

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 TRACK 3 RULES

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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 Track 3 Procurement Rules.

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, foster environmental sustainability, and enhance energy security. To achieve this mission, the Clean Coalition promotes proven best practices, including the vigorous expansion of Wholesale Distributed Generation (WDG) connected to the distribution grid and serving local load.

The Clean Coalition drives policy innovation to remove major barriers to the procurement, interconnection, and financing of WDG projects and supports complementary Intelligent Grid (IG) market solutions such as demand response, energy storage, forecasting, and communications. The Clean Coalition is active in numerous proceedings before the California Public Utilities Commission and other state and federal agencies throughout the United States, in

addition to work in the design and implementation of WDG and IG programs for local utilities and governments.

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 of cost effective and rapidly deployable WDG and other preferred resources, in conjunction with intelligent grid development and forward thinking distribution grid upgrades in support of these goals.

## II. Summary of recommendations

In these Reply Comments, the Clean Coalition will be addressing specific areas of interest: greenhouse gas emissions (GHG), Loading Order, Transparency, RPS, 12 GW of Distributed Generation (DG), and Track 3 Procedural Issues. Our recommendations are as follows:

- The Commission should continue to evaluate the cost and benefits of GHG reduction options and prioritize those most cost effective and beneficial to ratepayers;
- Proceeding goals should include adherence to State's established Loading Order;
- The Commission should continue to support higher levels of transparency overall, especially in the bidding and solicitation process, as well as

maintain policy consistency with other procurement-related proceedings;

- The 2012 LTPP should use the most recent information available for long-term planning (including the updated RPS as well as the 12 GW of Distributed Generation (DG) goal ) rather than use outdated information from the 2010 RPS;
- The ALJ should issue a ruling as quickly as possible to address PG&E's Motion to shift Track 3 issues into the continuing Resource Adequacy (RA) proceeding.

### III. Discussion

#### Greenhouse Gas Emissions (GHG) and Loading Order

The Clean Coalition agrees with many parties regarding the direction of policies related to GHG emissions moving forward, which includes meeting and exceeding outlined and established State goals.

As outlined in the May 17 scoping memo, the Commission and the utilities should continue to evaluate the relative and marginal costs/benefits of GHG reduction options and prioritize the most cost effective options available. Air Resources Board (ARB) implementation plans for AB 32 require these GHG reductions in the energy sector in excess of those to be achieved under the current RPS mandate. An exclusive focus on rates does not serve the public interest and this is clearly the case where higher rates are more than offset by improved efficiencies or use patterns that result in a lower total bill. State goals including health, employment levels, public revenues and tax burdens are also legitimate considerations in assessing the total costs and benefits to energy consumers.

In addition to compliance with AB32, the Commission should continue to prioritize resources to comply with the State's established loading order policy. This should include prioritizing technologies such as energy storage, distributed generation and demand response.

### Transparency

The Clean Coalition has advocated for transparency in every aspect of the procurement process in this proceeding, and supports CEJA's call for increased transparency in the solicitation and bidding process.”<sup>1</sup> However, despite requirements for certain levels of transparency, “the procurement process still largely takes place behind closed doors, which prevents meaningful participation from members of...interested community groups.” In addition, parties in this proceeding and the last LTPP proceeding have cited concerns about [certain] types of information not being available to the public.”<sup>2</sup> There should be a sufficient amount of data available to the public and the parties in this proceeding to make informed decisions regarding various procurement practices and bundling. Examples of such includes CEJA's recommendation of “clear information about RFO bid criteria and the evaluation process, non-confidential information presented to the Procurement Review Group; and the environmental assessment of projects evaluated in the RFO process.”<sup>3</sup>

The Commission should also remain committed to ensuring that “the IOUs' plans can be more easily compared to each other and to maintain consistency, where appropriate, with Commission policy in other procurement-related proceedings.”<sup>4</sup> Consistency with and between all related proceedings is essential for effective policy implementation and an emphasis should be made on clearly identifying and referencing related Decisions, both adopted and pending. Likewise, the factors used in establishing compliance

