BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 18-07-003 (Filed July 12, 2018)

OPENING COMMENTS OF SMALL BUSINESS UTILITY ADVOCATES ON BIOENERGY MARKET ADJUSTING TARIFF (BIOMAT) PROGRAM REVIEW AND STAFF PROPOSAL

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December 7, 2018

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I. INTRODUCTION

The California Public Utilities Commission (Commission) opened this proceeding as a successor to R.15-02-020 to integrate new legislative mandates and administrative requirements into the Renewables Portfolio Standard (RPS) program.[1] In D.14-12-081, the Commission directed the Energy Division to review the Bioenergy Market Adjustment Tariff (BioMAT) program.[2] On October 30, 2018, Energy Division served the "Bioenergy Market Adjusting Tariff (BioMat) Program Review and Staff Proposal" (Proposal) on the service list of this proceeding.

Small Business Utility Advocates (SBUA) generally supports the recommendations made by the Energy Division and in particular several options in the Proposal that would be beneficial for small businesses and other ratepayers.[3] We therefore are submitting the following comments to support the Proposal as well as to suggest ways to improve certain aspects of the Energy Division's recommendations.

[1] Order Instituting Rulemaking, at 2.
[2] D.14-12-081, Ordering Paragraph 9, at 93.
[3] SBUA filed a motion for party status on September 20, 2018. The Commission approved SBUA's motion for party status on October 15, 2018.

II. DISCUSSION

SBUA's comments follow the number designation given to topics in the Proposal. Where SBUA has no comment, those issues have been omitted.

2. Price Adjustment Mechanism (page 13 of Proposal)

The Energy Division has proposed several alternatives for consideration on how best to deal with price adjustment mechanism. SBUA recommends that the Commission adopt the proposal for a fixed price feed-in tariff (FiT) as best suited to meet the needs of ratepayers.[4]

We agree with the Energy Division that the pricing mechanism should be revised to "simplify the pricing mechanism so that adjustments are more predictable and better able to respond to market activity."[5] Simplicity is a key element for small businesses and other ratepayers, and the alternate proposal to offer a fixed price feed-in-tariff (FiT) best achieves these objectives. As indicated by the Proposal, a FiT mechanism would provide a simple procurement process while also reducing administrative costs.[6] In order to simplify the participation for small businesses, a simplified procurement process with predictable costs is needed and the FiT proposal best achieves these goals.

The Proposal notes that in order to implement the FiT mechanism, "the Commission would have to identify an objective method to set the tariff prices within each category and a mechanism to periodically review and revise those prices over time."[7] SBUA proposes that the Commission use a combination of the following: bid prices from previous projects; the prices offered for successful biomass FiT programs in Ontario, Vermont and Nova Scotia; and, as necessary, engineering analysis of the cost of facilities.

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[4] Staff Proposal, at 14.
[5] Staff Proposal, at 14.
[6] Staff Proposal, at 14.
[7] Staff Proposal, at 14-15.

The other price adjustment mechanisms discussed in the Proposal, while laudable, fall short of achieving the goal of simplicity. The first option, to implement an adjusting price mechanism proposal, would continue to impose costs and uncertainty on potential providers. Even if a developer or facility owner is reasonably confident of the cost at which it will be able to develop a project, it does not know what price the project will receive when it is sufficiently developed to participate in the procurement process. This uncertainty is particularly difficult for small businesses to accommodate, either as potential host or as developer, given more limited management and financial resources than larger entities. Similarly, the second discussed alternative of a Renewable Auction Mechanism (RAM) reduces price certainty, [8] which impacts small businesses' ability to participate in Commission approved programs. Therefore, the FiT proposal should be implemented over the adjusting price mechanism and RAM alternatives.

7. Increase the Generation Limit for BioMAT Deliveries (page 17 of Proposal)

SBUA supports the Energy Division's recommendation to remove the current 3 MW cap on generation that is eligible for payment through BioMAT and expand eligibility to up to 5 MW.[9] The Commission should consider having a lower price for generation over 3 MW in order to reflect the economies of scale in technology, design, permitting and participation in the procurements.

10. Cost Allocation (page 18 of the Proposal)

The Energy Division recommends allocating program costs through a non-bypassable charge to ensure equity among all customers.[10] SBUA suggests that this proposal be revised to specify that costs will be recovered through a dollar per MWh charge. Utilizing a dollar per

[8] Staff Proposal, at 15
[9] Staff Proposal, at 17.
[10] Staff Proposal, at 18.

MWh fee will provide an easy to understand and predictable charge for customers, both of which are important for small businesses who often do not understand complicated charges.

III. CONCLUSION

SBUA appreciates the efforts of staff in devising the Proposal and respectfully requests that the Commission adopt the above recommended changes.

Dated: December 7, 2018

Respectfully Submitted,

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