

**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

**COMMENTS OF THE GREEN POWER INSTITUTE  
ON WORKSHOP TOPICS**

October 5, 2012

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## COMMENTS OF THE GREEN POWER INSTITUTE ON WORKSHOP TOPICS

### Introduction

Pursuant to the *Administrative Law Judge's Ruling Seeking Comment on Workshop Topics*, dated Sept. 14, 2012, the Green Power Institute (GPI) respectfully submits this *Comments of the Green Power Institute on Workshop topics*, in R.12-03-014, the **Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans**. We respond to selected questions in the *Ruling*.

### 1. All-Source Solicitations

We neither favor nor oppose all-source solicitations, but we do wish to note that regardless of the approach that is ultimately adopted for future procurement, it is crucial that the loading order be enforced on the overall procurement process. The loading order applies at the local area level (LCR), as well as statewide.

### 3. Characteristics to Meet Future Procurement Needs

It is important to define the products that are needed for grid operations in LCR areas in terms of the operating characteristics that are sought, rather than in terms of the conventional equipment that is used to provide the services. In addition, rather than provide static, equipment-based specifications for the products that are sought, it would be better to specify minimum requirements for the operating characteristics that are being sought, such as response time, ramping rate, and sustained provision of service, and then provide incentives for better-than-minimum levels of performance in the various areas.

### 4. Operational Flexibility

The future needs for flexible-operating resources for California's grid will be debated for some time to come. In the opinion of the GPI, there is a good deal more inherent

flexibility in the generating sources that are already on the grid than is currently accessible to grid operators, and the key to harnessing this flexibility is better contracts for these resources, which recognize the value of these services. In our opinion, better contracts should include incentives to provide grid-operating services such as ramping, regulation and var support. As we stated in our response to question no. 3 above, rather than provide static, conventional-equipment-based specifications for the products that are being procured, it would be better to specify minimum requirements for the operating characteristics themselves, such as response time, ramping rate, and sustained provision of service, and then provide incentives for better-than-minimum levels of performance in the various desired areas.

#### **5. Retrofits vs. Greenfield Projects**

The Committee's electric-services procurement system is designed to take advantage of the benefits of market competition. In order for competition to operate effectively, it is necessary to promote it wherever it is reasonable to do so. We believe that this is one of those opportunities. In cases in which conventional resources are required to meet LCR needs, upgraded conventional capacity should compete head-to-head with new conventional capacity, including receiving comparable contract and payment terms.

Dated October 5, 2012, at Berkeley, California.  
Respectfully Submitted,



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