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CLEAN COALITION
Making Clean Local Energy Accessible Now

Community Update | April 17, 2012

Dear Clean Coalition Friends,

Since the last newsletter, there have been a number of important developments.

CLEAN Programs continue to gain momentum in the wake of the launch of Palo Alto CLEAN and formal approval of the CLEAN LA Solar Program, which took a large step forward last week as the Los Angeles Department of Water and Power won final approval from the City Council and the Mayor of Los Angeles to purchase up to 150 megawatts (MW) of clean local energy. Next week, the Clean Coalition — in collaboration with the Solar Electric Power Association (SEPA) — will present a webinar detailing the benefits of cost-effective CLEAN Programs for utilities across the United States. Lastly, Vermont remains on track to triple the size of their statewide CLEAN Program as legislation moves from their state House to the Senate.

On the regulatory front, the California Public Utilities Commission (CPUC) issued its Proposed Decision on SB 32 implementation. The CPUC also received a proposed Rule 21 Settlement Agreement from settlement parties.

Please find updates on the following items in this month's newsletter:

- Featured Event: Webinar hosted by SEPA will highlight Clean Program benefits to utilities
- Opening comments filed for CPUC's Proposed Decision on SB 32
- California utilities agree to move beyond 15% penetration limit for DG
- CLEAN LA Solar Program wins critical approval
- Vermont House votes to expand statewide CLEAN Program

Thank you for supporting the Clean Coalition, and the organization's pursuit of making clean local energy accessible now.

Sincerely,
Craig Lewis

Featured Event: Webinar hosted by SEPA will highlight CLEAN Program benefits to utilities

The Clean Coalition, in partnership with the Solar Electric Power Association (SEPA), is excited to present "CLEAN Programs: Helping Utilities Meet Renewable Energy Goals" — an informative webinar at 11 am PST (2 pm EST) on Thursday, April 26.

This webinar will explain the benefits of CLEAN Programs and examine Palo Alto CLEAN, the City of Palo Alto's recently implemented solar energy program. Speakers include Craig Lewis, Executive Director of the Clean Coalition; Jon Abendschein, Senior Resource Planner at the City of Palo Alto Utilities; and Darren Deffner, Policy Director of SEPA.

As a member of the Clean Coalition community, complimentary participation is provided for this event through the discount code *April12-CleanCoalition*. For additional details, including information on how to register, please visit www.solarelectricpower.org/events/webinars.aspx.

Opening comments filed for CPUC's Proposed Decision on SB 32

On April 9, the Clean Coalition submitted opening comments to the CPUC in reference to its

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In the News

More Evidence of a Distributed Solar Sweet Spot | Renewable Energy World | March 28, 2012

Renewable energy can compete on cost and distributed renewable energy has a lot more value beyond just electricity, as illustrated in one facet of this brief examination by the Clean Coalition.

CPUC offers proposed modifications to California feed-in tariff | Solar Server | March 23, 2012

Ted Ko, Associate Executive Director at the Clean Coalition, offers analysis on the latest proposed changes to SB 32.

See the Clean Coalition website for additional news.

Upcoming Events

April 24, 2012 | The Basics of Solar Rooftop Leases: Top Lease Issues for Property Owners | Online Webinar

Stephanie Wang, Director of Programs and Campaigns at the Clean Coalition, will speak on this webinar on Tuesday, April 24 at 11 am PST.

April 26, 2012 | CLEAN Programs: Helping Utilities Meet Renewable Energy Goals | Online Webinar

Craig Lewis, Executive Director at the Clean Coalition, will present at this Solar Electric Power Association (SEPA) webinar on Thursday, April 26 at 11 am PST.

April 27, 2012 | Los Angeles

March 20 Proposed Decision (PD) implementing Senate Bill (SB) 32*.

Although the PD included a number of Clean Coalition recommendations, such as the use of volumetric price adjustments (see February newsletter), the Clean Coalition is exploring an Alternate Decision to create a far stronger SB 32 program.

Under the banner of minimizing ratepayer costs, the PD creates a program that more closely resembles an auction than a CLEAN Program. The contract price paid for electricity will adjust monthly based on small "triggers", meaning only one or two projects in a month can alter the contract price paid for electricity in the following month. Under the PD, by starting the pricing process very low, only the riskiest, most speculative projects are likely to receive contracts, and this situation is likely to pressure more developers to make project bids based on risky, speculative pricing for fear that the contract price will continue to drop. The result would be a lack of certainty for project developers and an unacceptably high failure rate for bringing projects online within a reasonable timeframe.

