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 15-02-020 (Filed February 26, 2015)

CLEAN COALITION REPLY COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON IMPLEMENTATION OF POTENTIAL LEGISLATIVE CHANGES RELATED TO THE BIOENERGY FEED-IN TARIFF

Kenneth Sahm White
Director of Economic & Policy Analysis

Brian Korpics
Policy Director

Clean Coalition
16 Palm Ct
Menlo Park, CA 94025
831 425 5866
sahm@clean-coalition.org

August 31, 2016

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 15-02-020 (Filed February 26, 2015)

CLEAN COALITION REPLY COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON IMPLEMENTATION OF POTENTIAL LEGISLATIVE CHANGES RELATED TO THE BIOENERGY FEED-IN TARIFF

I. INTRODUCTION

Pursuant to the August 17, 2016, *Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff Under the California Renewables Portfolio Standard and Taking Official Notice of Documents* ("Ruling"), the Clean Coalition respectfully provides these reply comments.

The Clean Coalition is a 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 and interconnection of distributed energy resources ("DER")—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

II. COMMENTS

1. *What, if any, are the relevant differences for purposes of implementation and administration of the BioMAT program between the new legislative proposals and the previous BAC interconnection proposal?*

As several parties note, there are two critical provisions in the legislative proposals that are absent from the Bioenergy Association of California's ("BAC's") interconnection proposal.[1] First, the legislative proposals would require a developer to apply for a new interconnection study within 30 days of executing a BioMAT contract. The Clean Coalition recommends requiring a slightly more stringent standard in that the utilities should deem a new interconnection application complete within 60 days of executing a BioMAT contract. Second, under the legislative proposals, the time to achieve commercial operation for projects without an active interconnection application would begin running at the date when the qualifying interconnection study is completed—rather than from the date of contract execution. These provisions would ensure timely progress through the interconnection and BioMAT queues without subjecting developers to unreasonable timelines.

3. *Should the California Public Utilities Commission (Commission) require any additional financial security from projects that have received a Phase 1 study but have left the interconnection queue while bidding into BioMAT, in accordance with the proposed legislation?*

The Clean Coalition agrees with Southern California Edison ("SCE") and BAC that the Commission should require a deposit from projects that have received a Phase 1 study, left the interconnection queue, and wish to remain in the BioMAT queue.[2] The

[1] *See Pacific Gas and Electric Company's Opening Comments on Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 2–3 (Aug. 24, 2016); *Southern California Edison Company's (U 338-E) Comments on Administrative Law Judge's Ruling Regarding Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 5 (Aug. 24, 2016); *Comments of San Diego Gas & Electric Company (U902-E) on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 3–4 (Aug. 24, 2016).

[2] *Southern California Edison Company's (U 338-E) Comments on Administrative Law Judge's Ruling Regarding Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 6 (Aug. 24, 2016); *Bioenergy Association of California's Comments on the*

Commission should require developers to submit the deposit at the time they leave the interconnection queue in order to remain in the BioMAT queue. The Clean Coalition reiterates our recommendation that the deposit be equal to the deposit required for a new interconnection study. For projects with a Gross Nameplate Rating of 5 megawatts ("MW") or less, BAC's recommended deposit of $25,800 is reasonable in that it represents the cost of a new Interconnection Request Fee and the Detailed Study Deposit.[3] For projects with a Gross Nameplate Rating above 5 MW, the deposit should equal $50,800 plus $1,000/MW, up to a maximum of $250,800, which is equivalent to the cost of a new Interconnection Request Fee and the Detailed Study Deposit for these larger projects.[4]

With this additional deposit, Pacific Gas and Electric's ("PG&E's") proposal to increase the BioMAT application fee from $2/kilowatt ("kW") to $5/kW would be unnecessary.[5] The Commission should only consider PG&E's increased application fee if the utilities are required to deposit the additional funds in an account for use by the developer on future interconnection expenses.

Finally, San Diego Gas and Electric's ("SDG&E's") understanding of the proposed legislation is misleading.[6] The proposed legislation would not allow projects that increase in size or that reenter the interconnection queue to preserve their queue position. Rather, for a project without an active interconnection application, a developer would have to resubmit an interconnection application within 30 days of receiving a BioMAT Power Purchase Agreement ("PPA"). Under these circumstances, the utility would assign the project a new interconnection queue position with the new application.

Administrative Law Judge's Ruling on Implementation of Potential Legislative Changes Related to BioMAT at 5 (Aug. 24, 2016).

