

# CPUC RAM Program

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Clean Coalition response to PG&E'S Advice Letter 4161-E, Request that the Renewable Auction Mechanism Program Accommodate the Remaining 252 megawatts of Pacific Gas and Electric Company's Photovoltaic Program

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The Clean Coalition respectfully submits this response to PG&E'S Advice Letter 4161-E.

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to local energy systems through innovative policies and programs that deliver cost-effective renewable energy, strengthen local economies, foster environmental sustainability, and enhance energy security. To achieve this mission, the Clean Coalition promotes proven best practices, including the vigorous expansion of Wholesale Distributed Generation (WDG) connected to the distribution grid and serving local load. The Clean Coalition drives policy innovation to remove major barriers to the procurement, interconnection, and financing of WDG projects and supports complementary Intelligent Grid (IG) market solutions such as demand response, energy storage, forecasting, and communications. The Clean Coalition is active in numerous proceedings before the California Public Utilities Commission and other state and federal agencies throughout the United States in addition to work in the design and implementation of WDG and IG programs for local utilities and governments.

In its December 10, 2012 advice letter to the Commission, PG&E requested that the Commission allow PG&E to move 252 MW of solar photovoltaic generation from PG&E's Solar Photovoltaic ("Solar PV") program to the RAM. Given that PG&E's Solar PV program allows projects up to 20 MW and that the winning projects have been mostly larger projects similar to those winning in the RAM, we can understand PG&E's desire to streamline procurement by shifting Solar PV megawatts to the RAM.

However, we have three key concerns:

- PG&E is proposing to hold the incremental RAM auctions in 2014, 2015 and 2016. We believe that the PG&E Solar PV MWs should be kept to their original schedule, which would imply completion by 2015.
- We also urge PG&E to hold two auctions per year, as is the case under the current RAM program, for a total of four auctions, with one additional in 2013,

two in 2014 and one in 2015. As the Joint Solar Parties recommend in their letter to the Energy Division, each auction should contain an equal allocation of the remaining 252 MW.

- If eligible Solar PV program projects between 1 and 3 MW are not allowed to participate in the additional RAM auctions, a portion of the remaining Solar PV program capacity should be transferred instead to the SB 32 procurement program.

#### **I. PG&E's Solar PV MWs should be kept to their original schedule**

PG&E stated: "PG&E proposes to hold three annual [RAM] solicitations, commencing in 2014 and terminating in 2016 for this limited purpose." PG&E's final Solar PV program design included a target of 50 MW per year for 5 years for each component of the Program. That program design implied 100 MW (counting UOG and IPP) for 2011, 2012, 2013, 2014 and 2015.

While we understand that PG&E wants to shift to the RAM for "simplicity" and "efficiency", we do not see a justification for changing the timelines for the Solar PV program, which were previously approved by the Commission. We ask the Commission to rule that the Solar PV timelines should be maintained and that all MWs relating to the Solar PV program should be procured by 2015.

Consistent and predictable procurement demand is important to attract investment and establish long-term business presence and experience. As is clearly evidenced in other regions, costs are driven down when the scale of the market provides efficiencies gained through experience<sup>1</sup>, and where demand is sufficiently large and consistent to

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<sup>1</sup> Seel, J., Barbose, G., and Wiser, R., Sept 2012 'Scoping Analysis - Why Are Residential PV Prices in Germany So Much Lower Than in the United States'. Lawrence Berkeley National Laboratory. DOE Contract No. DE-AC02-05CH11231

warrant competitive investment in greater efficiency. With reductions in California's installed costs of PV still lagging behind those of other economies by wide margins, delaying procurement will contribute to further depressing market interest and development in California, eroding California's position of leadership in market investment and innovation. These factors weigh strongly in favor of keeping the PV procurement to its original schedule and not delaying it an additional two years, as proposed by PG&E.

In utilizing the RAM to procure the remaining SPVP capacity, the Commission should remain cognizant of the fact that the current RAM pilot mechanism, originally envisioned as a Feed-in Tariff, is subject to review and modification in early 2013 to assess the effectiveness of the auction mechanism in meeting the State's goals for predictable and cost-effective procurement and project development. As such, the success of the RAM in attracting projects of all sizes up to 20 MW is important, as is the RAM's success in meeting its semi-annual procurement targets and of those projects commencing delivery on time.

If the auction approach is not meeting these goals, at least some of the Solar PV Program capacity should be considered for allocation to the new SB 32 Feed-in Tariff, which also seeks projects meeting the Solar PV Program criteria.

## **II. PG&E should hold two auctions per year for the additional solar capacity**

PG&E also states its intention to hold annual auctions for solar in the RAM program, rather than bi-annual, as is the current schedule for RAM. The Clean Coalition strongly opposes this suggestion and urges the Commission to require PG&E to conduct two new RAM auctions a year, per the current schedule. We recommend that PG&E add its first new auction in November of 2013, two auctions in 2014, and one in 2015, for a total of four additional auctions. This maintains the schedule of the original SPVP and the

original pacing of the RAM, and ensures procurement programs account for the scheduled expiration of current federal tax incentives.

The Clean Coalition agrees with the Joint Solar Parties' letter to the Energy Division that each auction should contain an equal allocation of the remaining 252 MW, rather than the back-loaded allocation that PG&E suggests. This would allow 63 MW to be procured in each of the four new auctions.

**III. Projects between 1-3 MW should be allowed to participate**

The Clean Coalition also agrees with the Joint Solar Parties that projects between 1 and 3 MW should be allowed to participate in the additional RAM auctions, for the reasons stated by the Joint Solar Parties and the Commission itself in approving the RAM program's original design parameters. Alternatively, if eligible Solar PV program projects between 1 and 3 MW are not allowed to participate in the additional RAM auctions, a portion of the remaining Solar PV program capacity should be transferred to the SB 32 program, rather than RAM, in order to both maintain the current eligibility for such projects and to support sufficient capacity within this new Feed-in Tariff program to allow the program and pricing mechanisms to operate effectively.

Respectfully submitted,

Rob Longnecker

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**VERIFICATION**

I am authorized to make this verification on its behalf of Clean Coalition. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 31st day of December, 2012, at Santa Cruz, California.

Kenneth Sahm White



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Clean Coalition