The Clean Coalition's overarching recommendation to fix the PD is to increase the entire program size, so the volumetric price adjustments can be larger. In particular, the Clean Coalition suggests that the CPUC raise the investor owned utility (IOU) requirement from 500 MW to 1,000 MW. The PD only provides a very small amount of new capacity in the program for the IOUs, since subscriptions to the program preceding SB 32 has already filled much of the IOU's 500 MW capacity. Depending on calculation methods, the new capacity may comprise as little as 100 MW across all the three major IOUs. In addition to expanding the program size, the Clean Coalition believes that adjusting the triggers and setting a price floor will provide the certainty developers need and prevent developers from "committing to" non-viable projects that will not be built in the end.

Many other organizations, including the Solar Electric Industries Association (SEIA) and the Sierra Club, agree with the Clean Coalition's concerns and recommendations. The Clean Coalition will continue to play an active role in shaping SB 32 and will keep its community informed of vital developments.

* SB 32 is enacted legislation that requires the expansion of California's existing, albeit small, AB 1969 CLEAN Program. Among other things, SB 32 expands the AB 1969 program size from 500 MW to 750 MW of clean local energy and increases the eligible project size from 1.5 MW to 3 MW.

California utilities agree to move beyond 15% penetration limit for DG

Advocates of clean local energy in California scored a regulatory victory earlier this month as the state's IOUs agreed to a proposed settlement with the Clean Coalition and other parties to move beyond the existing 15% penetration limit for Distributed Generation (DG).

The proposed settlement would Fast Track interconnection of DG projects up to 100% of coincidental minimum load, and this new standard will result in as much as a threefold increase in the level of DG penetration allowed in Fast Track. Under the previous arbitrary 15% peak load limit, DG projects only generating 30-50% of coincidental minimum load were eligible for Fast Track. The CPUC is expected to approve the settlement by mid-summer

In addition to raising the DG limit, the settlement also contains a number of other provisions that support increased generation of clean local energy in California. First, the state's utilities will now offer project developers a report regarding the interconnection potential of a specific location before the developer submits an interconnection application. Second, facilities up to 3 MW will now be able to apply under Fast Track automatic approval screening processes, including a Supplemental Review option, designed to resolve issues arising from the screening process that may be addressed without full system impact modeling studies. Clear timelines have also been adopted for these processes. The Fast Track process will be completed within three weeks, and the Supplemental Review process will be completed within one month.

Despite these gains, challenges still persist. In particular, more work is needed to enable project developers to accurately determine interconnection costs and liabilities early in the planning process. For example, all parties agree that providing clear cost certainty is a high priority, and the Settlement requests that the Commission immediately address the cost certainty issue through a public proceeding.

Business Council Sustainability Summit | Los Angeles, CA

The Clean Coalition is proud to be a cooperating organization in the 2012 Sustainability Summit, taking place in the LEED Gold Harold M. Williams Auditorium at the Getty on Wednesday, April 27 from 7:30 am to 2:00 pm.

See the Clean Coalition website for additional upcoming events.

Recent Regulatory Filings

CAISO | Deliverability of DG Draft Final Proposal | April 12, 2012

This filing represents the Clean Coalition's comments supporting the development of CAISO's proposal for Deliverability of DG with proposed modifications on base case, COD timelines, and allocation timelines.

CPUC | SB 32 Proposed Decision | April 9, 2012

This filing represents the Clean Coalition's opening comments on the Proposed Decision, calling for a doubling of the program size, larger product buckets, a price floor, a 25-year contract, and a number of other recommendations.

CPUC | RAM PPAs | April 9, 2012

This filing represents the Clean Coalition's arguments in opposition to proposed PPA language which would allow "unilateral termination right for Buyer in the event that expected ratepayer reimbursed transmission system upgrade costs increase by more than 10% over estimates provided by Producer when it bid into the solicitation."

CAISO | Cost Allocation | March 29, 2012

This filing represents the Clean Coalition's comments supporting the proposal on cost allocation principles but highlighting issues with clarity in definition and application, particularly related to cost causation, simplicity, equal treatment, and recommending boundaries limiting application from distribution connected projects that do not seek ISO services.

