BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program	**R. 11-05-005** (Filed May 5, 2011)

SIERRA CLUB CALIFORNIA REPLY COMMENTS TO

JOINT IOU'S SUBMISSION OF THIRD REVISED PROPOSED STANDARD FORM CONTRACT FOR THE SECTION 399.20 FEED-IN TARIFF PROGRAM

September 10, 2012

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Sierra Club California (Sierra Club) hereby submits the following Reply Comments on the Joint IOU's Submission of Third Revised Proposed Standard Form Contract for the Section 399.20 Feed-In Tariff Program (Contract).

Sierra Club California is the largest grassroots environmental organization in California, with over 150,000 members in California and 1.2 members and supporters nationally. Sierra Club works through education and advocacy to protect the environment and reduce greenhouse greenhouse gas emissions. Sierra Club supports successful implementation of the Section 399.20 feed-in tariff to facilitate streamlined procurement of distributed renewable generation in California. Sierra Club is generally supportive of the comments of the Clean Coalition, California Solar Industries Association (CALSEIA), and Solar Energy Industries Association (SEIA) in that each group has identified important modifications to the Contract to ensure that the Contract is accessible to a wide pool of potential generators.

II. MODIFICATIONS NEEDED TO ENSURE THE SECTION 399.20 PROGRAM REMAINS ACCESSIBLE TO A WIDE RANGE OF GENERATORS

Sierra Club believes that the Contract should not be a barrier to potential generators, and that the Contract should not impose unreasonable restrictions on allowable projects. Sierra Club agrees with the modifications proposed by SEIA, CALSEIA, and the Clean Coalition:

A. Program Effective Date

Sierra Club California agrees with SEIA and CALSEIA that the program effective date proposed by PG&E should be made consistent across all three IOU's to prevent confusion.

B. Insurance Requirements

Sierra Club California agrees with Clean Coalition, SEIA and CALSEIA that the insurance requirements be limited to reasonable levels of general liability insurance to protect the buyer. Greater insurance requirements are not justified in the record, and would be cost-prohibitive for developers of smaller projects.

C. Resource Adequacy

Sierra Club California strongly agrees with CALSEIA and Clean Coalition that Resource Adequacy should be incorporated for projects that are equal to or lesser than the minimum coincident load of the local substation, and thus eligible for higher TOD factors. This financial incentive is particularly important for solar projects to be viable in the program. Furthermore, as long as the generation does not exceed the minimum coincident load at the substation at issue the generation will be deliverable for resource adequacy purposes. The Commission also ordered in D.12-05-035 that Re-MAT projects should receive time-of delivery pricing. Withholding resource adequacy status would impose a significant and unreasonable barrier on solar project proponents seeking to participate in the program.

D. Telemetry Cap

Sierra Club California strongly agrees with CALSEIA, SEIA, and the Clean Coalition that the telemetry requirements impose an onerous burden that would make smaller projects infeasible. Sierra Club agrees that for projects 1 MW or smaller the Buyer should assume the costs of telemetry if required. This would be more consistent with the interconnection procedures applied by the Commission and CAISO, where real-time telemetry is triggered only for projects greater than 1 MW. It is unreasonable and unjustified in the record of this proceeding to impose stricter requirements than in the Commission's current interconnection procedures.

E. Forecasting

Sierra Club California agrees with the Clean Coalition and CALSEIA that Sellers should be given a choice of paying a reasonable fee to the Buyer, for forecasting services proportionate with project size, or providing these services directly. This would provide options for the variety of project developers likely to participate in the Re-MAT, particularly for smaller projects. It is unreasonable for all developers to provide forecasting without regard to project size. Developers and owners of smaller projects are making available important resources that are of value to the grid, and it would be an economic waste and loss to the program to prevent these projects from accessing the Re-MAT program. Additionally, the Buyer is in an efficient position to project forecasted electricity generation based on the information held by the Buyer.

III. SIERRA CLUB CALIFORNIA SUPPORTS CLEAN COALITION'S MODEL POWER PURCHASE AGREEMENT (PPA).

The Clean Coalition developed a Model PPA and submitted it along with their comments. Sierra Club agrees with CALSEIA and Clean Coalition that the Model PPA provides a simplified contract based on previously used, workable contracts, and affords reasonable requirements in recognition of the realities of developing smaller generation projects under 1 MW. Sierra Club California believes that these projects amount to valuable resources to the generation and distribution grid, but that they are in a disadvantaged position entering into traditional RPS procurement due to the high transaction costs proportionate to the smaller project size. A standard form PPA cam address this barrier, but not when the PPA imposes new requirements and barriers. Sierra Club California urges the Commission to significantly modify the Contract as recommended by Sierra Club California, SEIA, CALSEIA, and Clean Coalition, or to adopt the Model PPA as proposed by the Clean Coalition.

Respectfully Submitted,

September 10, 2012

/s/ Jim Metropulos

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VERIFICATION

I am the Senior Advocate with Sierra Club California and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in this pleading are true.

I declare under penalty of perjury that the matters stated in this pleading are true and correct.

Executed on the **10th day of September, 2012**, at Sacramento, California.

/s/ Jim Metropulos

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