



## DRA

*Division of Ratepayer Advocates  
California Public Utilities Commission*

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June 27, 2013

## PUBLIC

CPUC, Energy Division  
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**Subject: Protest of the Division of Ratepayer Advocates of Pacific Gas and Electric Company's Advice Letter 4238-E, requesting approval of PG&E's 2012 Renewable Portfolio Standard Shortlist**

### INTRODUCTION

The Division of Ratepayer Advocates (DRA) hereby submits this protest of Pacific Gas and Electric Company's (PG&E) Advice Letter 4238-E (AL 4238). In AL 4238, PG&E seeks the California Public Utilities Commission's (Commission) approval of its 2012 Renewable Portfolio Standard (RPS) shortlist. DRA protests and recommends that the Commission approve AL 4238 without the following projects:

[REDACTED]

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<sup>1</sup> PAV "include[s] the following components: Location, RPS Portfolio Need, Energy Firmness, Contract Term Length (Tenor), and Curtailment." A higher PAV is more valuable than a lower one. PG&E 2012 RPS RFO, Attachment K, p. 7. PAV was calculated using the Commission's Energy Division's 2011 Project Viability Calculator. PAV and qualitative factors such as project viability, contribution to RPS goals, and supplier diversity are used to determine the shortlist.

<sup>2</sup> IE Report, p. 52.

**BACKGROUND**

The RPS program was established by California Senate Bill (SB) 1078, and made effective on January 1, 2003. It was significantly modified in 2011 by SB 2 (1X). Among other things, SB 2 (1X) raised the RPS goal of California Investor Owned Utilities (IOUs), such as PG&E, from 20 percent of retail sales by the end of 2010 to 33 percent by 2020. In order to meet its RPS goals, PG&E issues an annual RPS solicitation, in addition to other RPS procurement programs.

**DISCUSSION & RECOMMENDATION**

DRA protests AL 4238 and recommends the Commission remove the [REDACTED] projects from its shortlist. PG&E has not justified placing these projects on the shortlist in place of higher-PAV projects.

**A. THE COMMISSION SHOULD REMOVE THE [REDACTED] PROJECT FROM PG&E'S SHORTLIST**

[REDACTED]

<sup>3</sup> IE Report, p. 60.

<sup>4</sup> IE Report, p. A-2.

<sup>5</sup> PG&E 2012 RPS Shortlist, sent to PRG members May 8, 2013.

[REDACTED]

[REDACTED]

1. PG&E cannot justify selecting [REDACTED] over other projects with a higher PAV on the basis of [REDACTED]

The IE stated that a [REDACTED] However, PG&E has already accounted for [REDACTED] specifically including preference for projects [REDACTED]

<sup>6</sup> IE Report, p. 59.

<sup>7</sup> [REDACTED]

<sup>8</sup> IE Report, p. 41-42. NP-15 means north of Path 15, a major transmission line. PG&E's territory generally consists of the area north of Path 15 and the area within ZP-26, which is between NP-15 and SP-15 (south of Path 15). PG&E's 2012 RPS Goals criteria include Executive Order S-06-06, detailed in the following section.

<sup>9</sup> IE Report, p. 42. Specifically, the IE stated [REDACTED]

<sup>10</sup> PAV "include[s] the following components: **Location**, RPS Portfolio Need, Energy Firmness, Contract Term Length (Tenor), and Curtailment," emphasis added. PG&E 2012 RPS RFO, Attachment K, p. 7. PAV was calculated using the Commission's Energy Division's 2011 Project Viability Calculator. PAV and **qualitative** factors such as project viability, contribution to RPS goals, and supplier diversity are used to determine the shortlist.

<sup>11</sup> [REDACTED] On page 7-8 of Attachment K for PG&E's 2012 RPS RFO, PG&E states its preference for projects in NP-15/its service territory "is influenced by constraints... that may limit the amount of capacity in SP15 that PG&E can count toward

[REDACTED]

[REDACTED] using two different factors. DRA recommends the Commission remove [REDACTED] from PG&E's shortlist.

**2. The IE disagreed with PG&E's choice of [REDACTED] because [REDACTED]**

**and** [REDACTED]  
[REDACTED]

Arroyo, the IE for this solicitation, [REDACTED]

<sup>12</sup> [REDACTED]

As the IE stated:

[REDACTED]

<sup>13</sup> [REDACTED]

Furthermore, the IE noted [REDACTED] would contribute to [REDACTED] [REDACTED]. — This is contrary to PG&E's stated "strong preference... for RECs or Product from Projects that commence renewable energy deliveries to PG&E beginning in 2019-2020."<sup>15</sup> DRA recommends the Commission remove [REDACTED] from PG&E's shortlist.

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its RA requirement... The calculation of PAV effectuates this by adjusting the value of energy and capacity for offers from resources in SP15."

<sup>12</sup> IE Report, p. 50.

<sup>13</sup> IE Report, p. 52.

<sup>14</sup> IE Report, p. 59-60.

<sup>15</sup> PG&E 2012 RPS Solicitation Protocol, issued December 10, 2012. p. 4.

