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Community Update | December 13, 2012

Dear Clean Coalition Friends,

As 2012 comes to a close, the Clean Coalition is proud to recap an impactful year in the ongoing transition towards clean local energy. We are also pleased that our strategic approach is helping to stage 2013 as a watershed year for local energy systems.

The Clean Coalition's strategy for establishing replicable policies and programs that showcase the importance of the wholesale distributed generation (WDG) market segment continues to achieve strong success, illustrated by many noteworthy developments. Most recently, Georgia Power — an investor-owned utility serving more than two million customers — announced a CLEAN Program called the Advanced Solar Initiative. This program will bring 90 megawatts (MW) of WDG solar energy online by 2016 at no additional cost to consumers. Importantly, Georgia Power's voluntary [adoption of a CLEAN Program](#) sends a strong signal to investor-owned utilities across the country that WDG represents a readily available and cost-effective market segment for renewables that maximize economic and environmental benefits within the communities served. Elsewhere, the Los Angeles Department of Water and Power is launching a 150 MW CLEAN program, the City of Palo Alto has improved its program, and the City of Fort Collins is preparing to launch a CLEAN Program on January 1.

In an effort to streamline the deployment of WDG renewables, [the Clean Coalition is actively advancing its model Power Purchase Agreement](#) (PPA) to ensure fair, simple, and transparent contracts throughout California and beyond. Nationally, the Clean Coalition's Distributed Generation + Intelligent Grid (DG+IG) Initiative is [laying the foundation](#) for communities to achieve at least 25% of their energy requirements from clean local energy while enhancing power grid resilience, the importance of which is top-of-mind in the shadow of massive outages caused by disasters like Hurricane Sandy and vulnerabilities from central generation and transmission failures like the still shuttered San Onofre Nuclear Generating Station.

Finally, the passage of California's Proposition 39 provides a significant opportunity to fund clean energy across the state, and [the Clean Coalition has developed an innovative proposal](#) to support DG projects that provide overwhelming locational value to ratepayers.

The remainder of this newsletter is full of encouraging details, and I hope you will explore the covered topics, as follows:

- [Driving toward solar market efficiency](#)
- [CLEAN Programs continue to gain traction](#)
- [Laying the foundation for a resilient electric grid](#)
- [Prop 39 can support clean energy across California](#)
- [A solution to the San Onofre nuclear situation](#)
- [SCE study highlights locational value of clean local energy](#)

Have a wonderful holiday season, and thank you for supporting the Clean Coalition and its pursuit of making clean local energy accessible now.

Sincerely,  
Craig Lewis

#### **Driving towards solar market efficiency**

To accelerate the transition to clean local energy in the United States, the Clean Coalition

#### **Connect**



#### **In the News**

[Distributed Generation - A Key Piece of the Energy Puzzle | Huffington Post | October 23, 2012](#)

Craig Lewis, Executive Director of the Clean Coalition, highlights Germany's success in streamlining clean local energy and deploying distributed solar, and advocates for a model PPA proposed by the Clean Coalition.

[Rule 21 Enhances Renewable Energy Distribution in California | Renewable Energy World | September 24, 2012](#)

The California Public Utilities Commission made important revisions to Rule 21, which governs interconnection procedures.

[Solar Industry Urges Fixes To California Feed-In Tariff Contract Provisions | Clean Energy Report | September 19, 2012](#)

While California's IOUs have proposed a "standard form contract" PPA that is five times longer and more complex than comparable PPAs in the state, the Clean Coalition and other groups are advocating for a "model PPA" that is fair, simple, and transparent.

[Solving California's Nuclear Dilemma | Huffington Post | September 13, 2012](#)

Bill Ritter Jr., Governor of Colorado from 2007 to 2011, and Craig Lewis, Executive Director of the Clean Coalition, argue for a swift transition to clean local energy in California.

utilizes best practices from the world's most successful programs and policies. Germany's solar market — the world's largest by far — offers important lessons for streamlining solar project deployments.

Through the creation of a nationwide CLEAN Program, Germany has brought staggering amounts of solar energy online. Of all Germany's solar capacity, which is large enough to meet half the country's midday energy needs, more than 80 percent is on rooftops. Wholesale distributed generation (WDG), not large-scale generation, is powering their solar success. With little fuss, Germany unleashed clean local energy by creating fair, simple, and transparent procedures for individuals, small businesses, and organizations to build projects, connect to the grid, and sell the produced energy to the utilities.

Similarly, streamlining WDG in the United States, which boasts significantly stronger renewable resources than Germany, is a crucial step towards the rapid and widespread adoption of clean local energy. According to research from Lawrence Berkeley National Laboratory, a more efficient California solar market would bring rooftop solar online at a cost of seven to 10 cents/kWh, depending on project size.

