

**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 R-12-03-014

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE
ON TRACK III RULES ISSUES**

May 10, 2013

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Pursuant to the *Administrative Law Judge's Ruling Seeking Comment on Track III Rules Issues*, dated March 21, 2013, as modified by the March 28 email *Ruling* by ALJ Gamson extending the filing date for Replies until May 10, 2013, the Green Power Institute (GPI) respectfully submits these *Reply Comments of the Green Power Institute on Track III Rules Issues*, in R.12-03-014, the **Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans**. Our *Reply* addresses issue no. 3 in the *Ruling*: Long-term contract solicitation rules.

The vast majority of parties, in their *Opening Comments*, support the inclusion of upgraded and repowered generators in solicitations for new resources. In fact, many of the parties indicate their support for the broadest possible competition for this lowest-rung (non-preferred) procurement category, which in our opinion can be interpreted as probable support for the kinds of all-source solicitations that we supported in our own *Opening Comments*.

Three parties, PG&E, SCE, and AES Southland, in their *Opening Comments*, express concern that new generation solicitations are designed to fill identified needs in defined capacity-constrained areas (LCRs), and should be reserved for new, or additional, capacity only. They stress that only incrementally additional capacity from facilities with repowers or upgrades should be eligible to participate, as new-gen solicitations are intended to elicit needed new capacity where a need has been identified. PG&E, in particular, makes a strong distinction between repowers and upgrades, and argues for allowing the participation in new-gen solicitations of repowers, which they argue are similar to new facilities, but not upgrades, which in PG&E's view are not sufficiently equivalent to new facilities.

We believe that these parties are taking too narrow a view of what it takes to stimulate the expansion of generating capacity in a targeted area. Assuming that a utility's solicitation for a particular LCR seeks more power than can be produced within the LCR given the currently installed capacity inside the LCR, then it should be clear that new capacity will have to be developed in order to fill the solicitation. This is true whether the procurement is done through separate solicitations for new gen and other sources, or through an all-source solicitation. The difference is that a properly-structured, all-source solicitation should be able to do the job for a lower total cost than a series of segmented solicitations. It is important to keep in mind that the solicitations under consideration here are NOT for preferred resources. The kind of procurement under consideration here takes place only after all preferred-resource options have been exhausted. Therefore there is no compelling reason to give preferences of any kind in this lowest-rung segment of the procurement spectrum.

Dated May 10, 2013, at Berkeley, California.

Respectfully Submitted,



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