BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's own motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.	Rulemaking 11-09-011 (Filed September 22, 2011)

CLEAN COALITION REPLY COMMENTS ON
STAFF PROPOSALS FOR COST CERTAINTY &
RESPONSE TO QUESTIONS REGARDING
ISSUES, PRIORITIES AND RECOMMENDATIONS FOR
ENERGY STORAGE INTERCONNECTION

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September 26, 2014

CLEAN COALITION REPLY COMMENTS ON STAFF PROPOSALS FOR COST CERTAINTY & RESPONSE TO QUESTIONS REGARDING ISSUES, PRIORITIES AND RECOMMENDATIONS FOR ENERGY STORAGE INTERCONNECTION

On July 29, 2014, Administrative Law Judge Bushey issued a Ruling Setting Schedule for Comments on Staff Reports and Scheduling a Prehearing Conference in this docket. The Ruling appended two attached staff reports: Cost Certainty for the Interconnection Process: Staff Proposal; and Issues, Priorities and Recommendations for Energy Storage Interconnection: Staff Proposal and invited Parties to comments. The Clean Coalition here responds to comments filed September 12, 2014 on both reports and responses to specific questions requested by staff regarding Energy Storage Interconnection.

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources, such as distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also works with utilities to develop Community Microgrid projects that demonstrate that local renewables can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability. The Clean Coalition participates in numerous proceedings in California agencies and before other state and Federal agencies throughout the United States.

Our comments are summarized as follows. The Clean Coalition:

- disputes the Joint Utilities assertion that it is premature to adopt any cost certainty proposal;

- disputes the Joint Utilities assertion that the Staff Proposal fails to consider the impact of Rule 21 Reforms;
- disputes the Joint Utilities assertion that the Staff Proposal (and by implication prior proposals of Parties) fails to consider the underlying causation for cost estimate uncertainty;
- substantially concurs with the Joint Utilities objections to shareholder cost estimate exceedance liability in the Staff Proposal and we offer a new alternative;
- affirms the need to address California's relatively high interconnection costs;
- agrees with the Joint Utilities objection to oversight of Storage Safety Plans, but disagrees with their objections to allowing applicants to propose alternative interconnection schemes;
- supports several modifications to the Staff Proposal recommended by IREC;
- supports Pristine Sun's call for a re-examination of the financial security requirement process; and
- addresses ORA's legitimate concern regarding cost shifting.

I. Discussion

a. Joint Comments of SCE, SDG&E, and PG&E (the investor owned utilities or "IOUs")

i. Cost certainty proposal

Impact of Rule 21 Reforms

The IOUs incorrectly claim that the Staff Report and preceding Party Briefs and Proposals fail to address the impact of Rule 21 Reforms (Joint IOU opening comments, p. 12), and then argue that it is premature to adopt any cost certainty proposal without waiting for previous reforms to be given more time to demonstrate their improvements and reviewed (id., p. 24). The Clean Coalition and other parties offered proposals on cost certainty that considered the full context of the reforms previously developed by these same Parties in the Rule 21 Settlement process, including the Distribution Group Study track and Pre-Application Report option. As this topic was scoped in the original 2011 OIR for this proceeding[1], parties were always aware of the interrelationships of topics. The Clean Coalition provided written comments as early as October of 2011 proposing both the Pre-Application Report and our original cost averaging proposal addressing cost certainty and cost allocation between applicants. The subsequent February 2012 Settlement specifically identified both cost certainty and the development of the distribution group study process as appropriate next steps. [2] While the Commission had not yet formally adopted some of these

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[1] R. 11-09-011 OIR dated September 27 2011, p.6:

> Issue 4: Cost Allocation for Infrastructure Upgrades
>
> Review existing infrastructure upgrade cost-allocation rules including, but not limited to, the following:
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> • Evaluate mechanisms to improve cost certainty around infrastructure upgrades throughout the interconnection study process.
>
> • Evaluate methodologies to allocate infrastructure upgrade costs between generators and ratepayers.

