

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION
ON THE RENEWABLE AUCTION MECHANISM**

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February 14, 2014

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Pursuant to the December 31, 2103 Ruling of Assigned Administrative Law Judge De Angeles in the above caption proceeding (“December 31 Ruling”), the Solar Energy Industries Association (“SEIA”)¹ replies to comments on issues pertaining to the Renewable Auction Mechanism (“RAM”) as set forth in Attachment A, Energy Division Summary & Questions on Future of RAM (“Energy Division Summary”) to the December 31 Ruling which were submitted in the above captioned proceeding on January 30, 2014.

I. INTRODUCTION

The opening comments confirmed the conclusion reached in the Energy Division Summary -- the RAM Program has been a successful procurement program.² Such success

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

² Energy Division Summary p. 13; Pacific Gas and Electric Company’s Opening comments in Response to Questions in Attachment A to the Administrative Law Judge’s December 31, 2013 Ruling Requesting Comments on the Renewable Auction Mechanism, R. 11-05-005 (January 30, 2014), p. 1 (“The RAM Program was effective at increasing procurement from relatively small, Renewables Portfolio Standard (“RPS”)-eligible generators with near-term online dates.”) ; Comments of Southern California Edison Company on Administrative Law Judge’s Ruling Requesting Comments on the Renewable Auction Mechanism, R. 11-05-005 (January 30, 2014), p. 2 (“RAM, however, provided valuable experience for the IOUs and developers regarding the value of a non-negotiable power purchase agreement (“PPA”) option for RPS-eligible procurement.”).

speaks to retaining the current structure of the program. In this regard, SEIA agrees with and supports the Reply Comments of the Large Scale Solar Association (LSA) that no wholesale changes be made to the program. Moreover, SEIA supports the following recommendations advanced by LSA in direct response to issues raised in opening comments:

- The RAM Program should be reauthorized as a separate program, not as an optional mechanism in the larger RPS Solicitation;
- Land use factors should not be included as qualitative bid evaluation factors;
- All renewable resources should be treated equally with regard to any subdivision rules;
- A locational adder should not be included in the RAM Program at this time; and
- Any changes to the RAM Power Purchase Agreement should be vetted by all parties prior to a RAM Auction.

In addition, SEIA further recommends that Southern California Edison Company's (SCE) proposed elimination of the independent power producer (IPP) portion of its Solar Photovoltaic Program (SPVP) after the SPVP 3 auction³ be rejected. Not only is such proposal procedurally invalid, but SCE's rationale for its elimination does not comport with the program's objectives.

II. SCE'S PROPOSED ELIMINATION OF THE SPVP MUST BE REJECTED

A. SCE's Proposed Elimination of the SPVP is Procedurally Invalid

The Commission has established directives to which SCE must adhere if it plans to procure less than 115 MW as part of the IPP portion of its SPVP:

³ Comments of Southern California Edison on Administrative Law Judge's Ruling Requesting Comments on the Renewable Auction Mechanism, R. 11-05-005 (January 30, 2014) , pp. 18-19.

If SCE plans to procure less than 115 MW of IPP PPAs⁴ by the end of year five [of the program], SCE must file a Tier 2 advice letter seeking authorization. The advice letter must be filed no later than 180 days before the end of year five.⁵

As recognized by SCE,⁶ if it is successful in procuring all of the 50 MW solicited as part of its SPVP 3 auction, it will have procured 75 MW under the IPP portion of the program -- far short of the minimum 115 MW required by the Commission. Thus, if SCE wants to eliminate the IPP portion of the SPVP program, it must file a Tier 2 advice letter requesting such result. It cannot request such relief as part of a restructuring of the RAM program.

