

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 COMMENTS ON PROPOSED DECISION ADOPTING LONG-
TERM PROCUREMENT PLANS TRACK 2 ASSUMPTIONS AND SCENARIOS

Dyana Delfin-Polk
Kenneth Sahm White
Clean Coalition
2 Palo Alto Square
3000 El Camino Real, Suite 500
Palo Alto, CA 94306
209-658-5837
831-425-5866
dyana@clean-coalition.org
sahm@clean-coalition.org

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CLEAN COALITION COMMENTS ON PROPOSED DECISION ADOPTING LONG-TERM PROCUREMENT PLANS TRACK 2 ASSUMPTIONS AND SCENARIOS

The Clean Coalition respectfully submits these Opening Comments on the Proposed Decision (“PD”).

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, together 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.

The Clean Coalition will be echoing many of our previous comments on the revised Planning Scenarios, as many of the changes recommended by the Clean Coalition and other parties were not included in the Proposed Decision (“PD”).

Some of these recommended changes include:

- 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;

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

I. Discussion

a. Base Scenario

The Commission describes this scenario as “little to no change from existing procurement plans,” and a “modestly conservative future world.” In other words, this scenario is “business as usual.” As the Clean Coalition discussed in the Reply Comments on the last Revised Proposed Scenarios, we recognize the importance for a “control” scenario by which to compare other scenarios (such as the High Distributed Generation/High Demand-side Management scenario), but this scenario should not be the default scenario for procurement, as the use of preferred resources will not be increased. In addition, this base scenario should always reflect the most current information available in order to more effectively plan for the future (as recommended by SDG&E).²

b. Early SONGS Retirement Sensitivity

As the Clean Coalition has discussed in previous comments, the SONGS retirement sensitivity should at least include some discussion surrounding the possibility that SONGS may not come back online at all, or, based on the latest data, perhaps only one of the reactors will come back online. This possibility and immediate related requirements are being explored in the SONGS investigation currently underway at the CPUC (I. 12-10-013).

While we recognize the LTPP proceeding is not meant to examine the short-term effects or solutions of SONGS not returning online, the long-term consequences of this realistic and very significant possibility should at the very least be addressed in this proceeding, distinct from and in addition to examining planned SONGS retirement. In general, all possibilities regarding SONGS could have long-term effects on energy supply and reliability, which is why the Clean Coalition recommends this discussion. This

² SDG&E Reply Comments on Revised Proposed Scenarios for R. 12-03-014, 10-19-12

sensitivity surrounding SONGS and all nuclear facilities in the state is an important point of discussion, as the Commission is actively pursuing the investigation to examine the short-term future of the SONGS unit in I. 12-10-013.

c. High Distributed Generation, High Demand Side Management Scenario

Many of the Clean Coalition's recommendations for the High DG / High DSM Scenario (as well as the High DG/High DSM 40% RPS by 2030 sensitivity) will, again, echo previous comments, as the PD does not discuss the recommendations given by the Clean Coalition or other parties with similar recommendations for renewables. In fact, the PD doesn't even mention many parties' call for including a higher RPS. This is a major oversight and should be remedied. As noted, our previous recommendations are mirrored at least partially by Sierra Club/UCS in their call for a 55% RPS by 2030, consistent with an ongoing trajectory towards 2050.³ The state of California will need to far exceed the 33% RPS goal in order to meet AB 32 GHG reduction goals. A 55% RPS by 2030 is an AB 32-consistent target that can be met wholly or partially through the rigorous use of preferred resources like DG, EE, DR and ES. These preferred resources 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 (such as the RPS goal and DG goal). In addition, these resources should all be independently evaluated within the scenarios (which the Clean Coalition previously recommended, as did NRDC and the Community Environmental Council in previous comments on the Proposed Revised Scenarios). This should be done to highlight the benefits of each resource "to ensure that the preferred resource benefits are utilized as much as possible by this Commission to reach the state's various economic, emissions and sustainability goal's such as the 12 GW of distributed generation (DG), GHG reduction and the RPS targets."⁴

³ Sierra Club/UCS Joint Reply Comments for R. 12-13-014, 10-19-12

⁴ Clean Coalition Reply Comments on Revised Proposed LTPP Scenarios for R. 12-13-014, 10-19-12.

d. The superior benefits of distributed generation

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 (as did CEJA and the Community Environmental Council). 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.

e. Why should DG be a priority?

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. 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.

II. Conclusion

The Clean Coalition recognizes the importance of the above scenarios for the purposes of modeling analyses for the ISO and will continue to advocate for the rigorous use of

DG+IG resources to provide accurate and detailed planning to meet ongoing State goals for renewables.

/s/ Dyana Delfin Polk
Dyana Delfin-Polk

/s/ Kenneth Sahm White
Kenneth Sahm White

Clean Coalition
2 Palo Alto Square
3000 El Camino Real, Suite 500
Palo Alto, CA 94306

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