

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program,
Consider Program Refinements, and
Establish Annual Local Procurement
Obligations.

Rulemaking 11-10-023
(Filed October 20, 2011)

**OPENING COMMENTS OF THE VOTE SOLAR INITIATIVE
ON THE *DECISION ADOPTING LOCAL PROCUREMENT
OBLIGATIONS FOR 2013 AND FURTHER REFEFINING
THE RESOURCE ADEQUACY PROGRAM***

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June 11, 2012

SUBJECT INDEX OF RECOMMENDATIONS

Pursuant to Rule 14.3(b) of the Commission's Rules of Practice and Procedure, The Vote Solar Initiative ("Vote Solar") submits this Subject Index of Recommendations regarding changes to Judge Gamson's *Decision Adopting Local Procurement Obligations for 2012 and Further Refining the Resources Adequacy Program*, served on May 22, 2012 ("Proposed Decision" or "PD").

Vote Solar proposes only one clarification as follows:

In addressing flexible resource needs, the PD exclusively refers to "generation" as a solution. To ensure that the Commission does not inadvertently or intentionally limit flexible resource solutions to generation, particularly conventional generation, Vote Solar requests a clarification to the appropriately related Conclusions of Law. The clarifications, as provided for in Appendix A, indicate that the flexible resource needs review to be undertaken in the next steps of this proceeding should also include greenhouse gas minimizing solutions.

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Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, The Vote Solar Initiative (“Vote Solar”) submits these opening comments on Judge Gamson’s *Decision Adopting Local Procurement Obligations for 2012 and Further Refining the Resources Adequacy Program*, served on May 22, 2012 (“Proposed Decision” or “PD”).

Vote Solar generally supports or does not oppose all of the elements of the PD, and specifically supports the conclusion “that there is no immediate need to impose flexibility requirements in 2013 [but that steps need to be taken to] to ensure that the grid has sufficient flexible resources in the future.”¹

Vote Solar does, however, seek clarification that “further consider[ation of] issues related to flexible capacity in another portion of this proceeding”² will not be limited to “which *generation* would be considered flexible under the adopted definitions”³(emphasis added). Instead, Vote Solar seeks a clear Commission directive

¹ PD at pp.19-20.

² Conclusion of Law #5, PD at p.36.

³ PD at p.21.

that the upcoming “further consideration” of flexible resource needs will not be limited to **generation** (particularly conventional generation), but will also include, consistent with California’s Energy Action Plan II (EAP II) environmental goals⁴ and recent Commission decisions,⁵ Energy Efficiency and Demand Response, as well as equally important greenhouse gas minimizing solutions such as: 1) compensated curtailment of renewable resources, 2) storage, and 3) renewable energy scheduling and dispatch tools such as sub-hourly scheduling, state of the art renewable forecasting and wide area balancing.⁶

Without this clarification, flexible resource needs assessment is at risk of becoming fixated on a solution set comprised primarily, or entirely, of natural gas based solutions. Not only is this outcome inconsistent with EAP II environmental goals, the potential for this bias is recently evident in the testimony served by the California Independent System Operator (“CAISO”) on May 23, 2012 in Commission Rulemaking 12-03-014 (Long Term Procurement Planning). In his testimony at page 9, lines 1 through 5, in response to the question of whether there are “alternatives to flexible thermal resources that would also meet the ISO’s operational needs in the local capacity areas,” Mr. Rothleder responds that “[t]here may be alternatives such as dispatchable demand response, but at this point, the ISO is not aware of a viable alternative to flexible conventional generation that has all the attributes of such resources...”⁷

⁴ See generally, Energy Action Plan II –Implementation Roadmap for Energy Policies. Available at: http://www.energy.ca.gov/energy_action_plan/2005-09-21_EAP2_FINAL.PDF. Energy Action Plan - 2008 Update. Available at: <http://www.energy.ca.gov/2008publications/CEC-100-2008-001/CEC-100-2008-001.PDF>.

⁵ Commission Decision 12-01-033 at p. 21 states that the “loading order applies to all utility procurement,” including fulfillment of net short positions, and that the utilities shall continue to “procure additional energy efficiency and demand response resources to the extent they are feasibly available and cost effective.”

⁶ Western Wind and Solar Integration Study, prepared by GE Energy for the National Renewable Energy Laboratory (May 2010) at Executive Summary p.1. Available at: http://www.nrel.gov/wind/systemsintegration/pdfs/2010/wwsis_final_report.pdf.

⁷ Vote Solar acknowledges that Mr. Rothleder’s testimony addresses local capacity needs, the analysis of which adds the element of studying system stress scenarios such as single and double greatest contingencies. Nevertheless, Vote Solar maintains that the flexible resource needs embedded in the local capacity needs assessment are relevant enough to make this point.

Considering that “[t]he flexible needs framework [that the Commission expects] to adopt in this proceeding could potentially be used for subsequent Request for Offers to fulfill [multi-year] procurement determined in the LTPP proceeding,”⁸ the need to ensure that Commission flexible resource need planning is not limited to conventional resources is even more crucial. Any failure, whether intentional or inadvertent, to consider all possible flexible resource solutions, can and should be avoided at this juncture.

Vote Solar appreciates the difficulty in developing procurement policy that includes resources, such as dispatchable demand response and storage, that do not occupy a fully robust market space. Nevertheless, if the urgency to “immediately begin the effort to finalize a framework for filling flexible capacity needs” indeed exists, then the urgent need to consider all possible flexible resource solutions equally exists. By immediately recognizing the potential of flexible resource solutions that transcend conventional generation, the Commission paves the way for environmentally superior alternatives to flourish. If instead the Commission delays consideration of these alternatives, the ensuing multi-year procurement focused entirely, or nearly entirely, on conventional generation will, at a minimum, undermine EAP II environmental goals. Worse yet, such an approach, by populating California with ever more conventional generation at risk of stranding,⁹ will make it nearly impossible to later segue to alternative resources.

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⁸ PD at p.20.

⁹ <http://www.reuters.com/article/2012/05/08/utilities-calpine-sutter-idUSL1E8G826L20120508>

WHEREFORE, Vote Solar respectfully requests that the Commission consider the above stated comments, and clarify the PD as recommended.

Respectfully Submitted,

____/s/_____

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Dated: June 11, 2012

APPENDIX A

Conclusion of Law #5 at p. 36 of the PD currently reads:

5. It is necessary to further consider issues related to flexible capacity in another portion of this proceeding.

Vote Solar requests clarification of Conclusion of Law #5 at p. 36 of the PD to read:

5. It is necessary to further consider issues related to flexible capacity in another portion of this proceeding. In addition to considering flexible capacity in the form of conventional generation, such consideration shall also include other feasible flexible resource solutions, including but not limited to Energy Efficiency, Demand Response, storage, and renewable energy scheduling and dispatch policies.