

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 Reply Comments on Long Term Procurement Planning (LTPP)
Scenarios

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Pursuant to the September 25, 2012 “Revised Assigned Commissioner’s Ruling Setting Forth Standardized Planning Scenarios For Comment,” to the May 17, 2012 “Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge,” the Clean Coalition respectfully sets forth these reply comments on the revised Proposed Scenarios.

I. Introduction

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems through innovative policies and programs that deliver cost-effective renewable energy, strengthen local economies, minimize environmental impacts, and enhance energy security.

To achieve this mission, the Clean Coalition promotes proven best practices, including the vigorous expansion of Wholesale Distributed Generation (WDG) — a market segment defined by renewable energy generation that connects to the distribution grid and serves local load. The Clean Coalition drives policy innovations that remove barriers to effective procurement, interconnection, and compensation. Furthermore, the Clean Coalition actively supports the deployment of Intelligent Grid (IG) market solutions — such as demand response, energy storage, forecasting, and communications — to complement higher levels of clean local energy generation.

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 IG programs for local utilities and governments around the country.

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 plan for ensuring a sustainable and reliable energy supply fully reflecting California's renewable portfolio standards (RPS) mandates, both at the current 33% 2020 standard and in preparation for ongoing RPS trajectories towards 2030 and 2050, in consort with related economic, employment and emissions goals. This includes planning for appropriate use cost effective and rapidly deployable WDG, and other preferred resources in conjunction intelligent grid development and forward thinking distribution grid upgrades in support of these goals.

II. Recommendations and Considerations

The Clean Coalition provides the following recommendations and considerations:

- The Commission should support the Clean Coalition and other parties call for a 55% RPS by 2030 sensitivity and prioritize this sensitivity;
- The Commission should include Governor Brown's 12 GW of DG goal in the High DG/High DSM scenario (at the very least);
- The Base Case scenario should not be used as a default for procurement and should provide the most accurate information available now;
- The Commission should assume LCR contribution and lower procurement delivery failure rate for distributed solar projects when considering addressing system needs with non-preferred resources;
- This Commission should not remove the 2030 sensitivity, as recommended by SCE;
- Preferred resources such as DG, DR, EE and ES provide rapidly deployable, cost effective, and optimally located solutions to many challenges facing the

grid operation and provide superior avenues through which to respond to varying State goals.

III. Clean Coalition's General Support for Other Parties

RPS

The Clean Coalition modifies our recommendation regarding the appropriate RPS trajectory planning assumptions for 2040 and support the Sierra Club/UCS call for a 55% RPS sensitivity to be included in these scenarios and prioritized. We believe that the Energy Division's 40% RPS scenario is too conservative and fails to reflect the State's goals and increased capabilities that technology and experience will provide to integrate higher levels of renewables onto the grid. CEJA also recommends a higher RPS not only to increase the levels of renewables on the grid, but also to meet the state's greenhouse gas (GHG) emissions reduction goals, pursuant to AB 32. The Clean Coalition endorses the reasoning and recommendations presented in each party's opening comments.

High DG/High DSM Scenario

The Clean Coalition notes the support shared with CEJA in calling for the inclusion of the 12 GW of DG goal that was outlined by the Governor's office, which is a goal that the Clean Coalition has also been advocating for continuously in this proceeding. The inclusion of this goal in the High DG/High DSM scenario at the very least will be moving this Commission and the state forward in terms recognizing the opportunities for increasing DG to realistic mid range projections. DG and other preferred resources provide many benefits, both to the stakeholders in this proceeding as well as the ratepayers, which will be described in further detail later in these comments.

The NRDC and Community Environmental Council also corroborate the Clean Coalition's recommendation that the preferred resources in this scenario be separated to ensure that all benefits of each of these resources (DG and DR as well as energy storage) are appreciated by this Commission. This is necessary to ensure that the preferred resource benefits are utilized as much as possible by this Commission to reach state's

various economic, emissions and sustainability goal's such as the 12 GW of DG, GHG reduction and the RPS targets.