[2] Rule 21 Settlement Agreement

> Sec. H. ***Cost Certainty:*** The IOUs and the Settling Parties agree that the Commission should take into consideration in Phase 2 that resolving the issue of cost certainty is a high priority and that the key issues are: (1) the variability of potential costs, and (2) the potentially lengthy time frame before final costs are known, including the fact that the Revised Rule 21 Tariff allows the developer to execute an interconnection agreement and get interconnected before receiving a final cost estimate.

ATTACHMENT B: Recommended Scope of Phase 2 Issues

> 3. Cost allocation and certainty issues, including but not limited to: earlier cost certainty, cost averaging, cost sharing, distribution system upgrades appropriate for rate-based support, data reporting to improve cost predictability, cost

reforms, the parties and staff remained fully cognizant of them prior to the development of the various cost certainty improvement proposals and workshops.

Beyond this, the reforms adopted to date do not, and were not intended to, address the issue of cost certainty, as evidenced by the specific agreement to address this issue immediately after the adoption of the initial tariff reforms. This contradicts the IOU argument that the revised queue information, the Pre-Application Reports and Distribution Group Study Process combine to create an effective reform package that weighs against additional improvements at this time.

While the Clean Coalition strongly supports the previously adopted reforms, and even initiated many, we believe that much more needs to be done to improve the Rule 21 interconnection process. The Cost Certainty improvements are a major next step in improving Rule 21. We hope that the Commission will continue with its reform efforts to successfully accommodate both the growing customer demand for interconnecting distributed resources and the ratepayer benefits targeted in the Distribution Resource Planning process. While improvement is inherently incremental, we believe these are important steps toward increasingly efficient and even future automated "plug and play" processes ("Interconnection 3.0") under which customers could query an online interconnection cost calculator to determine charges associated with their proposed system.

We agree that the new queue information and PAR process do provide some good information, and by all accounts the new PAR process has worked quite well for both IOUs and applicants. However, the PARs provide no cost

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assignment of planned distribution system upgrades, curtailment as a method of avoiding triggered upgrades, development of an online portal for applying for a Pre-Application Report.

5. The Distribution Group Study Process.

information, and the information provided is heavily caveated in terms of its provisional nature. As such, it should in no way be considered a substitute for the Cost Certainty proposals under consideration.

The Pre-Application Report was intended to address the related issue of cost predictability, which is an equally important but distinct concern. Some cost certainty proposals, such as pre-established pricing, address both predictability and final cost certainty simultaneously, and we strongly favor measures to improve cost predictability[3], but we should avoid conflating the two issues.

Likewise, regardless of whether the DGSP proves to be a major improvement to Rule 21, it has no bearing, by definition, on the Cost Certainty proposals that only apply to Fast Track and ISP projects.

In sum, the prior reforms should in no way be considered justifications for delaying implementation of any new Cost Certainty option(s).

Lastly, we note that the Staff Report correctly identifies cost estimate negotiations as a major cause of dispute and delay[4] in the execution of Interconnection Agreements (IAs), through the period subsequent to the adoption of tariff reforms. We agree that consistent and objective cost estimation practices will greatly reduce the likelihood of disputes.

Causation of Cost Estimate Uncertainty

The IOUs characterize the causes of cost estimate uncertainty as being largely outside their responsibility. We dispute this characterization. While "project modifications" may indeed impact estimates, there has been no proposal that

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[3] The Clean Coalition has proposed the publication of "cost guides" for distribution facilities and development, mirroring the reporting practice currently employed for transmission system, and have continually supported ongoing improvement in the interconnection maps.

[4] Staff Report on Cost Certainty for the Interconnection Process at pp3-5.

estimates should not be adjusted to reflect modifications if they occur. Likewise, we do not understand the Staff Proposal as requiring utilities to bear cost responsibility for "decisions made by prior-queued project developers." However, where electrically dependent projects are eligible for firm estimates, the utility is reasonably held responsible for identifying this possibility, determining the maximum cost impact potential, and accurately assessing the actual cost impact if such a change does occur.

