

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

Order Instituting Rulemaking to Oversee
the Resource Adequacy Program, Consider
Program Refinements, and Establish
Annual Local Procurement Obligations

Rulemaking R-11-10-023

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE
ON WORKSHOPS AND ENERGY DIVISION PROPOSALS**

March 3, 2014

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**REPLY COMMENTS OF THE GREEN POWER INSTITUTE
ON WORKSHOPS AND ENERGY DIVISION PROPOSALS**

Pursuant to the August 2, 2013, *Phase 3 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, in Rulemaking R.11-10-023, the **Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations**, the Green Power Institute (GPI), the renewable energy program of the Pacific Institute for Studies in Development, Environment and Security, respectfully submits these *Reply Comments of the Green Power Institute on Workshops and Energy Division Proposals*. Our interest in this proceeding is focused on developing the means to derive as much capacity and flexible-capacity value as possible out of the fleet of preferred resources that are supplying power to the grid, thereby limiting the need to provide these services using conventional generating sources. Our *Reply Comments* address other parties' *Comments* on the RA proposals for intermittent resources, and for storage resources.

The Staff Proposal points out that the marginal capacity value of a new MW of a given generating resource declines as the installed capacity increases. In their *Comments*, Sierra Club / Vote Solar Initiative argue that the RA value for solar should not be a declining function, due to the countervailing influence of coming structural changes in the state's energy system, including plug-in electric vehicles (PEV), and storage. We also believe in the potential for PEVs and storage to transform demand profiles, but we do not agree that the effects of declining marginal capacity value with installed capacity should be completely ignored at this point in time. In particular these are new technologies, and their rate of market penetration over the coming years is highly uncertain. The proper way to deal with the effect of increasing market size for solar is to factor it into the determination of the decline in capacity value, and to update the calculations frequently as the markets develop.

ORA, in their *Comments*, express the concern that failing to assess RA values on a project-specific basis will fail to reward the development of ideal sites, and the use of high-efficiency equipment. Many additional parties also argue for more disaggregated and/or project-specific RA determinations. We believe that ORA's concerns are overstated, considering the fact that the RA value of intermittent resources is a secondary value to the overall package they represent. The primary value of these resources comes through their PPAs, and in the opinion of the GPI, the competitive RPS solicitation program already provides strong incentives for the use of high-efficiency equipment and high-quality sites.

On the other hand, we agree with the parties on a broader level that more project-specific determinations would be superior. This is the method that is used for conventional resources, and we have to wonder whether using it for intermittent renewables would be any more work than determining the 1,080 values described in the Staff Proposal.

Finally, we agree with SCE that the process of determining RA values for intermittent resources needs to have full transparency, and we share the CAISO's concern that the development of the methodology is not as far along as it needs to be.

Dated March 3, 2014, at Berkeley, California.

Respectfully Submitted,



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