Center for Sustainable Energy CALIFORNIA

June 10, 2014

CPUC, Energy Division
Attention: Tariff Unit
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SUBJECT: Reply to Protest of CCSE Advice Letter 47 / PG&E Advice Letter 3474-G/4417-E / SCE Advice Letter 3038-E / SoCalGas Advice Letter 4644: Proposed Modifications to Self-Generation Incentive Program Handbook to include revised capacity rating methodology for Pressure Reduction Turbines and Waste Heat to Power Technologies and the inclusion of conventional topping cycle Steam Turbines.

Pursuant to Rule 7.4.3 of General Order 96-B, the California Center for Sustainable Energy (CCSE), on behalf of the Self-Generation Incentive Program (SGIP) Program Administrators (PAs),[1] hereby replies to the Protest of CCSE Advice Letter 47 / PG&E Advice Letter 3474-G/4417-E / SCE Advice Letter 3038-E / SoCalGas Advice Letter 4644 (Advice Letter), filed by the Association of California Water Agencies (ACWA).

BACKGROUND

On September 8, 2011, the California Public Utilities Commission (CPUC or Commission) issued Decision (D.)11-09-015. This Decision modified SGIP eligibility to include Pressure Reduction Turbine (PRT) and Waste Heat to Power (WHP) technologies and required that the PAs develop sizing criteria for these two technologies. Consequently, the PAs based the sizing of these technologies on the following criteria:

1. For PRT technologies, the generating system capacity is the operating capacity based upon the average annual pressure drop across and flow rate through the turbine.

[1] The SGIP PAs are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and CCSE in the service territory of San Diego Gas & Electric Company (SDG&E).

2. For WHP technologies, the generating system capacity is the operating capacity based upon the average annual available waste heat production rate and temperature.

A PRT developer notified the PAs that basing the sizing of their technology upon average annual operating conditions results in a reduction in the rated capacity of their systems to less than optimal levels. There are times during the year when their systems do not operate due to lack of flow and pressure; other times, when there are peak flows, they operate at a much higher rated capacity.

It was recommended to base the capacity rating of these technologies upon average operating conditions only while the unit is operating. This same logic applies to WHP technologies where waste heat may not be available year-round. In agreement with this recommendation, on May 14, 2014, CCSE, on behalf of the SGIP PAs, filed the Advice Letter to propose modifications to SGIP Handbook sections 1.3, 2.3.1, 2.5.1, 3.1, 3.3.3, 4.4.2, and 4.4.8 to include revised capacity rating methodology for PRT and WHP technologies and to include conventional topping cycle Steam Turbines in the SGIP.

On May 28, 2014, the Association of California Water Agencies (ACWA) protested the Advice Letter.

CCSE, on behalf of the SGIP PAs, hereby submits this Reply to Protests pursuant to Rule 7.4.3 of General Order 96-B.

PROTEST

ACWA protests the Advice Letter on two grounds:

1) The generating system rated capacity for PRT technologies is based upon recorded pressure and flows solely from the previous year; and
2) The proposed modifications will not be retroactive for not-yet-constructed PRT installations.

RESPONSE

The SGIP PAs have discussed ACWA's Protest and hereby respond to each ground for the Protest:

I. Generating System Rated Capacity for PRT Technologies Based upon Recorded Pressure and Flows Solely from Previous Year

The SGIP PAs have found merit with ACWA's request to allow the flow used to determine generating system rated capacity to be based upon either historic flows or,

additionally as requested by ACWA, upon engineering determination if the project is new construction. The SGIP PAs are therefore willing to submit a supplemental advice filing to incorporate the aforementioned recommendation by ACWA to clarify that the rated capacity may be determined by the average pressure drop across and flow through the turbine, when flow exists, as determined by historical flow and pressure data from the previous year, if available, or from an engineering estimate for new construction projects.

II. Proposed Modifications will not be Retroactive for Not-Yet-Constructed PRT Installations

PRT and WHP technologies are classified under the SGIP as renewable technologies and, per D.11-09-015, receive annual incentive reductions of 5% with the first reduction beginning in program year 2013. Considering that the benefit of this proposed modified capacity sizing requirement was not made available to all potential applicants during previous program years, the PAs do not support ACWA's request that the modifications be retroactive for those not-yet-constructed PRT installations. If these modifications were to be retroactive, it may be considered an unfair advantage to customers who happen to hold active PRT reservations from previous program years. For these reasons, the PAs respectfully defer this portion of the protest to Energy Division with a recommendation to deny this request.

CONCLUSION

The SGIP PAs are willing to submit a supplemental advice filing to incorporate the recommendation by ACWA to clarify that the rated capacity may be determined by the average pressure drop across and flow through the turbine, when flow exists, as determined by historical flow and pressure data from the previous year, if available, or from an engineering estimate for new construction projects.

With respect to ACWA's request that the modifications be retroactive for not-yet-constructed PRT installations, the SGIP PAs respectfully defer to Energy Division Staff with a recommendation to deny this request.

Sachu Constantine
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California Center for Sustainable Energy

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