The party providing interconnection cost estimates and final cost determination has a responsibility to ensure and even warrantee the accuracy of the figures they provide. As the sole operator of its distribution grid, a utility is reasonably responsible for understanding changing grid conditions associated with its own operations or other interconnections for which it has existing agreements; where grid conditions change due to actions of the utility customers after an interconnection agreement is signed, that cost responsibility is properly allocated to the utility customers, and should not impact an interconnection agreement executed prior to the event.[5] Last, regarding "issues that crop up during the construction process," is the purpose of a cost estimate not precisely to accurately assess such issues?

As the (sole) provider of all interconnection services and distribution upgrades, the local utility is naturally positioned to stand behind its estimates by amortizing any risk of excessive final cost differences across all of its interconnection agreements. As the IOUs have previously reported only rare instances of underestimating costs by more than 10%, and no instances exceeding 25%, the adoption of the proposed 10% "cost envelope" presents negligible risk to the utilities while eliminating the much more significant impact applicants experience from the current estimation practice. This can be, in particular, a

[5] However, we would recommend a provision to allow the utility to buy back the interconnection agreement, making the applicant whole from actual losses, where this would result in lower ratepayer impact than fulfillment of the agreement to interconnect.

serious problem when developers are seeking financing to develop projects subject to these uncapped potential cost liabilities. Financiers see any factors that may lead to much higher costs as serious obstacles.

Moreover, it remains an objective of the Clean Coalition to improve the access of all customers to participate in the provision of power and associated services for their community. Simplifying and streamlining the interconnection process is a major part of that objective. Other nations, primarily Germany and Japan, have demonstrated the effectiveness of unleashing their populace to produce wholesale power. Large percentages of both countries' booming renewable energy sectors are small system owners including household, small commercial, agricultural and community share projects, showing that renewable energy development doesn't have to be purely a deep-pocket game. California has for too long ignored the opportunity for broad economic participation in its renewable energy and climate change policies and we strongly urge the Commission to consider the economic benefits to people of all income levels from the ability to be part of this nascent green power revolution: as has been the case in Germany, Japan and other jurisdictions.

The Joint IOUs also argue, if the Commission insists on taking action at this time, in favor of their original Fixed Cost proposal, with a *de minimis* expansion to include a small subset of ISP projects, as their preferred option (Joint IOU opening comments, p. 3).

The Joint IOUs also revise their previous definition of "low impact area" as follows (p. 24): "(1) pass Fast Track and (2) do not require substation upgrades and (3) whose total interconnection facility cost is less than $500,000." The Clean Coalition supports this revised definition as a far more clear and reasonable approach than the IOUs previously proposed. It also has the benefit of being harmonized across the IOUs. We request, however, that the IOUs show what percentage of Fast Track applications since the 2012 reforms would qualify under these criteria, particularly the $500,000 limit.

However, while the Clean Coalition supported the Staff Proposal's modified Fixed Cost approach for Fast Track projects in opening comments, we have been convinced by the IOU and IREC arguments (coming at the issue from opposite directions) that the Fixed Cost approach could be eliminated in favor of a revised Cost Envelope approach. We are not opposed to maintaining the Fixed Cost approach as an option for developers, but there is always some merit in simplicity. Accordingly, if the Commission agrees with our recommendations below for a revised Cost Envelope approach, we would not be opposed to eliminating the Fixed Cost approach.

If the Commission decides to keep the Fixed Cost approach, we support the IOUs' suggestion of expanding eligibility to ISP projects that fit the criteria described (Joint IOU opening comments., p. 26).

