

March 16, 2015

Response to:

Advice 4593-E
Pacific Gas and Electric Company (U 39 E)

Advice Letter 2708-E
San Diego Gas & Electric Company (U902-E)

Advice 3180-E
Southern California Edison Company (U 338-E)

Re: Clean Coalition Response to Advice Letters regarding Green Tariff Shared Renewables Advanced Procurement and the Environmental Justice Component:

The Clean Coalition responds to Advice Letters filed on February 23, 2015 by Pacific Gas and Electric Company (“PG&E”), San Diego Gas & Electric Company (“SDG&E”) and Southern California Edison Company (“SCE”) regarding the Green Tariff Shared Renewables (“GTSR”) Program.

These Advice Letters were ordered by D.15-01-051, after consideration within proceeding A.12-01-008 *et al.*¹ D.15-01-051 ordered the three utilities to describe their plans for advanced procurement for the GTSR Program and to set forth the census tracts eligible for the Environmental Justice (“EJ”) component of the GTSR program. The Clean Coalition responds to PG&E’s and SDG&E’s listing of census tracts eligible for the EJ projects. The Clean Coalition also responds to the plans for Advanced Procurement for the GTSR program of all three utilities.

Description of the Responding Party

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.

¹ See D.15-01-051, pp. 7, 54, 180 (Order #3); *see also* D.15-01-051, Attachment B (GTSR Implementation Advice Letters).

Response Regarding the Listing of Census Tracts Eligible for the EJ Reservation; Selection Should Be on a Service Territory Basis

The Clean Coalition asserts that both PG&E and SDG&E did not follow the provisions of D.15-01-051 concerning the selection of census tracts eligible for EJ projects. The utilities should select the 20 percent most impacted census tracts within their service territories for the EJ reservation. Stated another way, 20 percent of the census tracts within each utility's service territory should be designated for the EJ Reservation. PG&E and SDG&E used a different methodology to select census tracts, such that 20 percent of the census tracts *statewide* were designated for the EJ Reservation. PG&E and SDG&E designated much less than 20 percent of the census tracts within their service territories for the EJ Reservation.

The GTSR Program was created by the legislature in 2013 through Senate Bill 43. SB 43 discussed how one hundred megawatts ("MW") of the GTSR Program should be reserved for facilities that "are located in areas previously identified by the California Environmental Protection Agency as the most impacted and disadvantaged communities."² The statute clarified that "previously identified" means identified prior to commencing construction of the facility.³ SB 43 further described the selection of the EJ Reservation:

These communities shall be identified by census tract, and shall be determined to be the most impacted 20 percent based on results from the best available cumulative impact screening methodology designed to identify each of the following:

- (i) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.
- (ii) Areas with socioeconomic vulnerability.⁴

SB 43 charges the Commission and the utilities to select the "most impacted 20 percent" communities, but it does not specify whether that selection should be from a statewide grouping of communities, or from another grouping of communities. D.15-01-051 directed the utilities to use the CalEnviroScreen tool to select census tracts for the EJ Reservation. The California Environmental Protection Agency ("Cal EPA") has released results, pursuant to another statute (SB 535), from the CalEnviroScreen tool that designate the most impacted communities statewide. However, the CalEnviroScreen tool can also be used to select communities from other groupings of communities, not just statewide.

In a Section of D.15-01-051 titled "Allocation of 100 MW EJ Reservation Among Utilities," the Commission discussed how the communities designated for the EJ Reservation should be selected. The Commission rejected a proposal to allocate the EJ Reservation among utilities proportionate to the amount of disadvantaged communities located within each utility's service territory. Rather, each utility's allocation of the EJ Reservation is proportionate to retail sales.

² Cal Pub. Util. Code § 2833(d)(1)(A).

³ See Cal Pub. Util. Code § 2833(d)(1)(B)(1).

⁴ Cal Pub. Util. Code § 2833(d)(1)(A).

The Commission then states “[h]owever, for consistency, the EJ Reservation eligible census tracts should also be determined on a service territory basis rather than a state-wide basis.”⁵

This final sentence in the section was not in the Proposed Decision. The Clean Coalition believes the sentence was added to address concerns that the Clean Coalition described in comments to the Proposed Decision. The Clean Coalition noted that the 20% most disadvantaged communities identified by the CalEnviroScreen are disproportionately located in certain regions of California, and that would make identification of communities eligible for the EJ Reservation within other regions of California problematic.⁶ The Clean Coalition urged a regionally-based ranking of disadvantaged communities.

