

**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)

**COMMENT OF ABENGOA SOLAR, INC., IN RESPONSE  
TO THE REVISED ASSIGNED COMMISSIONER'S  
RULING SETTING FORTH STANDARDIZED PLANNING  
SCENARIOS FOR COMMENT**

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Dated: October 5, 2012

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Pursuant to Commissioner Florio's Revised Ruling Seeking Comment, issued in the above-captioned docket on September 25, 2012, Abengoa Solar, Inc. ("Abengoa Solar") submits these comments on the Energy Division Revised Report on the Resource Adequacy Workshop. The comment period ends October 5, 2012. This comment is timely filed.

Abengoa Solar is an experienced international developer of renewable projects which will have 1.6 gigawatts ("GW") of large-scale solar projects in operation by 2014. In late 2011 the Commission approved a power purchase agreement ("PPA") between Pacific Gas and Electric ("PG&E") and Mojave Solar, LLC ("Mojave Solar"), an affiliate of Abengoa Solar. Resolution E-4433. The Mojave Solar Project ("Project") is a 250 MW (net) utility-scale concentrated solar thermal electric generating facility located in San Bernardino County, California. Construction on the Project commenced very shortly after approval of the PPA and is proceeding rapidly. All grading work has been completed, the solar collector foundations are

nearly completed, and the project is now fabricating and installing the collectors. Among the provisions of the Mojave Solar PPA was a requirement that the Project provide Resource Adequacy (“RA”) credits to PG&E. Accordingly, Abengoa Solar has a direct interest in the Commission’s procurement and transmission planning activities, both for purposes of performing its obligations under the Mojave Solar PPA and for purposes of future renewable project development in California. Accordingly, Abengoa Solar will comment on the Energy Division Revised Report.

**I. The Scenario Criteria Have Produced Some Counterintuitive Results**

Abengoa Solar appreciates the work of the Energy Division in creating and revising these important planning assumptions. Abengoa Solar notes that in the Revised Report, the Project and the South of Kramer transmission upgrades that will be necessary for full deliverability of the Project are included in three of the four scenarios. In contrast, the initial Report included the Project in only one scenario, and these modified results are a reflection of the effectiveness of the workshop and comment process.

Abengoa Solar’s primary concern is that the Revised Report reaches an incongruous result by including the Project and the South of Kramer transmission upgrades in three scenarios (Base, Replicating TPP, and High DG + High DSM-2030, 40%), but both the Project and the South of Kramer transmission upgrades are eliminated from the High DG + High DSM (“High DG/DSM”) scenario. Mojave Solar has acquired a PPA, all necessary permits, completed environmental review, obtained financing, and has begun construction. Most importantly, the Commission approved the PPA for the Project, with a majority of Commissioners expressing support for the Project and recognizing the beneficial characteristics

of solar thermal generation.<sup>1</sup> Southern California Edison (“SCE”) listed the benefits that will flow from additional generation provided by Mojave Solar in SCE’s filing in support of the Project.<sup>2</sup> In addition, the California Independent System Operator (“CAISO”) continues to include the South of Kramer transmission upgrades in its adopted Transmission Plan for the State.

In stark contrast, other renewable energy projects that have not executed PPAs and/or have not obtained permits or financing have been included in the High DG/DSM scenario, even though they are clearly less certain or reliable resources than the Mojave Solar Project. As the major energy utilities move closer to fully contracting for 33% of their procurement needs through renewables by 2020, the utilities are postponing new solicitations for power, and are far more reluctant to enter into new PPAs. A project without a PPA, therefore, has a highly uncertain future at best. Because the High DG/DSM scenario continues to include some utility-scale projects, it should reflect “real” instead of “paper” projects by including projects with PPAs and all requisite approvals in place over projects that have not met those milestones.