III. Specific Comments on Parties' Initial Recommendations

SDG&E

Base Scenario limitations: *“The Commission must carefully consider resource need over a range of needs and should not treat the “Base Scenario” as the default procurement approach. In other words, the “Base Scenario” should be not characterized as the “expected case” – it is just one of many possible cases.” (SDG&E pg. 2)*

The Clean Coalition fully concurs with this statement. Base Case scenario should **not** be the default for any approaches to procurement. However, as we argued in our initial comments, we believe that all scenarios should be as realistic as possible and reflect the State's goals (RPS, 12 GW DG); the Base Case should not be an exception to this. While we argue that the Base Case should reflect expected development in line with current and anticipated policy as accurately as possible, and be used as comparison to alternative scenarios, it does not in fact represent expected developments. Similar issues were argued by CEERT and numerous other parties representing a broad range of interests as we seek to avoid potential over procurement of gas resources that conflict with overall emissions targets, or result in avoidable stranded costs for redundant facilities. As such, and in light of likely deviations from both generation and load projections, caution should be exercised in making procurement commitments from this scenario. We recommend focus on the actual expected case and sensitivities to ensure that the information used in these scenarios will be as accurate as possible, while providing proceeding stakeholders with information that can be used for the LTPP proceeding as well as any processes at the ISO.

Scenario application to infrastructure determination: *“SDG&E agrees with the Commission's conclusion that determining what new infrastructure must be constructed in order to ensure adequate system reliability is an important objective of the scenario analysis.” (SDG&E pg. 3).*

The Clean Coalition also agrees with this position; this Commission and the ISO should ensure that system reliability is one of the highest priorities. The State continues to face large risks related to the loss of critical infrastructure, and these risks are

effectively mitigated through increased reliance on diversified resources, distribution level facilities, and infrastructure for a balance of both transmission capacity and distribution capacity benefits. When capacity is spread over large numbers of facilities located close to loads, choke points are reduced. As a result, the impacts from the loss of any one facility, or the same percentage of capacity, is lessened and more easily mitigated. However, at this time the ISO's reliability modeling does not properly consider DG's actual contributions to local resource adequacy, or the increased reliability that can be achieved through localized storage and use of other available capabilities of advanced inverters and response systems at the local level. The Clean Coalition believes that high DG and DSM will result in reduced transmission level investment and procurement requirements when these factors, available high definition forecasting and localized grid support capabilities are incorporated into reliability modeling.

SCE

Changes to the RPS Calculator: *“SDG&E believes that the Commercial Interest case is still producing too high of a level of Distributed Solar for the San Diego area for a Base Case scenario... The Base Case should reflect the historical success rate of close to 60%, which is closer to the success of renewable projects in general. Thus the “Base Case Assumption for Distributed Solar – SDG&E” should be closer to 85 MW, not 149 MW.” (SCE pg. 3)*

The Clean Coalition believes that it is inappropriate to apply the overall RPS project success rate to distributed solar since this rate applies primarily to central station projects, not distributed solar, as the Clean Coalition has pointed out in other proceedings. The Commission and utilities have made substantial adjustments in more recent procurement practices to ensure project viability and timely COD, including eligibility criteria, interconnection status, development milestones and deposits. Distributed solar also faces much reduced permitting risks with a less complex interconnection process. In addition, as a result of much shorter development timelines than typical RPS solicitation projects, any distributed projects that are withdrawn can be quickly replaced from a ready queue of applicants well within the planning timeframe. The Clean Coalition believes that the WDG success rate could be as high as 95% by 2020, especially if procurement rates focus above minimum trajectory requirements in

the earlier years, thereby allowing adjustment to reduce the risk of over or under procurement as target dates are approached. The Commission should assume this lower procurement delivery failure rate for distributed solar projects in addition to their effective LCR contribution whenever considering addressing system needs with non-preferred resources;

SCE's 40% RPS Sensitivity Recommendation for the High DG/High DSM Scenario

Recommendation: Eliminate the evaluation of a 40% Renewables Portfolio Standard (RPS) by 2030 Sensitivity, which would be premature at this time and would not comprehensively consider policies to reduce greenhouse gas (GHG) emissions.” (SCE pg. 1)