FERC | SEIA Petition for

The Clean Coalition was a leading participant in the settlement negotiations and sees the outcome as an important incremental victory on the road to far greater interconnection reform. Now, the Clean Coalition is supporting a petition at the Federal Energy Regulatory Commission to adopt some of these improvements in national standards. Resolving the remaining issues will continue to be a major focus for the Clean Coalition until efficient and predictable interconnection processes are fully implemented at both the state and federal jurisdictional levels.

CLEAN LA Solar Program wins critical approval

The CLEAN LA Solar Program continues to move forward after winning critical approval from the Los Angeles City Council. On April 3, the City Council authorized the Los Angeles Department of Water and Power (LADWP) to purchase up to 150 MW of solar power generated by local property owners, and the Mayor signed the new ordinance on April 11.

To launch the CLEAN LA Solar Program, LADWP will begin with a 10 MW pilot program that launches this month. LADWP will use this pilot program to gauge customer interest at different project size ranges and determine appropriate pricing levels. After the successful completion of the pilot, LADWP plans to expand the program to 75 MW, opening this capacity by early 2013. LADWP may further expand program capacity by another 75 MW to a total of 150 MW. LADWP expects the entire program capacity — either 75 MW or 150 MW — to be online by the end of 2016.

According to the Los Angeles Business Council (LABC), a fully subscribed 150 MW program would create 4,500 jobs, generate $500 million in economic activity and offset 2.25 million tons of carbon dioxide emissions.

The Clean Coalition is optimistic that the pilot project will prove successful and LADWP will act quickly to expand the program to at least 75 MW, which is sized to match the utility's allocation for renewable energy generation under SB 32.

As a strong supporter of the CLEAN LA Coalition, the Clean Coalition congratulates the LABC and all of other organizations that have advocated tirelessly to bring clean local energy to Los Angeles.

Vermont House votes to expand statewide CLEAN Program

On March 21, the Vermont House voted to approve the Clean Energy Bill (H. 468), which is designed to expand the Vermont's existing CLEAN Program, set ambitious renewable energy production targets, and create a new Renewable Portfolio Standard (RPS) for the state's energy producers. The bill is now under consideration in the Vermont Senate, where the Committee on Natural Resources and Energy is conducting an in-depth review. The Clean Coalition fully supports H. 468 as a strong step towards accelerating the transition to clean local energy in Vermont.

As written, H. 468 would significantly expand the state's CLEAN Program, known locally as the Standard Offer program, from 50 MW to 150 MW by adding 10 MW annually to the program for ten years, beginning April 2013. The Standard Offer program, which guarantees long-term, fixed price contracts to renewable energy generators, has proven to be one of Vermont's best tools to promote the rapid development of cost-effective renewable energy projects.

H. 468 also sets ambitious renewable energy production goals and requirements for the state and its utilities. The bill calls for 75% of the state's total energy to be produced by renewable sources by 2032. Additionally, the bill creates an RPS, requiring the state's utilities to have a portfolio with at least 35% "new renewables" by 2032. Within this 35% requirement, 10% must come from DG projects of 5 MW and smaller.

Rulemaking | March 27, 2012

This filing represents the Clean Coalition's comments supporting the SEIA Petition for Rulemaking to modify the 15% SGIP penetration screen and to suggest an expanded scope for the new rulemaking.

CAISO | FERC Order 1000 | March 26, 2012

This filing represents the Clean Coalition's comments on CAISO compliance with FERC Order 1000 transmission planning requirements and corrective measures emphasizing mandated consideration of non-transmission alternatives, attention to public policy goals, cost allocation, and inclusion of CPUC "high DG" planning scenario when evaluating transmission requirements.

CAISO | Generator interconnection procedure | March 23, 2012

This filing represents the Clean Coalition's comments which focus on increased queue transparency and the importance of fixing Fast Track and ISP.

See the Clean Coalition website for additional regulatory filings.

About the Clean Coalition

The Clean Coalition is a nonprofit organization whose mission is to implement policies and programs that transition the world to cost-effective clean energy now while delivering unparalleled economic benefits. The Clean Coalition believes that the right policies will result in a timely transition to clean energy while yielding tremendous economic benefits, including new job creation, increased tax revenue, and the establishment of an economic foundation that will drive growth for decades. The Clean Coalition is active at the national, state, and local levels.

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