This counterintuitive result leads Abengoa Solar to believe the project evaluation criteria and/or analytical process for the LTPP scenarios require reevaluation. While the cost of transmission upgrades should certainly be considered in the process,<sup>3</sup> Abengoa Solar believes

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<sup>1</sup> “Mojave Solar is the furthest developed new utility-scale solar thermal project that the Commission has encountered in our capacity of reviewing utilities’ RPS power purchase agreements. . . [S]olar thermal facilities offer better operational characteristics than other intermittent renewable facilities. [¶] “The Mojave Solar project is highly valuable. . . .” Resolution No. E-4433 (November 10, 2011), p. 2.

<sup>2</sup> “The Western Mojave Desert where the Mojave Solar project will be located has been identified as one of the most promising areas for solar development in California. In fact, the Coolwater-Lugo Transmission Project needed for the Mojave Solar project to be fully deliverable, which SCE has renamed the South of Kramer Transmission Project, will integrate [existing renewables and create approximately 1,000 MW of additional capacity].” *Comments of Southern California Edison Company (U 338-E) on Draft Resolution E-4433--Option B* (October 7, 2011), pp.1-2. The Comment further urged the Commission to carefully consider project approvals, keeping in mind the future of renewable energy in California. *See id.* at p. 3.

<sup>3</sup> The Commission found the “benefits of project viability and portfolio diversity justify approving the Mojave Solar PPA despite its relatively high cost.” Resolution No. E-4433, Finding and Conclusion No. 13. Additionally, Commissioner Ferron urged the Commission not to reverse the direction of public policy in the face of “ ‘sticker

that the Energy Division analysis should prioritize projects that possess PPAs, full financing and are fully permitted above other projects whose futures are far less uncertain. This, however, does not appear to have happened in the case of the High DG/DSM scenario.

Furthermore, this counterintuitive result raises concerns that future transmission projects and approvals might be unfairly prejudiced by a scenario that does not give adequate priority to projects with a high degree of certainty. If a permitting authority deems inclusion in a particular scenario either a prerequisite for approval or an indicator of a transmission project's merits, at least the High DG/DSM scenario will not provide an accurate reflection of the generation assets that will be on the system. It would be inappropriate for a general planning document to impair actual future projects in such a manner. The Commission's LTPP process should be implemented so that it properly favors inclusion of existing and approved projects in the planning scenarios.

## **II. Recommendations**

The evolution of the utilities' Long Term Procurement Plans is not a short or simple process, and has already involved intense cooperation and discussion by and between all of the California agencies involved in energy planning and regulation. Consequently, Abengoa Solar commends the Commission and its staff for all the productive work that has been done, while recommending that the Commission and energy utilities continue to coordinate and work together to improve the LTPP planning process by taking the following measures at this time:

1. Reexamine the selection criteria and/or process for including permitted projects that hold executed PPAs in each scenario.

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shock--possibly wrongly attributed to RPS. . . ." *Id.* at p. 28 (*Concurrence of Commissioner Mark J. Ferron on E-4433 on November 10, 2011*).

2. Reconsider the propriety of including the Mojave Solar Project and South of Kramer transmission upgrades in the High DG/DSM scenario.

3. Alternatively, should the Energy Division evaluation criteria remain unchanged, the Commission should treat the Mojave Solar Project and South of Kramer transmission upgrades for what they are--Known and Existing Projects by the definitions in the ACR.<sup>4</sup> Abengoa Solar understands that if all other contracted renewable resources deliver on schedule this action might cause the renewable percentage in the High DG/DSM scenario to rise above 33% for a few years until load growth catches up. However, this result is entirely consistent with State policy.<sup>5</sup>

Respectfully submitted October 5, 2012 at San Francisco, California.

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<sup>4</sup> *Revised Assigned Commissioner's Ruling Setting Forth Standardized Planning Scenarios For Comment*, R.12-03-014 (September 25, 2012), p. 13, fn. 26.

<sup>5</sup> For example, the Governor's April 12, 2011, Signing Statement for SB X 1-2 was clear: "While reaching a 33% renewables portfolio standard will be an important milestone, it is really just a starting point -- a floor, not a ceiling."