this letter.

IREC's concern centers on the California Independent System Operator's (ISO's) Deliverability Assessment, which is currently the only pathway to Full Capacity Deliverability Status (FCDS) available in the state. In its current form, the Assessment is expensive, time consuming and ill-suited to considering the RA value of DG. The requirement that a project apply for a Deliverability Assessment to qualify for SCE's Solar Photovoltaic Program (SPVP) is likely to increase the costs of the SPVP program and slow project development without providing corresponding value to ratepayers. Thus, the requirement is at odds with the guiding principles of the SPVP program to "reduce

~~웁□η~~

¹ IREC is a non-profit organization that has worked for nearly three decades to expand retail electric customer access to renewable DG resources. IREC achieves this goal through the development of programs and policies that reduce barriers to renewable energy deployment and increase consumer access to renewable technologies.

² IREC specifically responds to the comments of SunEdison (pages 1-2) and SCE (pages 4-5) regarding Resource Adequacy Deliverability Assessments.

³ IREC's concern encompasses two recent resolutions that require DG to apply for RA deliverability assessments, Resolution E-4424 (at pages 14-20) and Resolution E-4414 (at pages 14-16).


costs, promote simplicity, maximize program efficiency, and minimize market disruption.’⁴

Both the ISO and the CPUC have recognized the need to reform the RA process to better conform with DG projects’ timelines and economics. The ISO recently initiated a stakeholder proceeding to revise its Assessment process,⁵ and the CPUC has included in the scope of its RA proceeding (R.11-10-023) changes to the deliverability guidelines for DG resources.⁶ The Commission should give these proceedings the time necessary to develop cost-effective, DG-centered policies before it requires generators to apply for costly and time-consuming Deliverability Assessments as a condition of participation in programs like SPVP that focus on small DG projects.

In the meantime, the Commission should maintain the DR’s conclusion that SCE’s proposal to require FCDS is not justified at this time. However, following the same reasoning, the Commission should also remove the requirement for generators to apply for Deliverability Assessments until the ISO and the CPUC proceedings have created a cost-effective assessment process for DG resources. SCE should be allowed to request that projects complete a Deliverability Assessment, but the costs should be reimbursed by SCE and the projects should not be required to wait until the Assessment is complete to begin operation. Finally, although SCE has yet to demonstrate the full value of requiring deliverability from all DG resources, some value may exist. Thus, SCE should be allowed to consider deliverability status in its evaluation of SPVP bids in order to prioritize projects that are able to include deliverability guarantees in competitive bids.

I. THE DELIVERABILITY ASSESSMENT PROCESS IS EXPENSIVE, TIME CONSUMING, AND ILL-SUITED FOR EVALUATING A LARGE NUMBER OF DG PROJECTS.

The DR requires that a facility apply for a Deliverability Assessment before the Term Start Date of the 2011 SPVP PPAs.⁷ SCE had proposed that a generator *achieve* FCDS before the Term Start Date, arguing that such status would reduce congestion losses and ensure that SPVP energy is delivered.⁸ SCE states, “energy-only resources have much lower value than fully deliverable projects and should not compete as if they provide the same benefits.”⁹ The DR rejects SCE’s proposal using the same rationale as that used in the Renewable Auction Mechanism (RAM) Resolution E-4414:



⁴ Proposed Decision Partially Granting SCE’s Petition for Modification of D.09-06-049 (SPVP) and Making Conforming Changes to D.10-12-048 (RAM), A.08-03-015, at 6 (January 11, 2012) (SPVP PD).

⁵ RA Deliverability for DG Issue Paper and Straw Proposal; http://www.caiso.com/Documents/DistributedGenerationDeliverabilityStrawProposalDec12_2011.pdf (Straw Proposal).

⁶ Order Instituting Rulemaking 11-10-023 at 3 and Appendix A at 2 (October 27, 2011) (RA OIR); Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, R.11-10-023, at 7 (December 27, 2011) (RA Scoping Memo).

⁷ DR at 20.

⁸ SCE Comments on the DR at 4 (January 11, 2012).

⁹ *Id.*

The Commission has also acknowledged the limitations of the ISO Deliverability Assessment in the AB 1613 Resolution E-4424, dealing with small combined heat and power (CHP) DG. Resolution E-4424 states that the ISO study process “may take up to 18 months” and “would likely be economically prohibitive for small CHPs.”¹⁷ That resolution creates an interim solution until the CPUC revises the deliverability rules for DG interconnecting via Rule 21, stating that “a deliverability study will not currently be required” for small CHP interconnecting to the grid.¹⁸ While E-4424 limits this exemption to projects that apply through Rule 21, it partially bases that limitation on the size of the projects interconnecting.¹⁹ Thus, one of the Resolution’s conclusions is that the ISO’s Deliverability Assessment creates economic barriers for small DG.