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<sup>1</sup> CEJA Opening Comments, pg 3

<sup>2</sup> Ibid

<sup>3</sup> Ibid

<sup>4</sup> May 17 Scoping Ruling, pg. 10

should be consistent in planning and reporting submitted by the utilities. Procurement is clearly central to consistent policy implementation, and with regard to bundled procurement, we fully agree and again emphasize that the Commission's procurement policies should continue to remain consistent with the State's loading order policy, as CEJA supported in their opening comments. Clear compliance with relevant Decisions goes hand in hand with full transparency in the entire process.

#### RPS/12 GW of Distributed Generation (DG) Goal Inclusion

DRA made an excellent point of discussing the need to include relevant elements from the RPS proceeding (R. 11-05-005) in LTPP. Specifically, "developing procurement rules that reflect better integration between Renewables Portfolio Standard (RPS) procurement and the LTPP."<sup>5</sup> Throughout the LTPP proceeding, DRA and other parties have observed that the Commission has relied on outdated or imperfect RPS information to feed into the LTPP.<sup>6</sup> Without current RPS information, the ISO may under or overestimate requirements in renewables integration planning to meet and exceed the 33% RPS goal, including such factors as accounting for the 12 GW of Distributed Generation (DG) goal.<sup>7</sup>

*"...many parties raised concerns in their [previous] opening and reply comments on the standardized planning assumptions, stating that the scenarios selected for planning purposes...neglect to take into consideration both the costs associated with each portfolio as well as the most recent changes to RPS procurement, such as the Governor's call for 12,000 MWs of distributed generation (DG)."*<sup>8</sup>

The Clean Coalition was among these parties. We have advocated for the inclusion of this goal into the planning assumptions for Track 2 and we are pleased to see it has been recognized by the Commission. With this in mind, the Clean Coalition is in full agreement with DRA regarding the inclusion of this goal in the 2012 LTPP, rather than

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<sup>5</sup> DRA Opening Comments on Track 3, pg. 2

<sup>6</sup> DRA Opening Comments on Track 3, pg. 9

<sup>7</sup> Ibid

<sup>8</sup> DRA Opening Comments, pg. 10

use outdated information from the 2010 RPS. This includes using all applicable targets, including GHG targets from AB32, current RPS goals and 12 GW of Distributed Generation (DG) goal. This will give the Commission, the proceeding stakeholders and the ISO the most accurate information available in order to more effectively plan for the longer term in this proceeding and maintain consistency across diverse policy forums.

### Track 3 Procedural Issues

The Clean Coalition has taken no official position on PG&E's Motion to shift many of the issues from Track 3 LTPP into the ongoing Resource Adequacy (RA) proceeding. However, it is important to note that there are significant issues that should be quickly addressed (either in LTPP or in the RA proceeding) relating to RA for distributed generation. This includes addressing barriers to recognizing the DG contributions to both RA and LCR, which severely impacts viable pricing and resultant procurement. In the same vein, the allocation of local load to maintain the prior assignment of deliverability for existing and potentially redundant resources lower on the loading order, inhibits new WDG procurement able to serve these local loads without such use of transmission capacity. This practice ultimately both raises the cost of local preferred resources and adds avoidable Transmission Access Charges on energy delivered to ratepayers.

Our primary recommendation for this particular discussion is for the ALJ to issue a ruling on PG&E's Motion as quickly as possible in order to establish concrete issues to address in Track 3. The Commission should, in addition, submit a revised scoping memo, as was briefly discussed by the Sierra Club in their opening comments as well as in the May 17<sup>th</sup>, 2012 Scoping Memo.<sup>9</sup>

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<sup>9</sup> Sierra Club Opening Comments, pg 1 (quoted from the May 17<sup>th</sup> scoping ruling)

IV. Conclusion

The Clean Coalition is appreciative of the opportunity to provide comment on Track 3 rules and looks forward to continuing collaboration with the Commission and parties.

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