



DRA

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Subject: Comments of the Division of Ratepayer Advocates on Draft Resolution E-4582

Pursuant to the April 9, 2013 Comment Letter for Draft Resolution E-4582 (Draft Resolution), the Division of Ratepayer Advocates (DRA) submits these Comments on the Draft Resolution, addressing changes to the Renewable Auction Mechanism (RAM) for the three investor-owned utilities (IOUs): Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). Specifically, the Draft Resolution proposes the following:

- Modifies the capacity allocation requirements for the fourth RAM solicitation;
- Authorizes the fourth RAM solicitation to close on June 28, 2013; and
- Authorizes the fifth RAM solicitation to close no later than June 27, 2014.¹

SUMMARY OF DRA'S RECOMMENDATIONS

The Commission should modify the Draft Resolution to delay the fourth and fifth RAM solicitations to better align with utility need. Given the existing requirement that RAM projects must achieve commercial operation within 24 months of Commission approval, closing the fourth RAM on June 28, 2013 would mean that a project selected from the fourth RAM would achieve commercial operation by the end of 2015, in the middle of the second Compliance Period (CP),² at a time when each of the three IOUs is projected to be net long in their Renewable Portfolio

¹ Draft Resolution E-4582 at 8.

² In Decision (D.) 11-12-020, the Commission implemented the new RPS procurement quantities established in Pub. Util. Code § 399.15(b), for all retail sellers. Compliance with California's RPS program will be determined by the amount of renewable energy credits (RECs) retired for compliance within three multi-year compliance periods through 2020: CP1 runs from 2011-2013; CP2 runs from 2014-2016, and CP3 runs from 2017-2012.

<http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>

Standard (RPS) compliance positions.³ Thus, DRA recommends that the Commission delay the fourth and fifth RAM solicitations to meet CP3 needs.

BACKGROUND

The RAM is a simplified market-based procurement mechanism for renewable distributed generation (DG) projects greater than 3 MW and up to 20 MW. In Decision (D.)10-12-048, the Commission adopted RAM as the primary procurement tool for system-side renewable DG because it will promote competition, elicit the lowest costs for ratepayers, encourage the development of resources that can utilize existing transmission and distribution infrastructure, and contribute to RPS goals.⁴

In D.10-12-048, the Commission initially authorized the utilities to procure 1,000 megawatts (recently expanded to 1,299 MW)⁵ through RAM over two years, with auctions to be held twice a year. The Decision also ordered the utilities to solicit 25% of their authorized RAM allocation in each auction.

In Resolution E-4114, the Commission ordered that the first RAM auction would close no later than November 15, 2011, and the second RAM auction would close no later than May 31, 2012. In Resolution E-4546, the Commission ordered that the third RAM auction would close on December 21, 2012. The fourth RAM auction is currently scheduled to close on June 28, 2013.⁶

DISCUSSION & RECOMMENDATION

A. THE COMMISSION SHOULD DELAY THE FOURTH RAM SOLICITATIONS TO BETTER ALIGN WITH UTILITY NEED.

DRA urges the Commission to delay the fourth RAM solicitation (at least one additional year after the June 28, 2013 date) to better align with utility need. DRA supports the RPS goals and agrees with the Draft Resolution that, “allowing the IOUs to delay some of their previously authorized RAM procurement would better align with the IOUs’ demonstrated [RPS] compliance need.”⁷ However, closing the fourth RAM on June 28, 2013 is at odds with this goal. As noted above, given the existing requirement that RAM projects must achieve commercial operation within 24 month of Commission approval, closing the fourth RAM on June 28, 2013 would mean that a project selected from the fourth RAM must achieve commercial operation by the end of 2015, in the middle of the second CP, at a time when each of the three IOUs is projected to be net long in their compliance positions. Accordingly, in order to ensure that the IOUs do not continue to overprocure for CP2, DRA recommends that the Commission delay the fourth RAM solicitation so that RAM projects will achieve commercial operation in CP3, instead of CP2.

³ Draft Resolution E-4582 at 5.

⁴ <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/Renewable+Auction+Mechanism.htm>.

⁵ See D.12-02-035 and D.12-02-002.

⁶ Pursuant to D.10-12-048, Energy Division, on its own motion, could seek to modify the RAM program (Draft Resolution E-4582 at 1).

⁷ Draft Resolution E-4582 at 5.

**B. THE COMMISSION SHOULD DELAY THE FIFTH RAM SOLICITATION
UNTIL AFTER THE CLOSE OF THE FOURTH RAM SOLICITATION.**

DRA generally supports authorizing a fifth RAM solicitation in order to allow a utility to solicit additional RAM contracts in the event that a utility fails to procure contracts for all of its capacity targets, and to solicit additional RAM contracts to replace any previously executed RAM contracts which may fail or may be terminated.⁸ However, since the Commission should delay the fourth RAM solicitation to better align with utility need, DRA recommends that instead of closing the fifth RAM solicitation no later than June 27, 2014, it should close no earlier than one year after the close of the fourth RAM solicitation in order to more accurately replace capacity from any previously executed RAM contracts which, by that time, have failed or have been terminated prior to reaching their commercial operation date.

CONCLUSION

For the above stated reasons, the Commission should modify the Draft Resolution to delay the fourth and fifth RAM solicitations. Please contact Selena Huang, David Siao, or Colin Rizzo at xsh@cpuc.ca.gov, dsl1@cpuc.ca.gov, cr2@cpuc.ca.gov or (415) 703-5247 with any questions regarding these comments.

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⁸ Draft Resolution E-4582 at 6.