Unit Cost Guide Based Estimates

We also maintain our recommendation for a Standardized Pricing approach as the next step in this process, based on data showing the average cost of the most frequent configurations. As discussed in opening comments, the benefit of our Standardized Pricing approach is that it would allow developers to obtain firm cost figures far earlier in the process than under the Fixed Cost or Cost Envelope approaches. While Standardized Pricing may ideally be applied to the total cost of an interconnection project, at this time it may be most practical to simply utilize Standardized Pricing as far as applicable to the individual components of a project, drawing upon the published Unit Cost Guide pricing we recommended in opening comments. Publishing a Unit Price Guide for distribution system facilities and upgrades mirroring that already published in relation to the transmission system would offer increased predictability to applicants, and if applied as a standard pricing basis for all applicants it would support consistency in cost estimates and would reduce the scope of factors commonly subject to negotiation or dispute when seeking to conclude Interconnection Agreement.

Utility Cost Liability

In terms of the Cost Envelope approach, we agree with the IOUs that shareholder liability in this case is unwarranted and unnecessary. We call, instead, for a revised Cost Envelope approach with a mix of developer-shared liability and backstop ratepayer risk liability, as described below.

Clean Coalition revised Cost Envelope proposal

Taking into consideration concerns raised by the IOUs and various other parties, we recommend the following revisions to the Cost Envelope approach. The key features of our proposed revisions are: 1) As argued in our opening comments we continue to recommend expanded applicability for any Fast Track or ISP projects, irrespective of the Fixed Cost Option, with limited exceptions for projects that are projected to have anomalously high or novel interconnection costs; 2) shifting the risk of any amount over the 10% limit into a balancing account rather than imposing shareholder liability (addressing a primary objection of the IOUs, and reducing the unintended incentive to produce higher cost estimates identified in our opening comments) and adding, as a backstop, ratepayer liability for any long-term overdraw of the balancing account, to be assessed every three years in the IOU general rate case.

These changes achieve the following important objectives: 1) simplicity; 2) expanded applicability; 3) imposing costs and risks on those who benefit rather than on shareholders.

1) Expanded applicability

We urge the Commission to make the Cost Envelope approach an option for all Fast Track and ISP applicants, with an exception for projects that the IOUs feel are likely to have anomalously high interconnection costs. As mentioned in our opening comments, under the current Staff Proposal many Fast Track projects could be "orphaned" and not eligible for the Fixed Cost option or Cost Envelope option. As with the Staff Proposal regarding novel interconnection configurations, we would recommend limiting the number or percentage of projects for which a utility may annually elect to exclude from the Cost Envelope approach, and suggest an annual limit of 5 projects or 5% of projects, which ever is greater, and subject to review by Advanced Interconnection Consultation staff.

2) Balancing account with ratepayer backstop

The Clean Coalition recommends that a balancing account be created by each utility that will cover costs in excess of the 10% cost envelope incurred by projects after those projects have signed a GIA. In order to ensure that the balancing account remains solvent over time any overcharge may be covered by ratepayers and trued up every three years in each IOU's General Rate Case.

While the risk of significant cost shifting to ratepayers appears minimal based on the utility record regarding underestimated costs, even such limited risk may be reduced in a number of ways. First, we should consider that ratepayers would benefit from some reduction in the cost of project development associated with increased cost certainty.[6] Beyond this likely net ratepayer benefit, IOUs could be required to either reduce the full value of refunds to developers for interconnection costs that turn out to be lower than estimated in the GIAs—instead of refunding these amounts in full, an amount sufficient to maintain the utility's balancing account may be held back. Alternatively, a very modest cost estimate accuracy insurance fee may be assessed to amortize the actual risk of

[6] For example, if the resulting accelerated development and reduced risk allows the offered/accepted cost of energy (the PPA rate) to be just 0.1¢/kWh lower, ratepayers would save $32,000 over a 20 year contract for each MW, enough to offset a $300,000 unanticipated deficit on every 10 MW of new capacity (Assuming 1600 MWh/MW capacity per year for 20 years = 32,000 MWh).

costs exceeding the 10% envelope.[7] If the account develops an ongoing surplus, these excess revenues may be distributed proportionally to contributors.

While we agree with not holding shareholders liable for cost exceedance, this does not absolve the utilities from responsibility for accurate cost estimation. We recommend, accordingly, that accuracy of estimates over time is monitored by the Energy Division. If estimates are found to be significantly awry, the Commission should consider performance-based incentives or penalties.

