BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans	Rulemaking R-12-03-014

REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE PLANNING STANDARDS SRAW PROPOSAL

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Introduction

Pursuant to the *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, dated May 17, 2012, the Green Power Institute (GPI) respectfully submits this *Reply Comments of the Green Power Institute on the Planning Standards Straw Proposal*, in R.12-03-014, the **Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans**. In this Reply, we respond to the *Comments* of some of the other parties to the LTPP Proceeding.

Confidentiality and Open Process in the Determination of the RNS

PG&E's extensive remarks in their *Opening Comments* concerning the need to maintain confidentiality with respect to information relating to the individual projects in their portfolio of RPS contracts reinforces the need for the Commission to develop a methodology for the determination of the renewable net short (RNS) that is **not** dependent on confidential information, if there is going to be any chance of keeping the process open and transparent. One of the virtues of the statistical approach to the determination of the RNS, which we advocated for in our *Opening Comments*, is that it does not depend on any confidential information at all. Nor does it put the Commission in the uncomfortable position of having to pick winners and losers for projects that are judged to have probabilities of success that are, for example, closer to fifty percent than to 0 or 100 percent.

Maintaining a Broad Perspective in the 2012 LTPPs

In their *Opening Comments* on the LTPP planning standards, SDG&E eloquently argued in favor of maintaining a broad perspective in the analyses being conducted in support of the 2012 LTPPs, and warned:

> While certain parties to this proceeding may oppose evaluation of a wide range of future outcomes, and may urge the Commission to consider only those assumptions that support their view or preferred outcome, the Commission should reject efforts to unreasonably limit the assumptions considered [SDG&E *Comments*, pg. 2].

We agree completely. SCE, for example, in their *Opening Comments*, maintains that there is little need to consider anything other than a single, base-case RPS scenario, or to perform RPS sensitivities. They base their argument in part on the finding in D.12-04-046, the Decision approving the 2010 LTPPs, that there was little difference among the RPS scenarios that were developed by the Commission for that round of the LTPPs. Therefore, SCE reasons, there is no need to use multiple RPS scenarios for the 2012 LTPPs. In fact, as we pointed out in a variety of filings in R.10-05-006 on the 2010 LTPPs, the reason that there was very little difference among the RPS scenarios was that the scenarios themselves were too similar, and didn't provide the broad perspective that the LTPPs deserve. The solution is not to abandon scenarios analysis in the 2012 LTPPs, but rather to do a better job of constructing scenarios that represent the full range of possibilities that a 33-percent renewables future can provide, not to mention OTC retirements, decisions on re-licensing of nuclear plants, and other major uncertainties.

One of the new features that is being introduced into the 2012 LTPPs is the extension of the planning horizon out to twenty years. The Straw Proposal proposes two RPS scenarios for the period 2020 – 2030. The first scenario entails the maintenance of a 33-percent renewables standard out to 2030, while the second scenario involves the achievement of a 40-percent renewables level in 2030. In their *Opening Comments*, PG&E and SCE both resist including the 40-percent scenario in the 2012 LTPPs, both arguing that 40-percent-by-2030 is not currently-adopted state policy, and both stating that it would be "premature" to perform such an analysis. We believe that prudent and intelligent policymaking involves studying the implications of a possible policy initiative **before** it is enacted, not after.

Indeed, we are sympathetic to the Sierra Club's argument, in their *Opening Comments*, that a 40-percent-by-2030 RPS target is insufficient to support the long-term greenhouse-

gas reduction goals of Executive Order S-3-05. We ourselves don't know, at this point in time, what the right target is, whether it is the 55 percent suggested by the Sierra Club, or some other number, but we do think that the Commission should give serious thought to using a higher target than 40 percent for this extended-RPS scenario.

We also agree with IEP, who argue in their *Opening Comments* for the inclusion in the 2012 LTPPs of a scenario that is driven by robust economic growth over the remainder of the decade. The IOUs have trumpeted their achievement of the 20-percent RPS target level in 2011, but the data show that their achievement is more a result of the recession, which has depressed the demand for electricity, than it is a result of growth in the production of renewable electricity, although that has contributed as well. Most Californians hope for a robust economic future. The 2012 LTPPs should be able to accommodate such a future, so that we will be prepared for it, should we as a society be fortunate enough to be able to make it happen.

Renewable Retirements

The Sierra Club argues, in their *Opening Comments*, that no retirements of existing renewables generators should be considered in any of the RPS scenarios included in the 2012 LTPPs. This is not a realistic assumption, even for the most optimistic of scenarios. In fact, most of the existing renewable generators in California are more than twenty-years old, and not all of them have been maintained as well they could have been. Moreover, catastrophic equipment failures can occur even in well-maintained facilities. The major factors that cause power plants to cease operations are equipment failure and economics, not years of in-service operations.

For example, in the past two months alone two long-operating biomass plants have announced plans to close operations permanently, and a third biomass generator is going to cease selling its power to a PUC-jurisdictional utility, and instead supply it to a POU. All of these decisions are economics-driven, and all are coming while the facilities have existing PPAs. Thus, the integrated CAISO grid has just lost 85 MW of base-load

renewable capacity. Moreover, two long-operating biomass generators closed down operations in 2011, one even while it had a negotiated amendment to its PPA pending before the Commission in the form of an advice letter. Thus, the risk of shutdown is not only a factor when PPAs reach the ends of their terms. Retirements of operating renewables generators from the PUC-jurisdictional system is a constant, if small, risk for all generators serving the grid, and it should be treated realistically in determining the state's RNS, and in analyzing the various scenarios considered in the 2012 LTPPs. The probabilistic approach that is presented in our *Opening Comments* can be used for retirements of operating facilities, as well as projects-under-development, without the need for any confidential or otherwise inaccessible information.

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Respectfully Submitted,

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