To streamline the U.S. solar market, the Clean Coalition is urging the California Public Utilities Commission (CPUC) to adopt a strong "standard form contract" that investor-owned utilities (IOUs) must use when purchasing energy from WDG facilities. Predictably, the IOUs have proposed a Power Purchase Agreement (PPA) that is five times longer and more complex than a comparable PPA used by leading municipal utilities in California, such as Sacramento Municipal Utility District (SMUD) and Palo Alto Utilities. Unnecessary and complicated requirements in the IOUs' proposed PPA would undoubtedly add significant costs and further hinder the development of an efficient market for clean local energy.

Alternatively, the Clean Coalition has proposed a model Power Purchase Agreement (PPA) that is fair, simple, and transparent. The model PPA will reduce the costs and timelines associated with bringing WDG online, while also saving consumers money by eliminating unnecessary transaction costs and unleashing competition in the energy marketplace. Download the Clean Coalition's model PPA [here](#).

## CLEAN Programs remove barriers and reduce costs

Typical California paperwork for one project



Could be a 1kW-sized project, but maximum 1MW (via CSI program). Even more paperwork for California projects larger than 1MW (via RPS program).

Typical Germany paperwork for one project



Could be a 1kW or 20MW-sized project, or bigger.

Source: Gary Gerber, President of CalSEIA and Sun Light & Power, Jun09

## CLEAN Programs continue to gain traction

From California to Georgia, utilities continue to adopt Clean Local Energy Accessible Now (CLEAN) Programs as a proven way to quickly and cost-effectively bring local, renewable energy online.

In late November, city leaders from Fort Collins, Colorado approved funding for Fort Collins Utilities' Solar Incentive Program — a CLEAN Program expected to bring at least 15 MW of local solar energy online starting on January 1. The Clean Coalition extends special recognition

## [CPUC to Vote on Settlement Tied to Renewables | Platts | September 11, 2012](#)

An account of the proceedings at the California Public Utilities Commission to change Rule 21, which included 14 parties representing various interests.

See the Clean Coalition [website](#) for additional news.

## Upcoming Events

### [January 28, 2013 | Energy, Utility & Environment Conference | Phoenix, AZ](#)

Craig Lewis, Executive Director of the Clean Coalition, will speak at the EUEC 2013 Conference taking place on January 28-30 in Phoenix, AZ. Mr. Lewis will be participating in the Small Scale Renewables and Electric Utilities track of the conference on January 28. The conference is taking place at the Phoenix Convention Center.

### [April 16, 2013 | Pathways to 100% Renewable Energy Conference | San Francisco, California](#)

The Clean Coalition is proud to be a partner organization in supporting the Pathways to 100% Renewable Energy Conference, taking place in San Francisco on April 16, 2013 at the Fort Mason Center.

See the Clean Coalition [website](#) for additional upcoming events.

## Recent Regulatory Filings

### [CPUC | Opening Comments on Track 2 Proposed Decision for LTPP | December 10, 2012](#)

This filing represents the Clean Coalition's opening comments and recommendations on the Proposed Decision.

### [CPUC | Reply Comments on Responses to SONGS OII | December 10, 2012](#)

This filing represents the Clean Coalition's reply comments to other parties opening responses to the



to Katie Hoffner, a Fort Collins resident and clean tech champion who got the CLEAN process rolling in Fort Collins and has been a key ongoing force in ensuring that the best possible program gets launched.

In Los Angeles, following a successful 10 MW pilot program, the Los Angeles Department of Water and Power (LADWP) announced on August 14 that the utility approved a 150 MW CLEAN Program in an effort to meet its goal of deploying 600 MW of solar power by 2020. The Clean Coalition has recommended the use of a Volumetric Pricing Adjustment (VPA) that will provide the pricing efficiency of an auction process combined with the transactional efficiency of a fixed-price, standard, must-take contract; with the price being set by market response. See the detailed Clean Coalition recommendations [here](#).

The City of Palo Alto Utilities sent proposed improvements for the Palo Alto CLEAN Program to the Palo Alto Utilities Advisory Commission and the City Council's Finance Committee. Proposed improvements include extending the program beyond December 31, 2012, removing the 100 kW minimum project size, and actively marketing the program to property owners. Additionally, the City Council Finance Committee suggested that the amount paid to generators be increased from 14 cents/kWh to 16.5 cents/kWh for the first 2 MW of program capacity. The City Council is scheduled to vote on the proposed changes on December 17.