These measures would provide cost certainty without shifting cost allocation between customer classes, or even significantly between applicants. The fundamental public benefit achieved through the resulting increased certainty and accelerated decision processes far outweigh the negligible and mitigated risk to ratepayers, and the reduced development risk across innumerable projects will result in lower energy costs for ratepayers that will likely far exceed any costs.

As shown in Figure 1 below, we note that California continues to have significantly higher installed costs than other most markets nationally, and internationally the difference is even more pronounced, despite comparable labor and equipment costs. High risks and associated costs related to interconnection are both a contributing factor and an opportunity for improvement.

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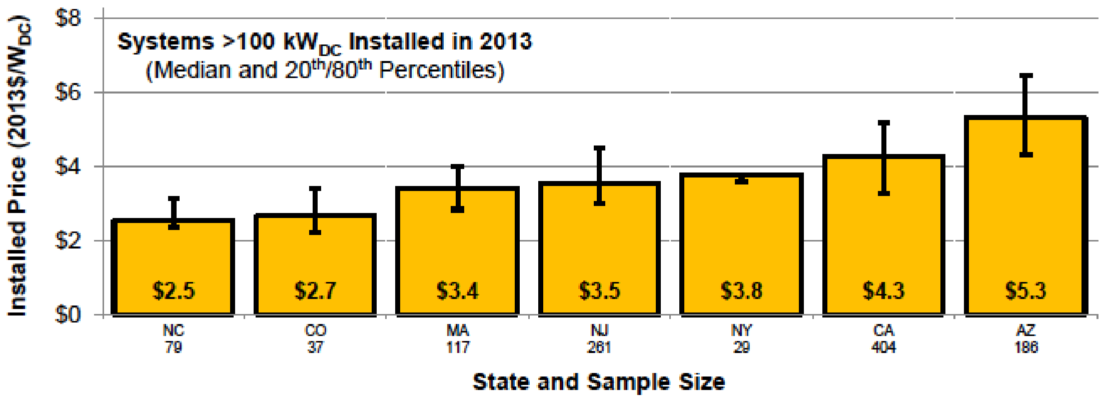
[7] For example, a 1% fee would be sufficient to cover the full liability of every 10th project exceeding its cost envelope limit by 10% (20% above the estimated cost). Based on data received by the Clean Coalition in 2012, utility cost estimates have been 6-18% above actual costs, showed few projects exceeding estimates by 10%, and no projects exceeding estimates by more than 25%. This risk would be further mitigated by the proposed exclusion of the highest risk projects from cost certainty protection as separately proposed.

Figure 1. Comparative Installed Costs of PV Systems in Major U.S. Markets[8]



The same Report concludes:

> Lower installed prices in other major international markets suggest that deeper near-term soft cost reductions in United States are possible. Although such reductions may accompany increased market scale, it is also evident that market size alone is insufficient to fully capture potential near-term cost reductions (as suggested by the fact that many of the U.S. states with the lowest installed prices are relatively small PV markets). Achieving deep reductions in soft cost thus likely requires a broad mix of strategies, including: policy designs that provide a stable and straightforward value proposition to foster efficiency and competition within the delivery infrastructure, [and] targeted policies aimed at specific soft costs (for example, permitting and interconnection)

ii. Energy storage interconnection proposal

The Joint IOUs object, as did the Clean Coalition, to the Staff proposal to require safety plans for energy storage interconnection applications, for similar reasons cited by the Clean Coalition.[9] The IOUs agree that they are not the appropriate party to receive and review safety plans. The IOUs further agree that the Authority Having Jurisdiction (local government authorities) should instead receive and review safety plans. The IOUs also point out a statewide process that the Commission is taking part in pursuant to D.14-05-033.

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[8] Tracking the Sun VII: The Installed Price of Photovoltaics in the United States, Lawrence Berkeley National Laboratory, September 2014.

