

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 12-03-014
(Filed March 22, 2012)

Clean Coalition's Reply Comments on Straw Proposal on 2012 LTPP Standards

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I. Introduction

Pursuant to the schedule established in the May 17, 2012 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, the Clean Coalition provides reply comments on the Energy Division Straw Proposal on LTPP Planning Standards (Straw Proposal). On May 31, 2012, parties in this proceeding submitted comments on the Energy Division's Straw Proposal as directed by the Scoping Memo.

The Clean Coalition is a California-based group that advocates for vigorous expansion of the Wholesale Distributed Generation (WDG) market segment, which is comprised of renewable energy generation that connects to the distribution grid and serves local load. Since penetrations of WDG above 20% require local balancing of supply and demand of energy, the Clean Coalition not only drives policy innovation that removes the top barriers to WDG (procurement and interconnection), but also drives policy innovations that will allow private capital to deploy Intelligent Grid (IG) solutions like demand response and energy storage. The Clean Coalition is active in proceedings at the California Public Utilities Commission, the Federal Energy Regulatory Commission, and related federal and state agencies throughout the United

States. The Clean Coalition also designs and implements WDG and Intelligent Grid (IG) programs for local utilities and governments around the country.

As stated in our Motion for Party Status, Long Term Procurement Planning (LTPP) has long been a policy platform of the Clean Coalition, with the specific goal of ensuring that LTPP reflects a long-term planning scenario to capture potential advantage from the major deployment of WDG projects in addition to IOU capital expenditures for distribution grid upgrades being allocated to facilitate full deployment of WDG. Overall, the Clean Coalition is pleased with the direction that this Commission is taking to ensure that the 33% Renewable Portfolio Standard (“RPS”) is being met and to continue to move California towards higher goals of renewable energy. These reply comments discuss several issues of immediate interest to the Clean Coalition’s policy platform and we will comment on other matters as they arise in this proceeding.

II. Specific Reply Comments

a. Planning Processes and Area

San Diego Gas and Electric (“SDG&E”) in their comments on “ENERGY DIVISION STRAW PROPOSAL ON 2012 LTPP PLANNING STANDARDS” stated that “thus the planning process must examine a wide range of possible futures. Only by doing so will the Commission fully comprehend the implications of decisions made today in a future that will undoubtedly unfold in a manner different from what is expected.”¹ The Clean Coalition is in full agreement with SDG&E on this point. While remaining realistic about how far into the future the plans can be predicted, this Commission *must* take varying possible futures into account in

¹ COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E) REGARDING ENERGY DIVISION STRAW PROPOSAL ON 2012 LTPP PLANNING STANDARDS, pg 2-3.

the interest of ensuring as much preparation and flexibility as practical to meet both changes to procurement needs, effective avenues to meet these needs, and the procurement failure risks associated with current practices., in planning future procurement. The California Environmental Justice Alliance (“CEJA”) has raised some concerns about the 20 year predictions that have been included in the straw proposal.

“As this Commission is well-aware, projections and forecasts become more uncertain as the length of the projection increases. In other words, the farther out the projection, the more likely it is that it will not reflect reality. This is especially true when undertaking twenty year projections. As an illustration of this point, California’s energy infrastructure looks very different now than it did twenty years ago.”²

CEJA is correct in stating that rapidly changing technological advances are causes for major uncertainty. However, we can only assume that these technological advances will bring more advantages than disadvantages to the process of LTPP. With this in mind, the Clean Coalition supports CEJA, Pacific Gas and Electric Company (“PG&E”) and the Division of Ratepayer Advocates (“DRA”) recommendation to reduce the forecast from 20 years to 10 years to alleviate as much uncertainty as possible. Changing the planning area from 20 years to 10 years will bring further certainty to the mid-term LTPP process and give the Commission and parties in this proceeding a more realistic planning area. In addition, changing the planning area would allow parties in this proceeding as well as this Commission to plan using technology being developed in the short term in order to make more accurate predictions. In supporting this recommendation, the Clean Coalition also recognizes the importance of planning for the short-term, medium-term and long-term and looking beyond this recommended 10 year planning area. However, using this 10 year planning area to guide our interim choices ensure flexibility and avoid sunk capital commitments that limit this appropriate flexibility.

² CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE’S COMMENTS ON THE ENERGY DIVISION STRAW PROPOSAL, pg 10.

b. Deliverability

Several other parties have commented on the straw proposal's rather vague description of "deliverability." The Clean Coalition's initial position on this issue is to agree with both CEJA and Large-scale Solar Association ("LSA") on the inconsistency of the definition of what is deemed deliverable and what the overall approach that the straw proposal had on increasing renewables in the state of California. In developing a better approach to defining deliverability in LTPP, this Commission must be consistent in ensuring that deliverability as it relates to future expected renewable supply loads. This is an important issue to address as it can significantly impact the cost of RPS compliance if such generation is hindered from participating in the resource adequacy (RA) market, and failure to align these policies will result in redundant capacity procurement for separate goals. The Clean Coalition is also seeking to align policies such that the loading order applied to granting deliverability as well as ensuring that available renewable energy can actually be used to serve load first. In addition, we wish to ensure that the cost of renewable energy is kept low and emission reduction is maximized which can be done by ensuring that renewable facilities are fully utilized and able to participate in providing RA services.

c. Renewable Portfolio Standard (RPS)

The Clean Coalition recommends that this Commission also ensure that the inclusion of wholesale distributed generation ("WDG") plans, and upgrading the grid in a fashion that supports high penetrations of clean local energy, is a major consideration in this LTPP proceeding to meet RPS goals. We also wish to ensure that LTPP is *not* limited to the existing plans, but to fully consider available high WDG scenarios (consistent with E3 and CPUC studies

of potential RPS contributions of WDG and Governor Brown's 12,000 MW DG goal) as well as the implications of integrated IG capacity and services.

The Clean Coalition also believes that the LTPP process should favor WDG as it provides the highest benefits of clean local energy at the lowest cost and can significantly contribute to meeting and/or exceeding this goal while reducing procurement risk due to more rapid deployment results. The broader economic goals of the state are a planning consideration likely to appropriately influence procurement, and the advantages of WDG in broadly distributing investment and employment benefits across communities state wide are relevant to include in planning scenarios. While the Sierra Club states that they "...are concerned that this dubious application of the principle of "least cost" will repeat the same mistake in converting to renewable energy,³ the Clean Coalition agrees with both the Sierra Club and the energy division that we need to keep costs as low as possible for the ratepayer, without question. However, the full consideration of locational benefits applicable to well sited WDG, including avoided ratepayer Transmission Access Charges (TAC) charges, capacity charges, system losses, and investment in avoidable new transmission. This demonstrates that WDG can be one of the most cost effective renewable resources, extremely beneficial in both providing clean local energy to ratepayers and moving towards California's renewable future. The essential requirement is that all relevant costs and benefits be considered when determining "least cost", including the cost of procurement risk and RPS compliance failure.

In planning future procurement with the objective of increased renewables, the Commission must set high goals in order that California's renewable growth does not stagnate or fall short. The straw proposal suggested that we maintain a 40% RPS goal by 2030, a goal

³ COMMENTS OF SIERRA CLUB CALIFORNIA ON THE 2012 ENERGY DIVISION STRAW PROPOSAL ON LTPP PLANNING STANDARDS, pg 3.

supported by DRA. The Clean Coalition recognizes that specific goals need to be made along the way to ensure that we are making adequate progress towards a 100% renewable future but the 40% 2030 RPS goal is not ambitious enough. The Sierra Club proposed changing the 40% RPS goal suggested in the straw proposal to 55% by 2030, a step that the Clean Coalition believes is in the right direction. As discussed in their comments on the straw proposal, the Sierra Club developed this percentage consistent with the continued growth of California's renewables and the projection of this state meeting the initial 33% goal in 2020. The Clean Coalition believes that the development of this goal is a crucial aspect of this proceeding and that supports the adoption of the 55% RPS goal in 2030 that was suggested by the Sierra Club and supported by the NDRC and Vote Solar. We believe this to be clear trajectory essential for long term planning. A steady ongoing 1.5-2% annual procurement would provide clarity for planning across proceedings and at all planning levels. We believe this also to be consistent with our earlier statement regarding the rapid development of future technology. With this changing technology, we anticipate that California's grid will be better equipped to meet this higher goal more effectively (which includes higher penetrations of WDG) and therefore, the ability to achieve higher goals is not only more feasible, but also in the best interest of all parties involved in this process.

III. Conclusion

As stated throughout these reply comments, the Clean Coalition is a vigorous advocate for the inclusion and expansion of the wholesale distributed general market segment and will wish to comment further as the proceeding continues on this and other subject matters. The Clean Coalition is appreciative of the opportunity to submit these reply comments and we look forward to continue to contribute to the LTPP process as we have done in the past.

Respectfully submitted:

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