**3. [REDACTED] should not be approved based on the claim of a vague, undefined future need of PG&E for additional biomass projects**

Regarding the use of biomass for electricity, Executive Order S-06-06 mandates that California “meet a 20 percent target within the established state goals for renewable generation for 2010 and 2020.”<sup>16</sup> PG&E includes Executive Order S-06-06 in its 2012 RPS bid evaluation and selection criteria, under the RPS goals subsection.<sup>17</sup> [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] DRA recommends the Commission remove [REDACTED] from PG&E’s shortlist.

**4. PG&E has not justified shortlisting [REDACTED] after it has declined to shortlist [REDACTED]**

PG&E shortlisted [REDACTED] after rejecting comparable bioenergy projects [REDACTED] in other RPS procurement programs.<sup>18</sup> [REDACTED]  
[REDACTED]  
[REDACTED]

<sup>16</sup> Executive Order S-06-06.

<sup>17</sup> PG&E 2012 RPS RFO, Attachment K, p. 12.

<sup>18</sup> IE Report, p. 41.

<sup>19</sup> RAM 3 and the 2012 RPS Solicitation are comparable in terms of timing [REDACTED]. RAM 3’s deadline for submitted offers was December 21, 2012; the 2012 RPS solicitation’s deadline for bids was February 6, 2013. Additionally, in a response submitted April 30, 2013 to an informal DRA data request, PG&E provided data showing [REDACTED]  
[REDACTED]

<sup>20</sup> [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Despite this, PG&E chose to shortlist [REDACTED].

PG&E has not explained why ratepayers should fund the more expensive [REDACTED] project after declining to shortlist [REDACTED]. As the IE stated, [REDACTED]

[REDACTED],<sup>22</sup> and would cost ratepayers [REDACTED].<sup>21</sup> Since PG&E has not justified including [REDACTED] on its shortlist, the Commission should remove it from PG&E's shortlist.

**B. THE COMMISSION SHOULD REMOVE [REDACTED] FROM PG&E'S SHORTLIST, BECAUSE PG&E HAS NOT SUFFICIENTLY JUSTIFIED SELECTING THIS PROJECT [REDACTED]**

[REDACTED]  
[REDACTED]<sup>23</sup>  
[REDACTED]<sup>24</sup>

[REDACTED]

<sup>21</sup> IE Report, p. 59.

<sup>22</sup> IE Report, p. A-1. PAV value from PG&E 2012 RPS Shortlist, sent to PRG members May 8, 2013.

<sup>23</sup> IE Report, p. 59.

<sup>24</sup> IE Report, p. 41.

<sup>25</sup> IE Report, p. 42. Specifically, Arroyo stated it [REDACTED]

[REDACTED] However, on page 7-8 of Attachment K for PG&E's 2012 RPS RFO, PG&E states its preference for projects in NP-15/its service territory "is influenced by constraints... that may limit the amount of capacity in SP15 that PG&E can count toward its RA requirement.... The

[REDACTED] <sup>26</sup>  
[REDACTED]  
DRA recommends the Commission remove this project from  
PG&E's shortlist.

**C. THE COMMISSION SHOULD REMOVE THE [REDACTED] PROJECT  
FROM PG&E'S SHORTLIST BECAUSE IT [REDACTED]**  
[REDACTED]

[REDACTED]  
[REDACTED] <sup>27</sup>  
[REDACTED] <sup>28</sup>  
[REDACTED] <sup>29</sup>  
[REDACTED]

[REDACTED]  
[REDACTED] <sup>30</sup>  
[REDACTED] <sup>31</sup>  
[REDACTED]

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**calculation** of PAV effectuates this by adjusting the value of energy and capacity for offers from resources in SP15.” Emphasis added.

<sup>26</sup> PG&E 2012 RPS Shortlist, sent to PRG members May 8, 2013.

<sup>27</sup> IE Report, p. A-1. PAV value from PG&E 2012 RPS Shortlist, sent to PRG members May 8, 2013.

<sup>28</sup> IE Report, p. 42.

<sup>29</sup> Ibid.

<sup>30</sup> IE Report, p. 50.

<sup>31</sup> IE Report, p. 28.

[REDACTED] <sup>32</sup> [REDACTED]  
[REDACTED] <sup>33</sup>

[REDACTED]  
[REDACTED] <sup>34</sup>

[REDACTED]

## CONCLUSION

For the above reasons, DRA recommends that the Commission remove [REDACTED] from PG&E's 2012 RPS shortlist. Please contact David Siao at [ds1@cpuc.ca.gov](mailto:ds1@cpuc.ca.gov) or (415) 703-5251 with any questions regarding these comments.

/s/ Chloe Lukins

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Chloe Lukins, Program Manager  
Division of Ratepayer Advocates

cc: President Michael Peevey, CPUC  
Commissioner Carla Peterman, CPUC  
Commissioner Michel Florio, CPUC  
Commissioner Catherine Sandoval, CPUC  
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Karen Clopton, Chief Administrative Law Judge, CPUC  
Frank Lindh, General Counsel, CPUC  
Edward Randolph, Director, CPUC Energy Division  
Paul Douglass, CPUC Energy Division  
Brian K. Cherry, PG&E Vice President of Regulatory Relations  
Service List R.11-05-005 (Public)

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<sup>32</sup> IE Report, p. 56, 60, 50.

<sup>33</sup> PG&E 2012 RPS Shortlist, sent to PRG members May 8, 2013.

<sup>34</sup> IE Report, p. 20, 43-44.