D.15-01-051 directs the utilities to select the 20 percent most disadvantaged census tracts, as “determined on a service territory basis rather than a state-wide basis.” Thus, each utility should designate 20 percent of the census tracts within its service territory for the EJ Reservation. Selection of the 20 percent most impacted communities on a service territory basis is allowed by SB 43, which does not state what grouping of communities should be used as the “denominator” in the selection process.

PG&E and SDG&E designate much less than 20 percent of the census tracts located within their service territories for the EJ Reservation.⁷ It appears that PG&E and SDG&E used a methodology of selecting the 20 percent most impacted census tract on a statewide basis, and then listed the designated census tracts that were located within their service territories.

Requested Relief Regarding the EJ Reservation

D.15-01-051 is clear in its instructions regarding the designation of the EJ Reservation. PG&E and SDG&E should be instructed to revisit their methodology for the EJ Reservation and release an updated list of census tracts selected on a statewide basis. Immediate, accurate designation of census tracts for the EJ Reservation is necessary, as the utilities are charged with Advanced Procurement for the GTSR Program, including between 18.35 and 26.8 MW of the EJ Reservation, which must be procured by 2015.⁸

There is still time for the utilities to clarify the correct census tracts for the EJ Reservation and to procure capacity for the EJ Reservation. However, it would benefit the successful procurement of the EJ Reservation if renewable project developers received as much advance notice regarding which communities are eligible for the EJ Reservation. All of the census tracts currently

⁵ D.15-01-051, p. 55.

⁶ See Clean Coalition Comments on the Proposed Decision, filed on Jan. 20, 2015 in A.12-01-008 *et al.*, pp. 11-13.

⁷ PG&E has approximately 3300 census tracts within its service territory, but designates only 356 census tracts for the EJ Reservation (approximately 11% of its census tracts). SDG&E has a total of 623 census tracts within its service territory, but designated only 18 census tracts for the EJ Reservation (approximately 3% of its census tracts).

⁸ See D.15-01-051, p. 32.

designated by PG&E and SDG&E would also appear in the updated list of census tracts, so there would be no need to retract a designation.

Alternatively, an ongoing Phase IV of the GTSR proceeding (A.12-01-008 *et al.*) is considering further revisions to the EJ Reservation of the GTSR Program. The inclusion of race and ethnicity as selection factors for the EJ Reservation is to be discussed within this phase of the proceeding.⁹ At the Prehearing Conference for Phase IV, the Administrative Law Judge created a Working Group of parties who were interested in the issue of the inclusion of race and ethnicity as a selection factor for the EJ Reservation. This Working Group may also be charged with considering how to implement the service territory basis selection of the EJ Reservation.

Response Regarding the Utilities’ Plans for Advance Procurement; Plans for the Use of ReMAT Should Be Provided by the Utilities

In their Advice Letters, all three utilities demonstrate that they will rely on the Renewable Auction Mechanism (“RAM”) as the tool for Advanced Procurement for the GTSR Program. Thus, the Renewable Market Adjusting Tariff (“ReMAT”) is ignored by the utilities as a procurement tool. PG&E and SDG&E do not make any mention of ReMAT and provide no planning for the use of ReMAT. SCE states that it is unlikely that it will use ReMAT to procure projects for the GTSR Program and provides no planning for how to utilize ReMAT to address the specific requirements of the GTSR program or the EJ Reservation.¹⁰

Reliance on only RAM, to the exclusion of ReMAT, will not lead to proper implementation of the goals of SB 43 or the requirements of D.15-01-051. SB 43 states that “[a] participating utility shall use commission-approved tools and mechanisms” to procure GTSR projects.¹¹ Thus, for each individual “participating utility,” SB 43 requires the use of procurement *tools*—expressed in the plural. SB 43 did not state that each utility should use “a commission-approved tool or mechanism”—allowing the use of a singular procurement tool for each utility. Thus, the plain language of the statute contemplates each “participating utility” use more than one tool and mechanism for procurement. SB 43 contemplates a robust and diverse strategy for procuring GTSR projects and the use of more than one procurement tool is needed to implement the statute.