II. DELIVERABILITY ASSESSMENTS ARE INCOMPATIBLE WITH PROCEDURES TARGETED TOWARDS RAPID INTERCONNECTION.

Cost and timeline issues are accentuated in programs like the SPVP, where the program targets small generation that is required to reach commercial operation in very short timespans. The January 11, 2012 SPVP Proposed Decision states that the Commission will “remain committed to SPVP advancing distributed small rooftop solar PV in the one to two MW size range.”²⁰ As noted above, small rooftop projects are unlikely to be able to absorb the cost of the WDAT’s cluster study and are more likely to go through the WDAT’s Fast Track or ISP. Requiring a Deliverability Assessment for projects proceeding on those tracks (or for projects under Rule 21) adds time and costs that are incompatible with programs like SPVP that target rapid and low-cost interconnections.

III. SCE SHOULD BE ALLOWED TO CONSIDER THE RA VALUE OF PROJECTS THAT HAVE ALREADY COMPLETED DELIVERABILITY ASSESSMENTS.

The DR concludes, “SCE may not use resource adequacy value when selecting or rejecting bids.”²¹ SCE states in its comments that it should be allowed to consider deliverability in order “to select projects that provide the best value to its customers.”²² IREC agrees that there may be some value for ratepayers in allowing SCE to prioritize projects that are able to include deliverability guarantees in competitive bids. Until a timely and cost-effective methodology is developed to establish the RA value for DG, SCE should be allowed to consider deliverability status in its evaluation of SPVP bids.

For those projects that do not already have FCDS, SCE should be permitted to require that they apply for deliverability, but it shall reimburse the study costs to the developer, and the project should be permitted to commence operation while the Assessment is

17 Resolution E-4424 at 18.

18 *Id.*

19 *See id.* at 16 and 18 (stating that the large under-20-MW interconnection projects “typically” utilize the WDAT and ISO interconnection processes while small generators normally utilize the Rule 21 interconnection process).

20 SPVP PD at 15.

21 DR at 21.

22 SCE Comments on DR at 4-5 (January 11, 2012).

being completed. The cost of the Assessment will be shifted to ratepayers whether the developer pays directly or whether SCE pays. This method, however, forces SCE to determine the “cost tradeoffs between requiring full deliverability for ... projects versus buying resource adequacy elsewhere,” as the Commission sought to achieve in the RAM Resolution.²³

IV. THE DR WILL HAVE IMPACTS BEYOND THE SPVP.

The issue of DG deliverability has been considered in the AB 1613 program, the RAM, and the SPVP. The utilities have made proposals to require FCDS in the SB 32 Feed-in Tariff program, and IREC is concerned the CPUC will again employ the DR’s framework in that proceeding. Instead, IREC respectfully requests that the Commission allow time to develop a comprehensive, long-term solution at the ISO and in the RA proceeding before it requires DG to apply for an expensive and delay-inducing Deliverability Assessment.

V. CONCLUSION

In accordance with above, IREC proposes that the language of the DR’s Findings and Conclusions and Ordering Paragraphs be revised as shown in Appendix A. These revisions allow SPVP projects to move forward in a timely and cost-effective manner, while prioritizing projects that provide the most RA value.

Sincerely,

/s/ Sky C. Stanfield

Sky C. Stanfield
Tim Lindl
Keyes & Fox LLP
436 14th Street, Suite 1305
Oakland, CA 94612
sstanfield@keyesandfox.com
tlindl@keyesandfox.com

Counsel for the Interstate Renewable Energy Council

²³ Resolution E-4414 at 15.

Attachment A

The “Findings and Conclusions” should be revised as follows:

11. SCE’s proposed change to require Full Capacity Deliverability Status is not reasonable. A seller should only be required to achieve full deliverability status in the instances where no additional upgrades for deliverability purposes are needed or if a seller can obtain full deliverability with no additional costs to the seller. The Deliverability Assessment does not need to be complete for the project to commence operation and SCE should reimburse sellers for the cost of the Deliverability Assessment if it requires one. However, SCE may use resource adequacy value when selecting or rejecting contracts until an improved Deliverability Assessment process is developed for distributed generation resources.

The Ordering Paragraphs should be revised as follows:

5. The following proposed changes are rejected and shall not be included in the 2011 SPVP protocols for contracts for 5 MW or less:
 - The requirement that producers install a telemetering system.
 - The requirement that the seller must obtain Full Capacity Deliverability Status (§ 7.1). Instead, SCE is authorized to require the seller to apply for a deliverability study but shall cover the costs of said study. A seller should only be required to achieve full deliverability status in the instances where no additional upgrades for deliverability purposes are needed or if a seller can obtain full deliverability with no additional costs to the seller. ~~SCE may not use resource adequacy value when selecting or rejecting contracts.~~ SCE may use resource adequacy value when selecting or rejecting contracts until an improved Deliverability Assessment process is developed for distributed generation resources.