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 R.11-05-005

COMMENTS OF THE GREEN POWER INSTITUTE ON THE STAFF PROPOSAL ON THE RENEWABLE NET SHORT CALCULATION

July 18, 2012

Gregory Morris, Director
The Green Power Institute
a program of the Pacific Institute
2039 Shattuck Ave., Suite 402
Berkeley, CA 94704
ph: (510) 644-2700
fax: (510) 644-1117
gmorris@emf.net

COMMENTS OF THE GREEN POWER INSTITUTE ON THE STAFF PROPOSAL ON THE RENEWABLE NET SHORT CALCULATION

Pursuant to the *Administrative Law Judge's Ruling (1) Issuing Staff Proposal on the Renewable Net Short Calculation (2) Entering Staff Proposal into the Record and (3) Setting Date for Comments on Proposal*, in Proceeding R-11-05-005, the **Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program**, the Green Power Institute (GPI), a program of the Pacific Institute for Studies in Development, Environment, and Security, provides these *Comments of the Green Power Institute on the Staff Proposal on the Renewable Net Short Calculation*.

The methodology that is described in the Energy Division Staff Proposal produces a translucent product that is certainly useful to the retail seller who produces it, but not so useful for a public process like RPS procurement authorization, which thrives on transparency. In the opinion of the GPI, it is not necessary to use confidential data in order to produce an estimate of the renewable net short (RNS) that is sufficiently robust for purposes of procurement authorization. In fact, such a calculation, based on publicly-available data and probabilistic methods, can be more accurate than one that is made on the basis of a subjective, project-by-project assessment that is based on confidential information. We are not opposed to having retail sellers perform Method 1-type calculations of their RNS, but these determinations should be validated by determinations that are based entirely on publicly-available information. In our June 1, 2012, *Pre-Workshop Comments*, we presented a simple spreadsheet calculation of the utilities' RNS in 2020. This analysis is readily understandable, simple to perform, and easily applied to the portfolios of each of the IOUs. We show an updated version of the spreadsheet below, with numbers that have been adjusted based on other parties' Pre-Workshop Comments, and the discussion at the June 12, 2012, Workshop.

Calculation of 2020 Net Short

Sales 2011	164,890	GWh
APT @ 20%	32,978	GWh
Annual Sales Growth	1.25%	
Sales in 2020	184,395	GWh
APT @ 33%	60,850	GWh
Expected RPS in 2020	49,390	GWh
Renewable Net Short 2020	11,461	GWh

GWh

	2011	PUC RPS Contract Database	
	Actuals	With PPA	PPA Pending
Biomass	4,006	865	100
Biogas	834	304	
Geothermal	11,834	664	441
Sm. Hydro	3,674	8	
Solar	1,211	19,130	5,396
Wind	12,409	9,283	1,353
Total	33,968	30,254	7,290

Probability of 2020 Operations

Biomass	90%	60%	50%
Biogas	90%	60%	50%
Geothermal	90%	60%	50%
Sm. Hydro	90%	60%	50%
Solar	90%	50%	40%
Wind	90%	60%	50%

2020 Expected Output (GWh)

Biomass*	3,079	519	50
Biogas	751	182	0
Geothermal	10,651	398	221
Sm. Hydro	3,307	5	0
Solar	1,090	9,565	2,158
Wind	11,168	5,570	677
Total	30,045	16,239	3,105

* Including 2012 loss of Colmac, Delano, Madera.

We note that there is an important distinction between our treatment of the RNS, and the treatment in the utilities' RPS Procurement Plans and in the *Staff Proposal*. The calculation performed by the utilities and described in the *Staff Proposal* defines the RNS on the basis of the amount of renewable power already under-contract at some point in the future, while our calculation is based on determining the amount of power likely to be online and supplying power to the grid at some point in the future. The difference between

the two lies mainly in the treatment of the fleet of existing renewable generating facilities that are operating under contracts that will expire between now and the relevant point in the future. For example, the utilities and the *Staff Proposal* treat these facilities as not being in the contracted-for supply in 2020, while we treat them as having a 90-percent likelihood of contributing to the supply in 2020 regardless of whether or when their current contracts expire (the percent likelihood is a user-supplied assumption). This means that the RNS calculated based on the contracted-for supply, such as described in the *Staff Proposal*, can be filled, in part, by existing generators that have come off of their PPAs but are still operable and likely to be operating. In contrast, the RNS calculated on the basis of likely-to-be-available supply already incorporates the existing fleet of generators at an assumed probability (90% in the table above) of continued operation, regardless of contract status.

Both the confidential-information dependent Method 1 *Staff Proposal* approach, and the public-data-only approach preferred by the GPI can calculate an RNS that is either a contracted-for RNS, or a likely-to-be-generating RNS. We would prefer that the utilities produce their Method 1 calculation of the RNS on a likely-to-be-generating basis, including a reasonable re-contracting rate for facilities whose contracts expire. If they continue to calculate the RNS on the basis of already contracted-for power rather than likely-to-be-generating power, they should at least also report the existing capacity that has come off-contract in their computation, and potentially can compete with new projects to fill the calculated RNS.

It is entirely appropriate and desirable to refresh the RNS calculations on an annual basis regardless of which methodology is used, both the determinations based on confidential information, and determinations based on publicly-available data. A year is more than enough time to measure either progress or a lack of progress for projects in development, and to see changes in the operating status of existing generators.

The Method 1 type of calculation based on a project-by-project assessment that is used by the utilities and described in the *Staff Proposal* is also appropriate for the use of smaller retail sellers like ESPs and MJUs. In contrast, the probabilistic-based approach using

publicly-available data that we prefer may not be appropriate for these smaller entities, because their portfolios of existing generators and projects-under-development may not be large enough to support the use of this sample-size-dependent technique. Small retail sellers thus may be limited to using Method 1-type calculations.

The GPI recommends that the Commission use a combination of the project-by-project, confidential-information-dependent determinations made by retail sellers, as described in the *Staff Proposal*, augmented by probabilistic determinations made on the basis of publicly-available information, for purposes of authorizing long-term RPS procurement. We believe that it is more illuminating to make these RNS determinations on the basis of likely-to-be operating capacity, rather than capacity-under-existing-contracts, but if the later calculation is used we recommend that the quantity of operable but out-of-current-contract capacity also be reported as a compulsory figure of merit, in addition to the computed RNS, so that the computed RNS can be better understood.

Dated July 18, 2012

Respectfully Submitted,

Gregory Morris, Director
The Green Power Institute
a program of the Pacific Institute
2039 Shattuck Ave., Suite 402
Berkeley, CA 94704
ph: (510) 644-2700
e-mail: gmorris@emf.net