Elsewhere, the statute states “[a] participating utility’s green tariff shared renewable program shall support diverse procurement *and* the goals of commission General Order 156.”¹² General Order 156 established diversity goals (in terms of race/ethnicity, gender, etc.) in a wide variety of utility contracts—from legal services to construction services. However, the *diverse procurement* required by the plain language of Cal. Pub. Util. Code § 2833(f) is in *addition to* the diversity ordered by General Order 156. Thus, the *diverse procurement* of § 2833(f) is something different than the subject of General Order 156.

⁹ See D.15-01-051, p. 54; *see also* Administrative Law Judge’s Ruling Confirming Prehearing Conference and Inviting Prehearing Conference Statements, issued Feb. 9, 2015 in A.12-01-008 *et al.*, p. 3, sec. 4.a.

¹⁰ See Advice 3180-E, p. 3.

¹¹ See Cal. Pub. Util. Code § 2833(c).

¹² Cal. Pub. Util. Code §2833(f) (emphasis added).

ReMAT Must Be Used to Adequately Procure Smaller Projects Needed for the EJ Reservation and to Situate Projects Within Reasonable Proximity of Participants

Cal. Pub. Util. Code § 2833(f) requires *diverse procurement*. Diverse procurement cannot be served by only one procurement tool. ReMAT was specifically designed to better procure “small distributed generation” from projects that are smaller than those covered by RAM.¹³ Moreover, the continuous nature of the ReMAT program, and the greater predictability of its offered price, better attracts small distributed generation.

The distinct nature of the ReMAT and RAM programs attract different kinds of renewable projects. The Commission created separate procurement mechanisms because it recognized the differences between these markets. Even when ReMAT sized projects will be allowed to participate in future RAM procurement, the disproportionate burden of doing so will effectively exclude them from doing so, as evidenced in the RAM results, which are heavily skewed toward the maximum size.

Thus, in order to support *diverse procurement*, the ReMAT must be a viable option for developers who seek to participate in the GTSR program. There are many reasons why the ReMAT program better serves the needs of the GTSR program, especially in regards to the EJ Reservation. Projects serving the EJ Reservation must be small—less than 1 MW in size.¹⁴ As discussed above, ReMAT was designed to better attract smaller sized renewable projects.

SB 43 requires that “[t]o the extent possible, a participating utility shall seek to procure eligible renewable energy resources that are located in reasonable proximity to enrolled participants.”¹⁵ The utilities should recognize that ReMAT is the best available procurement tool to advance the statutory requirement that projects be located close to enrolled participants. As discussed above, ReMAT is the procurement tool that is most appropriate for small distributed generation, which can be sited close to enrolled participants. This is another reason for establishing requirements that ensure a viable role for ReMAT in the GTSR program.

Requested Relief Regarding Advanced Procurement

The utilities should make provisions for utilizing ReMAT as a mechanism for Advanced Procurement for the GTSR program and should describe these provisions in an updated Advice Letter.

Currently, Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”) only have 5 MW available in ReMAT per each 2-month program period for each product type (baseload, peaking as-available, non-peaking as-available) and San Diego Gas & Electric Company (“SDG&E”) only has 3 MW available in each product type. This is a fairly limited opportunity for procurement, especially if, in addition to serving the general procurement needs of a utility, it will also be used to serve the additional procurement needs for the GTSR

¹³ See D.15-01-051, pp. 23-24.

¹⁴ Cal. Pub. Util. Code § 2833(d)(1)(A).

¹⁵ Cal. Pub. Util. Code § 2833(e).

program, which requires at least 110.5 MW of additional procurement from all three utilities in 2015.

The procurement opportunity available through ReMAT must be increased in order to effectively procure capacity to serve GTSR. The capacity offered for the peaking as-available product that corresponds to solar projects should be increased for each utility, to at least 10 MW per program period for PG&E and SCE, and 6 MW for SDG&E. The Commission may consider whether even greater capacity is needed through ReMAT, and whether greater capacity is needed in other product types.

Conclusion

We urge the Energy Division to adopt the above recommendations regarding the implementation of the GTSR.

Respectfully submitted,

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