[9] Joint IOU opening comments, p. 2; Clean Coalition comments, p. 20.

The Clean Coalition again points out that safety plans are generally not required for any other technology seeking interconnection so it doesn't make much sense to single out energy storage applications for this requirement. Given the IOUs' reticence to receive or review such plans, we again urge the Commission to reject this part of the Staff Proposal.

In terms of the Fast Track screens for storage projects, the Joint IOUs state their plan to submit a new screen to the Commission in the fourth quarter (id., pp. 5-6). We urge the IOUs to do so as soon as possible and caution the Commission in moving on this issue before parties have had a chance to vet and comment on the new screen language. Storage is going to be a significant part of the California grid in coming years, and these issues should not delay scheduled procurement. The Commission needs to ensure both timely action and full transparency and participation in order to achieve optimal outcomes.

Similarly, the Joint IOUs state their intent to examine modifications to Rule 21 to accommodate non-exporting storage projects and "may seek approval for changes…" (Id., p. 6). The Clean Coalition urges the Commission to make it clear that this proceeding is the appropriate venue for such changes and that the IOUs should submit such proposed changes in this proceeding under the Commission's timetable. It is not clear if the IOUs are suggesting that they haven't had time to consider such changes in the prior three years and are not, accordingly, submitting proposed changes at this time, or if there is some confusion as to the nature of the current proceeding. Again, we urge the Commission to make clear to all parties that this current proceeding is the appropriate venue for all proposed changes to the Rule 21 tariff and related issues.

The Joint IOUs object (p. 10) to the Staff Proposal to allow applicants to propose alternative interconnection schemes, arguing against the merits of this approach. The Clean Coalition fully supports the Staff Proposal in this regard and we see the potential benefits for reduced costs, which will benefit all ratepayers. We do agree with the IOUs that UL and IEEE standards should be part of this discussion, but our understanding is that the Staff Proposal alternative protection scheme feature is not so much about new technology as it is about different and potentially lower cost configurations for successful interconnection, which generally should not conflict with or implicate UL and IEEE standards.

b. IREC

We agree with IREC that Fast Track projects should also have the option of choosing the Cost Envelope option since there is no colorable rationale for excluding Fast Track projects from this alternative. As we noted in opening comments (Clean Coalition opening comments, p.8), Fast Track project applicants may wish to choose the Cost Envelope 10% overage cost containment in return for faster processing, since the Fixed Cost option as envisioned would require 30-70 business days of additional processing (past the normal Fast Track timeline) in order to receive the Fixed Cost option.

IREC calls for eliminating the proposed requirement for applicants to choose the Fixed Cost option (for Fast Track projects) at the time they submit their application (id., p. 7). The Clean Coalition fully agrees with this recommendation.

IREC calls (p. 9) for providing a two-tiered approach for cost estimates under the Cost Envelope proposal: a +/-25% option after Phase 1 and +/-10% after Phase 2. The Clean Coalition agrees with this recommendation and note that we made the same recommendation in our Cost Certainty proposal from March of 2013.

IREC also recommends eliminating the Fixed Cost proposals for Fast Track projects (id., p. 4). The Clean Coalition remains unconvinced as to the value of the Fixed Cost option relative to the Cost Envelope approach given the 30-70 business day delay the former approach requires. We also look forward to developer comments and the response of applicants to determine whether one or both options are preferred.

However, we again urge the Commission to address the concerns we expressed in opening comments regarding the unintended incentive for IOUs to overestimate costs to avoid shareholder liability because we have not yet seen data showing that the Massachusetts approach has avoided this problem. We look forward to seeing such data and will set aside our concerns if the data shows that the Massachusetts approach has worked well. We note again that enforcement of the existing tariff option allowing approved third party contractors to offer competing bids would most effectively address this concern and effectively employ market mechanisms to reduce the cost of interconnection.

