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LAMPREY, LLP

Jeanne B. Armstrong, Attorney at Law

December 31, 2012

E-MAIL AND FIRST CLASS MAIL

Edward Randolph, Director (efr@cpuc.ca.gov)
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Re: Pacific Gas and Electric Company Advice 4161-E; Request that the Renewable Auction Mechanism Program Accommodate the Remaining 252 Megawatts of PG&E's Photovoltaic Program

Dear Mr. Randolph:

By way of this letter, the Solar Energy Industries Association (SEIA)[1] and the Large-scale Solar Association (LSA) (collectively the "Joint Solar Parties") respond to the above referenced advice letter filing of Pacific Gas and Electric Company (PG&E) seeking approval to utilize the Renewable Auction Mechanism (RAM) Program to accommodate the procurement of 252 MW of solar photovoltaic generation originally authorized for PG&E's Solar Photovoltaic Program (PV Program). The Joint Solar Parties support PG&E's advice filing provided that the Commission: (1) approve the element of PG&E's proposal that provides for all of the MW transferred from the PV Program to be made available to the "as-available peaking" category in RAM ; and (2) reaffirm that the transfer of the MW from the PV Program to the RAM in no way reduces PG&E's obligation to procure its full MW allocation under both the RAM and the PV Programs, including replacement procurement for projects that may fall out of the earlier rounds of those programs.[2] By doing such the Commission will best assure that all MWs previously approved by the Commission to help secure transformation of the solar market will be procured by PG&E.

1 The comments contained in this response represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member.

2 *See* Decision 10-12-048 at pp. 31-21 and Resolution E-4368 at p. 6.

T 415.392.7900 F 415.398.4321
www.goodinmacbride.com
505 Sansome Street, Suite 900 | San Francisco, CA 94111

Direct 415.765.8449
E jarmstrong@goodinmacbride.com

In addition to seeking the above assurances, the Joint Solar Parties believe that two additional modifications/clarifications must be made to PG&E's proposal to ensure that the solar industry is able to effectively respond to the MW transfer in a manner which both carries out the intent behind PG&E's PV Program and is cost effective for ratepayers.

Projects Between 1 and 3 MW Should be Able to Participate in Expanded Solicitations Resulting from MW Transfer

PG&E's PV Program is designed for projects between 1 and 20 MW. In approving PG&E's PV Program the Commission stated that:

> Small and mid-size PV projects, like those proposed by PG&E in its application, however, can potentially avoid these risks and be deployed more quickly and with greater certainty insofar as these facilities can be located close to load without the need for transmission additions, and may face fewer environmental barriers and public opposition than larger scale projects....
>
> ....Thus, developing these resources can be an efficient and relatively certain way of bringing additional renewable resources on line. [3]

Thus the Commission clearly saw the benefits of small PV projects. The RAM program, however, is currently structured to exclude projects less than 3 MW.[4] If the remaining 252 MW of PG&E's PV Program is transferred to the RAM, absent some accommodation for allowing projects less than 3 MW to participate, then an entire class of projects which the Commission viewed as being instrumental to bringing renewable resources on line would be barred from participation. In order to ensure that the intent behind the Commission's adoption of PG&E's PV Program is recognized, PV Projects between 1 and 20 MW should allowed to participated in the expanded RAM solicitations that result from the MW roll over from the PV Program to the RAM. Given the fact that, as discussed below, PG&E intends to separate out the rollover MW from the rest of the RAM MW for later solicitation, allowing projects between 1 and 20 MW to participate (rather than projects between 3 and 20 MW) should not complicate administration of PG&E's RAM Program.

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3 D. 10-04-052 at p. 16.

4 While the RAM Program had been approved for projects between 1 and 20 MW, the Commission, in D.12-05-035 approving the SB 32 Feed-in-Tariff program for projects up to 3 MW, prohibited the participation of projects sized 3 MW and less in the RAM Program.

MW Allocation and Solicitation Schedule Should be Consistent with RAM Protocol

As stated by PG&E, it "does not request an expansion of RAM, but rather the ability to use RAM as a procurement tool for the remaining PV Program volumes."[5] Similarly PG&E proposes that the "RAM procurement process accommodate the remaining PV Program volumes."[6] Having stated this intent, PG&E, however, proposes to solicit the 252 MW transferred from the PV Program through three consecutive annual auctions. The first auction for 52 MW is to be held in 2014, with the two remaining auctions to be held in 2015 and 2016 for 100 MW each. Such MW allocation and auction schedule is not consistent with the RAM Program protocol, however. Specifically, in adopting the RAM Program, the Commission called for two auctions per year, with each auction being for 25 percent of the total allocation.[7] The solicitation of the remaining PV Program volumes should adhere as closely to this protocol as practicable.

First, the number of MW (252) should be allocated evenly over the number of solicitations. While the RAM Program initially called for four solicitations, it may be reasonable to reduce the number to three for the transferred MW, given the reduced number of MW sought.[8] Thus, 84 MW should be solicited each auction. Moreover, PG&E does not provide any basis for ignoring the RAM protocol of bi-annual solicitations and imposing annual solicitations. Currently, PG&E's fourth RAM solicitation is scheduled for the second quarter of 2013. Thus, consistent with the RAM protocol, a solicitation for the first 84 MW transferred from the PV Program should occur in the fourth quarter of 2013, with the remaining two solicitations occurring in 2014. [9]

Second, the Joint Solar Parties note that the Commission has expressed an interest in discussing the future of the RAM Program during the first quarter of 2013.[10] The proposed transfer of the IPP and UOG MW into RAM represents a significant expansion of the Program

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5 Advice Letter at p. 5.

6 *Id.*

7 D. 10-12-048 at pp. 30 and 31.

8 In D. 10-12-048 (at p. 31) PG&E was allocated 420.9 MW of the total RAM Program capacity of 1000 MW.

9 Moreover, the Federal Tax Credit is set to be reduced from its current rate of 30 percent at the end of 2016. Projects must meet a commercial operation date by the end of 2016 in order to take advantage of this 30 percent credit. Waiting until 2015/2016 to hold the last two auctions for the rolled over PV Program MW will make it difficult for these projects to meet an end of 2016 commercial operation date. The program bids will reflect the reduced credit and result in a higher cost to PG&E and ultimately ratepayers.

10 *See, e.g.,* Resolution E-4546, at p. 31.

(nearly a quarter of the original allocation), and as such the Joint Solar Parties encourage the Commission to take up expansion of the overall Program as soon as possible.

The Joint Solar Parties appreciate the opportunity to submit these comments on PG&E's Advice Filing and requests that in acting on PG&E's filing the Commission make the above requested clarifications and modifications.

Very truly yours,

Jeanne B. Armstrong/sed

Jeanne B. Armstrong

Counsel for the Solar Energy Industries Association

cc: CPUC, Energy Division (EDTariffUnit@cpuc.ca.gov)
Brian Cherry, PG&E (PGETariffs@pge.com)
Service Lists for A. 09-02-019 and R. 11-05-005

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