[3] *Bioenergy Association of California's Comments on the Administrative Law Judge's Ruling on Implementation of Potential Legislative Changes Related to BioMAT* at 5 (Aug. 24, 2016); *see also, e.g.*, PG&E ELECTRIC RULE NO. 21 §§ E(2)(c), (3)(a)(i).

[4] *See, e.g.*, PG&E ELECTRIC RULE NO. 21 §§ E(2)(c), (3)(a)(i).

[5] *Pacific Gas and Electric Company's Opening Comments on Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 3 (Aug. 24, 2016).

[6] *Comments of San Diego Gas & Electric Company (U902-E) on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 4 (Aug. 24, 2016).

Therefore, concerns with the proposed legislation allowing projects to "leap frog" other projects in the interconnection queue are unfounded.

4. *Should any required deposit be refundable to the developer? If yes, under what circumstances (e.g., execution of a BioMAT contract with the IOU)? If not, how should the deposit be accounted for and applied?*

The Clean Coalition supports BAC's position that the Commission should require the utilities to refund the deposit if an applicant withdraws from the BioMAT queue without executing a PPA.[7] Under the proposal, developers would still forfeit the $800 Interconnection Request Fee in order to cover administrative costs. Additionally, once a developer accepts a PPA offer, the deposit should become non-refundable but applicable to final interconnection costs.

PG&E argues that its proposed application fee should be non-refundable.[8] It supports this position by stating that the key purposes of a deposit or other security are "to incentivize sellers to perform their program or contractual commitments, to gauge sellers' ability and willingness to perform under a PPA, and to compensate a utility for its administrative program costs."[9] However, these purposes would also be accomplished through the Clean Coalition's proposed deposit, which becomes non-refundable upon execution of a BioMAT PPA. First, because the deposit becomes non-refundable, developers would have an incentive to perform their contractual and programmatic obligations. Second, the deposit serves as a viability milestone to gauge a developer's willingness to perform under the PPA because it ties up a substantial sum of money. Finally, utilities' administrative costs would be covered through the $800 Interconnection Request Fee and the current $2/kW BioMAT application fee. If the utilities believe additional funds are required to cover their administrative costs, they should provide documentation to the Commission justifying the requested sum.

---

[7] *Bioenergy Association of California's Comments on the Administrative Law Judge's Ruling on Implementation of Potential Legislative Changes Related to BioMAT* at 5 (Aug. 24, 2016).

[8] *Pacific Gas and Electric Company's Opening Comments on Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 4 (Aug. 24, 2016).

[9] *Id.*

5. *Should there be a limit on the number of times a developer may have a system impact study done for the same project while remaining in the BioMAT queue before executing a BioMAT contract for that project? If yes, provide a rationale and a proposed numerical limit. If no, provide a rationale for your choice.*

The Clean Coalition supports SCE, SDG&E, and BAC's position that developers should be able to pay for additional interconnection studies as frequently as necessary.[10] Utilities perform System Impact Studies on a fee for service basis, and this provides a clear incentive for applicants to avoid excessive, repetitive studies. As the proposed legislation would allow the projects to withdraw from the interconnection queue, there is no issue with these projects flooding the interconnection queue with highly speculative projects.

To further mitigate the risk of highly speculative projects remaining in the BioMAT queue, the Clean Coalition supports two of PG&E's additional modifications.[11] First, the Commission should require developers without a completed interconnection study to receive one within 15 months of executing a BioMAT PPA. Second, the Commission should require developers with BioMAT projects lacking an active interconnection application to submit a revised Pre-Application Report ("PAR") every six months while in the BioMAT queue. This requirement would allow developers to identify known changes in the electric system and interconnection queue that may cause different results in a subsequent Phase 1 Study. Therefore, developers would be aware of any material changes to their applications that might affect the economics of their projects. This appropriate and effective measure would provide a semi-annual indication

---

[10] *Southern California Edison Company's (U 338-E) Comments on Administrative Law Judge's Ruling Regarding Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 7–8 (Aug. 24, 2016); *Comments of San Diego Gas & Electric Company (U902-E) on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 5 (Aug. 24, 2016); *Bioenergy Association of California's Comments on the Administrative Law Judge's Ruling on Implementation of Potential Legislative Changes Related to BioMAT* at 6 (Aug. 24, 2016).

[11] *Pacific Gas and Electric Company's Opening Comments on Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 5–6 (Aug. 24, 2016).

of continued active status and project viability for the BioMAT queue—at a modest cost to the applicant of $300.[12]

Finally, the Clean Coalition support's SCE's comments in identifying additional online tools available to assist applicants in identifying system changes.[13] The utilities provide this information through: 1) interconnection maps, including the Integration Capacity Analysis results developed through each utility's Distribution Resource Plan; 2) the Pre-Application Reports, including the recently approved Enhanced Pre-Application Report Option; and 3) Distribution Unit Cost Guides currently being developed in accord with D.16-06-052.