The final big move for CLEAN Programs in 2012 came from the Southeast, where Georgia Power announced a major CLEAN Program — called the Advanced Solar Initiative. The program opens 90 megawatts (MW) of local solar capacity, a massive amount for any state, but particularly for a state in the Southeast. When designing the program, the utility wisely analyzed the full-cost of traditional brown power, including the often hidden transmission-related costs. Through this assessment, Georgia Power determined the total avoided cost of energy to be 13 cents/kWh, which the utility will pay for local solar energy. Since this price represents only the avoided cost of brown power, solar generators will retain the Renewable Energy Credits (RECs), providing additional value beyond the 13 cents/kWh price.

### Laying the foundation for a resilient electric grid

The electric system serves as a vital lifeline, providing the power needed for nearly every aspect of modern life. Yet the system itself is far from modern — it relies on old, centralized, fossil-fuel-burning power stations and inefficient transmission over long distances on an antiquated grid. Hurricane Sandy illustrated the brittleness of the current system, leaving 8.5 million homes and businesses in 16 states without power.

The Clean Coalition's Distributed Generation + Intelligent Grid (DG+IG) Initiative is laying a timely foundation to transition towards a more resilient electrical power grid. Distributed, renewable generation — integrated with intelligent grid solutions — will result in a far more efficient and reliable electrical system. Local energy production will mitigate the impact of any single power station or transmission line failure. Intelligent grid solutions — such as demand response, advanced inverters, and energy storage — will significantly increase grid reliability by enabling local balancing of supply and demand for energy. Ultimately, the combination of DG+IG will allow for the creation of micro-grids that can function as standalone energy "islands" to provide continuous power for essential services during widespread grid failures.

Through the DG+IG Initiative, the Clean Coalition is working with forward-thinking utilities — such as Long Island Power Authority — to develop five DG+IG demonstration projects. Each demonstration project will

Preliminary Scoping Memo on the SONGS Investigation.

[CEC | Comments on Draft 2012 IEPR Update | December 3, 2012](#)

This filing represents the Clean Coalition's comments on the draft version of the 2012 IEPR Update, highlighting regional targets, RE zones, advanced inverters, and distribution system planning.

[CPUC | Clean Coalition Comments on Order Initiating Investigation | November 30, 2012](#)

This filing represents the Clean Coalition's submission of comments on the preliminary scoping memo on the investigation of the SONGS unit. The Clean Coalition offered comments regarding the possibility of DG+IG replacing any or all SONGS capacity that does not come back online.

[CPUC | Clean Coalition Reply Comments On Track 3 Rules | November 30, 2012](#)

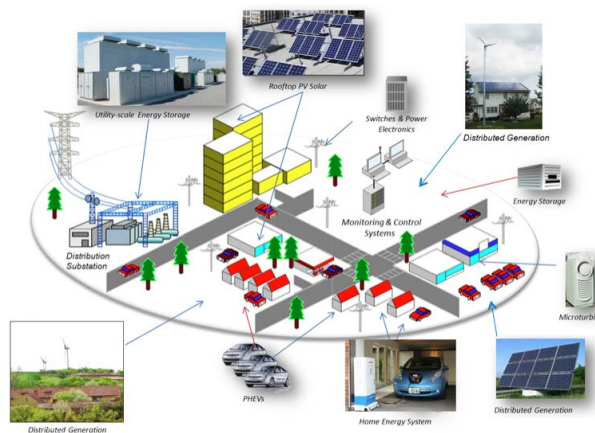
This filing represents the Clean Coalition's reply comments supporting other parties call for reduction in GHG emissions, increased transparency and adherence to the State's loading order policy.

[CPUC | RPS Procurement Reform | November 20, 2012](#)

This filing represents the Clean Coalition's recommendation that Locational Benefits (LBs) be added to the Least Cost Best Fit (LCBF) procurement process for RPS projects. The key component of LBs should be Transmission Access Charges (TACs), as a proxy for actual LBs, and the LB quantification should be used in LCBF to help in rank ordering proposed projects

[LADWP | Proposed CLEAN | November 15, 2012](#)

This filing represents the Clean Coalition's comments strongly recommending that the 75 MW



prove that local renewables connected to the distribution grid can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability. These demonstration projects, which will highlight the technical and financial feasibility of high penetrations of DG, serve as models for modernizing America's electrical system in the most intelligent manner possible.

### Prop 39 can support clean energy across California

As one of the first organizations to endorse California's Proposition 39, the Clean Coalition is pleased that this common sense tax reform passed the November 6 ballot with over 60% of the vote. The passage of Proposition 39 creates an estimated \$500 million in tax revenue that will be directed into a new Fund dedicated to maximizing job creation and energy benefits through energy efficiency and clean energy projects.