The Clean Coalition strongly opposes this recommendation. The Clean Coalition, along with four other parties, has praised this Commission for the inclusion of this sensitivity in the scenarios and has provided recommendations that the Commission actually increase the 40% RPS to 55% by 2030 as noted above. This sensitivity is not premature, and is in fact, the necessary direction forward. The Commission must recognize that in order to comply with AB 32's GHG reduction goals, a higher level of renewable energy is necessary in order to achieve those and all State goals. Both business investments and public infrastructure planning depend upon timely planning to meet future needs, especially those that require years of preparation and capacity development. In order to increase the amount of renewable energy being used by the utilities, a higher RPS goal is absolutely necessary. Without this RPS goal, the State *will* fall short in developing the capacity to achieve any of the aforementioned goals and could end up costing the ratepayer millions of dollars in unnecessary charges for upgrades to the grid that do not facilitate the integration of renewables.

Preferred resources such as DG, DR and ES can meet the goals outlined in AB 32 effectively if this Commission and the utilities fully appreciate their benefits. However, without the inclusion of an RPS trajectory sensitivity for 2030, the benefits will not be fully realized. The Clean Coalition argues that now is the time to be developing a sensitivity to achieve a higher RPS goal. Without ongoing trajectories towards higher amounts of renewable energy, the long term planning process will only strive to meet the interim 33% RPS goal rather than look beyond 2020, as the planning period for this

proceeding is meant to do.

Green Power Institute

“The 40% RPS x 2030 scenario should not be tied to any particular 33% RPS x 2020 scenario, but should be allowed to be optimized over the entire renewable spectrum.”
(GPI pg. 2).

As we have previously discussed, the Clean Coalition places high priority on the 40% RPS calculation and support a higher RPS goal for the year 2030. We agree with GPI that this sensitivity (at the 55% RPS level) should be considered across all sensitivities and scenarios and not limited to the High DG/High DSM scenario. As noted by the ISO below, there is greater value in the 2030 scenario development when it includes sensitivities for comparison.

CAISO

“The High DG/High DSM and 40% RPS by 2030 is the only sensitivity assessing the 40% RPS by 2030. Thus, there is no reference to the impact of 40% RPS by 2030 on the base scenario...accordingly, there is no way to compare the impacts associated with only the increase of RPS to 40% by 2030.” (CAISO pg. 9)

The Clean Coalition wishes to reemphasize points raised in initial comments and earlier in these reply comments. We agree with the ISO that there is no way to compare the 40% RPS scenario to other scenarios, (especially the base case) and we believe that the higher RPS rate should be expanded to the base case. We also continue to recommend that this Commission adopt the 55% RPS rate that was proposed by the Sierra Club and supported by numerous other parties in this proceeding.

Transmission Planning

The Clean Coalition has continuously made arguments in support of renewable energy developed close to where the energy is consumed and increasing the use of renewable energy that does not require costly transmission upgrades and additional transmission. The Los Angeles Basin in particular is facing transmission difficulties and all efforts should continue to support the development of preferred resources that do not

require additional transmission. We note in addition that the ISO's current efforts in improving coordination between balancing authorities will support both increased ability to meet load demands and integration of renewables with reduced transmission investment cost. We also support the ISO in consideration of energy efficiency in addressing LCR requirements, although we note that the ISO's TPP process discounts uncommitted energy efficiency and related DSM but does not similarly discount uncommitted load projections. Further consideration should be given to the impact of all DG, since EE, WDG and NEM additions are functionally similar in their impact on transmission load. Both CEJA and DRA have commented on the need to give credit to uncommitted resources in order to avoid unnecessarily procuring duplicative capacity, and the Clean Coalition fully supports this position.

IV. Conclusion

The Clean Coalition is appreciative of the opportunity to work with this Commission and other parties to provide discussion and recommendations in the interest of moving California towards a more renewable future.

Respectfully submitted:

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