B. The Requested Elimination of the SPVP Lacks Justification

The basis for SCE's request to eliminate the SPVP -- that the SPVP overlaps with other renewable procurement programs thereby creating unnecessary costs and administrative inefficiencies -- is simply not correct. Unlike other renewable procurement programs, the SPVP targets a very specific type of project -- "solar photovoltaic (PV) on existing commercial rooftops."⁷ The type of project targeted was a product of the program's primary objective, as recognized by the Commission in its approval of the program:

Given the magnitude of the state's renewable objectives, we find that the SPVP is a reasonable step to encourage development of more distributed renewable resources in the one to two MW range. *The SPVP projects can be located near load, thus avoiding the need to build new transmission facilities and help reduce local congestion.* The ability to deploy this technology quickly also can help advance California's broad goal of developing renewable energy and specifically help make progress toward the state's emphasis on developing distributed rooftop solar PV projects while other options are being considered.⁸

⁴ In granting SCE's request to reduce the IPP portion of the program from its originally authorized amount of 250 MW to 125 MW, the Commission set a floor of 115 MW. *See* Decision 12-02-035, p. 7

⁵ D. 12-02-035, p. 20.

⁶ SCE Comments, p. 18, note 8.

⁷ Decision 09-06-049, p. 2.

⁸ *Id.*, p. 11.

This critical program element -- targeting commercial rooftop solar projects and thus facilitating the construction of projects near load -- was further emphasized by the Commission when acting on a later filed petition by SCE to modify the program:

We continue the SPVP but reduce the UOG portion to 125 MW because we are motivated to secure savings. *We identified several factors for adopting SPVP initially, and those factors continue to apply.* For example, SPVP continues to be a reasonable way to encourage development of distributed renewable resources in the one to two MW range. *SPVP projects can be located near load (thus avoiding the need to build new transmission and helping reduce local congestion), and rapid deployment of SPVP facilities can advance California's broad goal of developing renewable energy (particularly specific development of distributed rooftop solar PV projects).*⁹

Developing projects near load and thereby avoiding the need to build new transmission was a primary factor behind the Commission's approval of the SPVP. Terminating the SPVP after the third auction would result in 50 MW of authorized procurement being lost to this program and this objective.¹⁰ Targeting MW through a non-negotiable PPA option in the RPS solicitation (which SCE offers as the alternative to continuation of the SPVP) will not likely result in PPAs being awarded to projects located in densely populated areas such as the Los Angeles basin (as would be the case with the SPVP).

Finally, it should be noted that developers have continued developing projects to be bid into the program with the anticipation of it continuing as approved and subsequently reaffirmed by the Commission. The elimination of the program at this stage would, in essence, inflict a financial penalty on these developers.

III. CONCLUSION

As concluded by the Energy Division:

⁹ Decision 12-02-035, p. 15.

¹⁰ The loss could be more if SCE does not successfully execute PPAs for 50 MW as a result of the SPVP3 auction.

The RAM program created a robust market for renewable energy projects sized 3 - 20 MW. The competition in this market has resulted in cost-effective procurement of viable projects, while minimizing transaction costs for the developer, the utilities, and the regulator relative to the annual RPS solicitations.¹¹

The Commission should build on this success and, for the reasons espoused in the opening comments of the Joint Solar Parties,¹² authorize an additional 1,000 MW to be procured through the program. Moreover, the Commission should not allow the IOUs to use the Commission's deliberations regarding the future of the RAM Program to skirt their obligations under other programs designed to promote specific Commission objectives, such as the SPVP.

Respectfully submitted this February 14, 2014 at San Francisco, California.

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By /s/ Jeanne B. Armstrong
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¹¹ Energy Division Summary, p. 13.

¹² The Joint Solar Parties are comprised of SEIA, LSA and the Vote Solar Initiative.

VERIFICATION

I am the attorney for the Solar Energy Industries Association (SEIA) in this matter. SEIA is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of the SEIA for that reason. I have read the attached "Reply Comments of the Solar Energy Industries Association on the Renewable Auction Mechanism." I am informed and believe, and on that ground allege, that the matters stated in this document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 14th day of February 2014, at San Francisco, California.

/s/ Jeanne B. Armstrong

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