6. *The proposed legislation provides that, for a project that has dropped out of the interconnection queue and then executes a BioMAT contract, "the time to achieve commercial operation shall begin to run from the date when the new system impact study or other interconnection study is completed rather than from the date of execution of the standard contract." What, if any, would be the effects on the IOUs' administration of the BioMAT program of this extension of time to achieve commercial operation for those projects that have used the process proposed in the legislation?*

The Clean Coalition recommends that the Commission include a modification to the proposed legislation's requirement that a developer reapply for a new interconnection study within 30 days of executing a BioMAT PPA. The additional requirement should be that the utility must deem the new interconnection application complete within 60 days of executing a BioMAT PPA in order to ensure that developers submit all required documentation in a timely manner. Further, PG&E's additional requirement that developers provide a complete and valid interconnection study to the utility within 15

---

[12] *See, e.g.*, PG&E ELECTRIC RULE NO. 21 §§ E(1)(a). If the Commission adopts the PAR requirement as a condition for maintaining BioMAT queue position, the utilities should give applicants notice and reasonable opportunity to correct a deficiency in meeting this requirement if one occurs—it is not the intent of this provision to cause an applicant to loose queue position due solely to an error in timely submission of a PAR.

[13] *Southern California Edison Company's (U 338-E) Comments on Administrative Law Judge's Ruling Regarding Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 8 (Aug. 24, 2016).

months of PPA execution is reasonable.[14] This modification would prevent developers from avoiding a deadline for commercial operation while remaining under contract indefinitely.

The Clean Coalition also reiterates its position that the Commission should prioritize projects that do not require additional time to advance through the interconnection process. To prioritize projects that do not require a COD extension, the Commission should consider establishing queue priority reflecting interconnection queue status (i.e., study completed, in process, or not yet applied) and ordered by date of BioMAT application *within* each interconnection category. Under this approach, utilities would offer PPAs first to projects that have completed their System Impact Study or equivalent. If procurement allotment capacity remains available at the current price after the utilities offer contracts to these projects, the utilities should then offer this allotment to projects with active interconnection applications but without completed study results. Finally, the utilities should offer the final procurement allotment to any remaining projects that do not yet have an active interconnection queue position.

This approach would not create separate BioMAT queues or change the timing for extension and review of PPA offers to the queue as a whole. The queue position of any projects meeting current eligibility standards would be maintained, but new entrants would be assigned to the queue prioritization category associated with their interconnection status.

7. *What if any changes would be required in the IOUs' administration of the BioMAT tariff to manage the eligibility of projects identified in proposed new Section 399.20(f)(4)(A)(i) and (ii)?*

The Clean Coalition supports BAC's two changes—with a slight modification to the second requirement—to the IOU's administration of BioMAT to manage the eligibility of projects identified in proposed new Section 399.20(f)(4)(A)(i) and (ii).[15]

---

[14] *Pacific Gas and Electric Company's Opening Comments on Administrative Law Judge's Ruling Requesting Comment on Implementation of Potential Legislative Changes Related to the Bioenergy Feed-In Tariff* at 6 (Aug. 24, 2016).

[15] *Bioenergy Association of California's Comments on the Administrative Law Judge's Ruling on Implementation of Potential Legislative Changes Related to BioMAT* at 7 (Aug. 24, 2016).

First, the IOUs would need to collect the additional deposit at the time a developer elected to leave the interconnection queue. Second, the IOUs would need to verify that a developer either has maintained an active interconnection queue position or submitted a new interconnection application within 30 days of executing a BioMAT PPA. The Clean Coalition recommends altering the latter part of the second requirement to also require that a utility deem the interconnection application complete within 60 days of a developer executing a BioMAT PPA.

9. Miscellaneous comments

BAC's opening comments additionally proposed to increase the offering price or accelerate the price adjustment periods to prevent further delay in bringing BioMAT projects online.[16] The Clean Coalition understands BAC's concern, but without sufficient visibility into the market for BioMAT projects, the Commission should not raise the offering price. Instead, the Clean Coalition supports BAC's alternative proposal to shorten the price adjustment periods in order to allow the market-adjusting tariff to function and settle on a price that can both support the market and will not lead to ratepayers overpaying for BioMAT projects.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments and respectfully request that the Commission incorporate and implement these recommendations to the fullest extent possible for the reasons stated above.

Respectfully submitted,

Brian Korpics
Policy Director
Clean Coalition

Dated: August 31, 2016

[16] *Id.* at 3.