The Clean Coalition believes that the Fund should enhance California's wholesale distributed generation (WDG) programs by employing a "Grid Bonus" to front the cost of interconnecting new projects that provide overwhelming locational value to ratepayers. This innovative idea, which the Clean Coalition submitted to the Governor's office, will boost the deployment of clean local energy, while making the Fund sustainable for the long-term — not just for the five-year period structured as a fixed limit in Proposition 39. The Fund will cover interconnection costs for new WDG projects only in designated grid areas, and those investments will be returned to the Fund over five years as ratepayers reap the financial benefits of strategically sited renewable energy.

Placed in the right location, DG projects provide significant economic and environmental benefits while minimizing grid upgrade costs. However, lower interconnection costs offered at key locations often fail to attract new projects due to those locations being close to loads, where people live and work; and where siting is more expensive. Therefore, the Grid Bonus will provide necessary financial assurance to drive projects to optimized locations on the grid. This funding mechanism will also expedite the deployment of DG projects, provide cost certainty to developers, level the playing field between DG and transmission-connected projects, and encourage utilities to transition to a local energy system.

Stay tuned for additional updates as the Clean Coalition gathers support for this proposal.

### A solution to the San Onofre nuclear situation

The California Public Utilities Commission (CPUC) recently opened a formal investigation into the future of the San Onofre Nuclear Generating Station (SONGS), after a failure caused the plant to be shuttered for the past year. A primary objective of the investigation is to assess the viability of replacing the facility's 2,340 MW capacity with alternative energy sources if the plant does not return online in the immediate future or returns at less than 100% capacity. The investigation's focus on San Onofre's immediate future complements the Clean Coalition's ongoing involvement in the CPUC's Long Term Procurement Planning, which is assessing the long-term options for SONGS.

As an active party in the investigation, the Clean Coalition aims to ensure that clean local energy, integrated with intelligent grid technologies, fills any capacity void left by SONGS. DG

CLEAN program be returned to 150 MW as in earlier proposals; recommend a Volumetric Pricing Adjustment (VPA) mechanism be included for an upward increase in price as well as degression.

[CPUC | Discovery Request to IOUs for Interconnection Data | November 14, 2012](#)

These filings represent the Clean Coalition's comprehensive discovery requests to all three utilities concerning interconnection data from WDAT and Rule 21 procedures

[CPUC | Petition for Modification of D.12-05-035 | November 12, 2012](#)

This filing represents the Clean Coalition's Petition for Modification of the SB 32 Re-MAT decision.

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 accelerate the transition to a decentralized energy system that delivers cost-effective renewable energy, strengthens local economies, minimizes environmental impacts, and enhances energy security. 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.

resources, which can be deployed quickly and cost-effectively, could address increasing local capacity requirements in Southern California. In addition, intelligent grid technologies — including advanced inverters, energy storage, electric vehicles, and demand response — can provide the necessary voltage support and reserve margin for powering the region in the absence of SONGS, while providing greater overall grid reliability and resilience. Importantly, clean local energy supports California's established energy goals, such as those associated with Assembly Bill 32, the Renewable Portfolio Standard, and Governor Brown's pronouncement for 12,000 MW of DG in California.

The Clean Coalition recognizes the significance of this investigation and is working diligently on a formal proposal for Distributed Generation + Intelligent Grid (DG+IG) to serve as the primary approach to Southern California's energy future.

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### **SCE study highlights locational value of clean local energy**

As one of the largest utilities in the state, Southern California Edison (SCE) must incorporate significant penetrations of DG into the grid to meet Governor Brown's goal of deploying 12,000 MW of DG in California. According to a recent report by SCE, directing these DG projects to key areas on SCE's grid could save consumers up to \$2.4 billion, largely by avoiding expensive transmission upgrades.

This study by SCE found that a project's location affects grid upgrade costs dramatically and that well-planned placement of new DG facilities would avoid billions of dollars in system upgrades, when compared to the historic approach in which the vast majority of energy is generated far from where it is consumed.

This study makes the importance of locational planning abundantly clear in implementing Governor Brown's goal of 12,000 MW of DG. It is critical for any DG procurement process to account for the significant benefits of well-sited projects and ensure that ratepayers gain from cost-effective projects, which eliminate the exorbitant costs associated with transmission. These findings align with long-held Clean Coalition recommendations, including that well-placed projects should be incentivized through compensation for locational value, and that state regulators implement thoughtful and efficient distribution system planning processes.

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