

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 NOTICE OF EX PARTE COMMUNICATION

Dyana Delfin-Polk
Clean Coalition
2 Palo Alto Square
3000 El Camino Real, Suite 500
Palo Alto, CA 94306
209-658-5837
dyana@clean-coalition.org

December 18, 2012

CLEAN COALITION NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the Clean Coalition hereby gives notice of the following ex parte communication with Marcelo Poirier, advisor to Commissioner Michel Florio and Ted Ko, Associate Executive Director, Clean Coalition, Kenneth Sahn White, Economics and Policy Analysis Director, Clean Coalition (via telephone) and Dyana Delfin-Polk, Policy Associate, Clean Coalition.

The meeting commenced on Monday, December 17th, 2012 at the California Public Utilities Commission (505 Van Ness Avenue, San Francisco, CA) at 11:00am and lasted approximately 45 minutes. The meeting was initiated by Dyana Delfin-Polk.

Points of discussion included the Clean Coalition's recommendations on the "Decision Adopting Long-Term Procurement Plans Track 2 Assumptions and Scenarios" (issued November 20th, 2012). Specific recommendations discussed include:

- The Commission should support the Clean Coalition's and other parties' call for a 55% RPS by 2030 sensitivity analysis and prioritize this analysis;
- 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; [also, the base case should have at least the already authorized 9,000 MW. We noted that the current base case only assumes roughly 5,000 MW]
- Increase the level of DG in the "High DG / High DSM" case, as the state is projected to meet 9,000 MW of DG by 2020. Clean Coalition recommends

increasing the High DG scenario level of DG to 12,000 MW or more, in line with the Governor's DG goal;

Mr. Ko and Ms. Delfin-Polk provided Mr. Poirier with a Brief the includes a summary of the recommendations as well as a discussion regarding the benefits of increased DG penetration levels (which is included as Attachment "A").

Respectfully submitted,

/s/Dyana Delfin-Polk
Dyana Delfin-Polk

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Palo Alto, CA 94306
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dyana@clean-coalition.org

Dated: December 18th, 2012.

ATTACHMENT “ A ”

Summary of Clean Coalition Recommendations for Track 2 LTPP Assumptions and Scenarios (R. 12-03-014)

- The Commission should support the Clean Coalition and other parties call for a 55% RPS by 2030 sensitivity analysis and prioritize this analysis;
- 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.¹

Additional recommendations include:

- Include some analysis regarding the potential long-term procurement implications of SONGS remaining offline in contrast to the SONGS early planned retirement sensitivity;
- Increase the level of DG in the “High DG / High DSM” case, as the state is projected to meet 9,000 MW of DG by 2020. Clean Coalition recommends increasing the High DG scenario level of DG to 12,000 MW or more, in line with the Governor’s DG goal;
- Evaluate preferred resources separately to fully recognize the benefits of each preferred resource for the included scenarios as well as in modeling scenarios at the ISO;

Why the Clean Coalition Recommends Rigorous Levels of DG

¹ Clean Coalition Reply Comments on Revised Proposed Scenarios for R. 12-03-014, 10-19-12

The Clean Coalition has consistently offered the recommendation that the 12 GW of Distributed Generation (DG) goal should be prioritized in the High DG/High DSM scenario. This is an important goal, which was acknowledged by the Commission in the Revised Proposed Scenarios and the Clean Coalition again offers the recommendation that it should be a goal within this scenario at the very least.

The Clean Coalition also believes that the High DG/High DSM does not actually include a “high” amount of DG. As of now, 9,000 MW of DG is already anticipated by 2020 based on current installed capacity, executed contracts and existing procurement programs, and this should be reflected in the base case, not considered “high DG levels” in the High DG scenario. A high DG scenario should look at additional MW levels of DG beyond what is already anticipated for 2020. This could incorporate the 12 GW of distributed generation (DG) goal by increasing the levels of DG within this scenario to 12,000 MW or more consistent with the Governor’s jobs and clean energy goals.

As an organizational focal point, the Clean Coalition advocates for rigorous use of preferred resources and Intelligent Grid (IG) solutions at the distribution level, especially wholesale DG. The Commission should consider DG's potential to avoid costly transmission projects, including the high ROI ratepayers cover on transmission infrastructure that has a very long depreciation period. All current emphasis on central station flexible capacity and retention of deliverability by legacy conventional facilities drives the "need" for costly transmission and associated vulnerabilities when DG+IG solutions would be a better alternative in many cases. We believe that the inclusion of the High DG/High DSM scenario in this PD is a positive step in the right direction for this proceeding and the Commission in general. DG has several important and generally unappreciated benefits that have yet to be fully realized. These benefits include:

- Avoided Risk and Enhanced Security – Local DG is, in aggregate, dramatically less susceptible to outages caused by weather, accident or design as it is widely dispersed and avoids the choke points associated with transmission facilities and fuel distribution networks that supply conventional design. If a failure does occur in local DG, the impact is limited in scale and area, with surrounding facilities able to mitigate.
- Economic Indifference – full recognition of Locational Benefits has no cost to ratepayers as it is a reflection of avoided costs that would otherwise be incurred
- Societal Benefits – locating renewable generation near load supports widely distributed clean energy investment near all communities throughout the state. DG also puts local labor to work on local installations, producing three times the employment compared to investing in transmission infrastructure and remote generation.

To ensure the benefits of DG and DSM are both fully recognized and realized, the Clean Coalition continues to recommend that these be prioritized. To benefit from the use of these approaches, currently planned procurement should be fully reflected in base case scenarios and alternative higher usage in the High DG scenario.

Lastly, we continue to advocate strongly for the identification and evaluation of any/all opportunities that advance the use of cost effective preferred resources (such as DG+IG/DSM) in regards to CAISO's scenario modeling and the opportunity to consider non-transmission alternatives where these may avoid or defer costly long term investment commitments. Inclusion in this modeling process could bring these benefits

to the LTPP process in the medium and long term, both for the Commission and for the ISO.

Evidence in Support of DG

- 1) *“12,000 MW of Renewable Distributed Generation by 2020: Costs, Benefits and Policy Implications,”* Interstate Renewable Energy Council (IREC), July 2012.
- 2) *“Impacts of Distributed Generation: Final Report Prepared for the CPUC Energy Division Staff,”* Itron, Inc., January 2010.
- 3) *“Governor Brown’s Renewable Energy Statement,”* Office of the Governor, October 2012.