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April 9, 2012

Energy Division ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov))  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4004  
San Francisco, CA 94102

RE: CEERT Comments on Draft Resolution E-4489 (PG&E Advice Letter (AL) 4000-E)

Dear Mr. Gatchalian:

On March 20, 2012, the Energy Division issued Draft Resolution E-4489 (Draft Resolution), which approves, with modifications, Pacific Gas and Electric Company's (PG&E's) Advice Letter (AL) 4000-E. Pursuant to Rule 14.5 of the Commission's Rules of Practice and Procedure and instructions accompanying the Draft Resolution, the Center for Energy Efficiency and Renewable Technologies (CEERT) hereby timely submits and serves the following comments on o the Draft Resolution.

**THE DRAFT RESOLUTION SHOULD BE MODIFIED TO INITIATE A  
STAKEHOLDER PROCESS TO ADDRESS THE LIMITATIONS OF THE  
RENEWABLE AUCTION MECHANISM AS AN RPS PROCUREMENT MECHANISM.**

By AL 4000-E, PG&E sought, among other things, to reduce its Renewable Auction Mechanism (RAM) product allocations based on results from its first RAM request for offers (RFO). In particular, PG&E sought to reduce its allocation of 35 MW for the non-peaking as-available category and baseload category to 10 MWs each, with the remainder (85 MWs) allocated to the peaking as-available category.

As the Draft Resolution indicates, CEERT was among the parties that protested these proposed changes. Those protests alleged that reducing the baseload allocation could result in ineligibility for certain baseload resources, did not include any stakeholder input, and would "undermine the resource diversity that these allocations were clearly intended to provide." (CEERT Protest, at p. 3.)

CEERT appreciates and supports the Draft Resolution's denial of PG&E's request to so reallocate its RAM capacity. (Draft Resolution, at p. 6.) CEERT clearly agrees with the Draft Resolution that such a change at this time is "premature given the lack of industry experience to date with the RAM program" and would discourage participate of baseload developers, which "were underrepresented in the first RFO." (Draft Resolution, at p. 5.)

CEERT, however, takes issue with the Draft Resolution's "solution" to this underrepresentation, which is to require "each IOU" to "specifically solicit the participation of known developers of baseload and off-peak intermittent projects to attend the Bidders' Conference for its second RAM RFO." (Draft Resolution, at p. 5.) Not only was the originally intended "stakeholder" process given little effect before PG&E sought to reduce these allocations, but the recently filed advice letters of both PG&E and SCE as to the results of their first RAM solicitations reveal that the "problem" of attracting diverse renewable resources and products may not simply be solved by broader advertisement of the RFO.

In its Advice Letter 4020-E, even with deeper allocations by category than SCE, two-thirds of PG&E's selected RAM contracts consist of solar photovoltaic (PV) or as-available, peak products. According to PG&E, its "executed PPAs are less than the product category targets due to the lack of competitiveness of the baseload and as-available off-peak product categories."<sup>1</sup>

SCE's results are worse in terms of diversity of resources and types, since "[o]f the 92 offers received [by SCE], 91 were solar photovoltaic technology and one was a small hydro project," with all of the selected projects being solar PV or as-available, peak products.<sup>2</sup> SCE's advice letter offers no "lessons learned" and suggests no changes to alter such an outcome, other than to hold a "program forum to discuss the RAM 1 auction and solicit any feedback."<sup>3</sup>

Given these results, CEERT doubts that simply holding "a program forum" or creating more outreach is going to yield a hugely different outcome and that, instead, the Commission should focus on features endemic to the RAM that may need to be addressed and revised to permit broader renewable resource participation. It must be remembered that each renewable resource or technology offers unique environmental and generational benefits, which is even reflected in the overall RPS program name – one that is designed to achieve a *portfolio* of renewable resources.

In these circumstances, CEERT urges the Commission to modify the Draft Resolution to use these important facts as to the first RAM RFO and create a stakeholder process in which a broad spectrum of parties can work together to re-examine the RAM, identify its shortcomings, and offer appropriate changes. Such a process should start with an Energy Division-sponsored workshop that is widely noticed to renewable developers throughout California. Their experiences and understanding of the requirements and

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<sup>1</sup> PG&E AL 4020-E, at p. 4.

<sup>2</sup> SCE AL 2712-E, at p. 6.

<sup>3</sup> SCE AL 2712-E, at p. 8.

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value of their generation resources can be invaluable in structuring a better procurement mechanism.

Respectfully submitted,

April 9, 2012

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