

**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)

**PRE-WORKSHOP COMMENTS OF THE UNION OF CONCERNED  
SCIENTISTS ON THE RENEWABLES NET SHORT POSITION  
CALCULATION**

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# **PRE-WORKSHOP COMMENTS OF THE UNION OF CONCERNED SCIENTISTS ON THE RENEWABLES NET SHORT POSITION CALCULATION**

## **I. Introduction**

The Union of Concerned Scientists (“UCS”) thanks the Commission for the opportunity to provide comments prior to the June 12, 2012 workshop to discuss an appropriate method for calculating a net short position related to renewable energy compliance obligations under the California Renewables Portfolio Standard (“RPS”).

Our comments are summarized below:

- The Commission should not rely upon a RPS net short calculation to reject renewable energy procurement contract applications.
- Retail sales calculations should include assumptions for uncommitted energy efficiency.

## **II. Discussion**

### **A. The Commission should not rely upon a RPS net short calculation to reject renewable energy procurement contract applications.**

While UCS believes it is very important to develop a standardized, transparent, and widely supported methodology for calculating a renewable net short calculation for the purposes of assessing individual utility procurement needs and system-wide planning, UCS urges the Commission to refrain from using a net short calculation to justify the rejection of a RPS contract because the additional electricity may appear not “needed.” As the Commission well knows, Public Utilities Code Section 399.15(b) and Decision 11-12-020 require certain RPS compliance obligations between 2011 and 2020, and require IOUs to maintain a renewable energy procurement level of at least 33 percent in the years after 2020. Therefore, Energy Division staff should take into account RPS requirements that extend beyond 2020 when assessing any need to procure renewable energy through new contracts. In addition, the Commission should consider RPS procurement requirements as a floor, not a ceiling for the amount of renewable energy that

an IOU may procure. Utilities may choose to make purchases of renewable energy that exceed obligations under the RPS to meet greenhouse gas emission reduction requirements under Assembly Bill 32. Furthermore, UCS believes that it is prudent for the Commission to begin planning for a higher RPS requirement after 2020. For these reasons, UCS urges the Commission, namely Energy Division staff, to refrain from using RPS net short calculations for the 2011-2020 timeframe as a reason to reject a renewable energy procurement contract.

**B. Retail sales calculations should include assumptions for uncommitted energy efficiency.**

The Commission’s request for pre-workshop comments states that bundled retail sales will be determined according to IOU internal forecasts and the California Energy Commission’s (“CEC”) IEPR base forecast. However, the CEC’s base forecast explicitly excludes uncommitted energy efficiency. Uncommitted energy efficiency for the 2011 IEPR cycle would include all savings from energy efficiency measures that occur from 2015-2025. Excluding this drastically overestimates the amount of electricity needed to meet retail sales for 2025. For example, in the last LTPP cycle, the amount of uncommitted energy efficiency totaled approximately 15,000 GWh through 2020.<sup>1</sup> In the Commission’s most recent potential study,<sup>2</sup> the cumulative amount of cost-effective market potential totaled 31,000 GWh by 2024.<sup>3</sup> The CEC is currently determining the potential amount of uncommitted energy efficiency that would be considered incremental to its base forecast. It is critical for the IOUs to include assumptions of uncommitted energy efficiency, at minimum, the amount assumed by the CEC, in retail sales forecasts. Energy Division staff recommends using the methodology determined in the 2010 LTPP bundled plans when forecasting retail sales. UCS supports that approach insofar as that methodology, applied here, would include updated estimates of uncommitted efficiency. It is not

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<sup>1</sup> CPUC, Assigned Commissioner and Administrative Law Judge’s Joint Scoping Memo and Ruling, R.10-05-006, Attachment 1, Standardized Planning Assumptions for System Resource Plans, Load and Resource Tables (December 3, 2010); CPUC, Corrections to December 3, 2010 LTPP Scoping Memo, R.10-05-006 (February 10, 2011); CPUC, Populated L&R Tables for Required Scenarios. Available at: <http://www.cpuc.ca.gov/PUC/energy/Procurement/LTPP/LTPP2010/2010+LTPP+Tools+and+Spreadsheets.htm>.

<sup>2</sup> CPUC/Navigant, Analysis To Update Energy Efficiency Potential, Goals, and Targets for 2013 and Beyond (March 2012). Available at: <http://www.cpuc.ca.gov/NR/rdonlyres/5A1B455F-CC46-4B8D-A1AF-34FAAF93095A/0/2011IOUServiceTerritoryEEPotentialStudyFinalReport.pdf>.

<sup>3</sup> *Id.* at 74, Figure 23, California Gross Technical, Economic, and Cumulative Market Energy Savings Potential for 2010-2024 (GWh).

clear from Table 1, at page 3 of the Commission's request for pre-workshop comments that the IOUs' internal forecasts explicitly include uncommitted energy efficiency. Therefore, UCS urges the Commission to explicitly require that all retail sales forecasts, regardless of the source of the base forecast, include uncommitted energy efficiency.

### **III. Conclusion**

UCS appreciates the opportunity to submit these pre-workshop comments. We urge the Commission to refrain from using net short calculations to determine whether future procurement contracts are "needed" and fully incorporate the savings from uncommitted energy efficiency into retail sales calculations to accurately estimate the state's renewable net short position. We thank the Commission and its staff for considering our recommendations.

Respectfully submitted,



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