IREC provides a further rationale for this shift on pp. 7-8, arguing that there is no benefit under the staff Fixed Cost proposal that wouldn't also be available under the Cost Envelope option. However, one benefit of the Fast Track-specific Fixed Cost proposal is that it doesn't allow the 10% overage from the estimate, as is the case under the Cost Envelope approach, and nor does it include the strong incentive for IOUs to overestimate costs in order to avoid any risk of shareholder liability. Additionally, IREC suggests that there is no firm timeline for cost estimates under the current Rule 21 Fast Track (id., p. 7), but there are in fact firm deadlines for the Initial Review (15 business days from complete application) and the Supplemental Review (20 business days from customer assent and payment of the fee), both of which include cost estimates.

Last, any amount over the estimates for Fast Track projects that select the Fixed Cost option are, under the Staff Proposal, rate-based. Accordingly, there is a substantial benefit for eligible projects in not only knowing with strong certainty what their interconnection costs will be, but in reduced incentive for exaggerated pricing. But as noted in our opening comments, Fast Track-eligible projects already have a major advantage over non-Fast Track-eligible projects, so this added benefit won't do much to improve the interconnection system. In other words, the benefits of the Fixed Cost approach accrue to the portion of interconnection applications that already experience the fewest costs and shortest reviews, but at the cost of greatly extending the review period. Improving the rate of eligible projects in successfully interconnecting under the Fast Track process will have greater value in comparison.

In terms of the storage interconnection proposal, IREC cautions against imposing overly stringent standards on storage projects (id., p. 14). We agree with IREC and made similar statements in opening comments.

c. ORA

ORA argues against any cost shifting of interconnection costs as a matter of principle (ORA opening comments, p. 4). As described above, the Clean Coalition argues in favor of sharing some risk with ratepayers where ratepayers will ultimately realize net benefits from a more streamlined and improved interconnection process, and the risk of actual ratepayer costs is mitigated under our proposal. As also described above, we urge the Commission to create a balancing account comprised of developer interconnection cost payments as a shared risk pool, and relying on ratepayer liability only as a backstop, with balancing account costs to be trued up in the general rate cases. If the balancing accounts are designed and operated well the risk of actual costs to ratepayers will be minimized, while the merits of limiting individual risk are well-established.

d. Pristine Sun

Pristine Sun submits comments on a discreet issue: the timing of financial security payments for interconnection of distributed PV projects (Pristine Sun opening comments, p. 2).

We agree with Pristine Sun that this is a serious issue. Not only is the timing of the financial security problematic, in at least some cases the nature of the deposit requirement is also highly problematic. SCE, for example, sometimes requires that deposits be made as full cash payments, despite language in SCE's own GIA stating clearly that financial security payments may be in the form of a letter of credit. This is a serious discrepancy from Commission-approved rules on this process.

We also note as a more general matter that timing the interconnection process and the permitting process and the PPA process is increasingly difficult in California because of the many restrictions increasingly being imposed in each of these areas.

For these reasons, we strongly support Pristine Sun's call for a re-examination of the financial security requirement process and the timing of the interconnection process *vis a vis* permitting and PPA efforts by developers.

Deposit reforms, supported by the Clean Coalition in previous Rule 21 tariff revisions, have been effective in reducing the uncertainty created by earlier queued projects failure to either develop or withdraw in a timely manner. However, the reforms in Rule 21 have not been matched by concurrent adjustments in the procurement programs that increasingly require projects to commit to interconnection before they are even eligible to seek a power purchase agreement warranting development of the project.

While we do not wish to remove the incentives for an earlier-queued project to avoid delaying subsequent electrically-dependent projects, we see less rationale to enforce the same financial commitment schedule on projects for which there are no subsequent dependent applicants impacted. We support considering offering deferral of deadlines under these conditions.

e. CESA

CESA suggests that non-exporting storage facility owners should be contractually bound to not export to the grid and if they do so the utility will be able to disconnect service (CESA opening comments, p. 5). The Clean Coalition agrees with these simple and easily enforced recommendations as an alternative or complementary approach to that outlined in our opening comments.

Respectfully submitted,

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Dated: September 26, 2014