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Community Update | September 13, 2011

Dear Clean Coalition Friends,

The ten-year anniversary of 9/11 has reminded me of why I founded the Clean Coalition. There were three overwhelming drivers: economic sensibility, environmental sustainability, and energy security. The energy security element was brought to our full attention by what should have been a transformational event ten years ago. Unfortunately, Americans failed to display the resolve to invest intelligently in the future and overcome the political inertia supported by the mind-boggling fortunes of oil, gas, and coal interests.

Hopefully, more recent reminders like last week's multi-day power outage across San Diego's entire grid, due to the unexpected shut-down of a single central station power plant and its associated transmission line, will provide a lasting realization that energy security needs attention NOW. The Clean Coalition is here to make *clean local energy accessible now*, and our success will bring unparalleled economic, environmental, and security benefits that are achievable through a sustained and concerted effort to implement intelligent energy policies. The Clean Coalition asks for your partnership in making this happen.

In this fighting spirit, I am pleased to announce the release of the second module of the Local CLEAN Program Guide: *Module 2: Establishing CLEAN Contracts Prices*. Since the release of *Module 1: Overview and Preliminary Considerations*, the Clean Coalition has received an overwhelming response from communities and utilities across the United States that want to explore how Clean Local Energy Accessible Now (CLEAN) Programs can maximize cost-effective clean local energy, and associated economic benefits, in their jurisdictions. This newsletter provides more details about the Guide, and I hope it will help accelerate transitions near you to the smart energy future and the new energy economy.

As usual, the Clean Coalition has been very busy, and this newsletter is full of important topics, as follows:

- [Local CLEAN Program Guide: Release of Module 2: Establishing CLEAN Contracts Prices](#)
- [CLEAN California Campaign: New partners, Clean Economy Network webinar](#)
- [Clean Coalition brief on the Superior Value of Distribution-interconnected Generation receives praise](#)
- [SB 32 update and upcoming pricing workshop](#)
- [CREST: Motion filed at CPUC](#)
- [RAM gets approved](#)
- [Interconnection Reform: Rule 21 Working Group tasked with ambitious year-end goal: CPUC pushes for consensus](#)

The Clean Coalition is dedicated to making *clean local energy accessible now*, and we thank you for your ongoing support.

Sincerely,

Craig Lewis  
Executive Director, Clean Coalition

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**Local CLEAN Program Guide: Release of Module 2: Establishing CLEAN Contracts Prices**

## Upcoming Events

[September 13-14, 2011 | California Bio-Resources Alliance Symposium | Sacramento, CA](#)

Ted Ko, Associate Executive Director of the Clean Coalition, will speak on the Feed-in-Tariff and Barriers to Interconnection panel on Tuesday, September 13, at 11 am.

[September 13-15, 2011 | Modern Energy Investors Forum | Denver, CO](#)

Craig Lewis, Executive Director of the Clean Coalition, will present on the economic benefits of CLEAN Programs on Thursday, September 15, at 10 am.

[September 15-16, 2011 | Opal Real Assets Investing Forum | San Francisco, CA](#)

Rob Longnecker, Program Manager for the Clean Coalition, will speak about the importance of understanding state and federal energy policy when considering clean tech/energy investing as part of a panel discussion on Friday, September 16, at 11:15 am.

[September 19, 2011 | Planning for Distributed Renewable Energy | Oakland, CA](#)

Stephanie Wang, Programs and Campaigns Director of the Clean Coalition, will discuss the CLEAN California Campaign and the Local CLEAN Program Guide at this free event on Monday, September 19, at 6:30 pm.

[September 20-22, 2011 | Renewable Energy Technology Conference and Exhibition | Washington, D.C.](#)

Ted Ko, Associate Executive Director

The Clean Coalition announces the release of *Module 2: Establishing CLEAN Contracts Prices* of the Local CLEAN Program Guide. The Guide is a comprehensive how-to guide for communities and utilities across the nation to evaluate, design, and enact Clean Local Energy Accessible Now (CLEAN) Programs based on global best practices for ramping cost-effective renewables and reaping the associated economic benefits. The Guide draws from tremendously successful CLEAN Programs in the United States, such as the Gainesville, FL program and the soon-to-be operational CLEAN Programs that the Clean Coalition helped design in Fort Collins, CO and Palo Alto, CA.

Module 2 of the Guide provides a roadmap for establishing fixed prices for CLEAN Contracts. Since pricing affects both the types and amounts of renewable energy that will be deployed, as well as the timeframes of those deployments, the pricing is a critical step in designing CLEAN Programs. Module 2 removes the mystery of establishing fixed prices by illuminating both potential approaches: value-based pricing based on avoided costs and cost-based pricing based on deployment costs.

Please visit [www.clean-coalition.org/local-action/](http://www.clean-coalition.org/local-action/) to freely download the Local CLEAN Program Guide. If you would like to become a local advocate for deploying a CLEAN Program in your community, please email [LocalGuide@Clean-Coalition.org](mailto:LocalGuide@Clean-Coalition.org). The remaining five modules of the Guide will be released throughout the fall. Stay tuned!

P.S. In Washington, D.C.? Ted Ko, Associate Executive Director of the Clean Coalition, will be conducting a briefing about the Local CLEAN Program Guide at the Center for American Progress on Thursday, September 22, at 3 pm. If you are interested in attending, please email [LocalGuide@Clean-Coalition.org](mailto:LocalGuide@Clean-Coalition.org).

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## **CLEAN California Campaign: New partners, Clean Economy Network webinar**

The [CLEAN California Campaign](#) leads the movement to achieve Governor Brown's vision for 12,000 megawatts (MW) of clean local energy in California by 2020. The Campaign is on track to have its first key victory in early 2012: the establishment of a statewide CLEAN Program, which will provide the basis for a State CLEAN Program Guide to streamline the process for designing and implementing effective statewide CLEAN Programs across the United States.

The Campaign is supported by a broad partnership of entities, including business, government, environmental, academic, and health organizations. Most recently, the California Student Sustainability Coalition has committed to lead all student outreach and organizing efforts for the Campaign. LEAN Energy, the Local Energy Aggregation Network, has also joined the growing partnership.

The Clean Economy Network, a CLEAN California Campaign partner, will host a webinar about CLEAN Programs on Wednesday, October 12, at 2 pm EDT (11 am PDT). Craig Lewis, Executive Director of the Clean Coalition, will discuss the CLEAN California Campaign and will highlight CLEAN Programs that are moving forward or are already underway at the local level across the nation. Mark Fulton, Global Head of Climate Change Investment Research at Deutsche Bank and a Clean Coalition Board of Advisors member, will tell the German CLEAN Program success story and discuss how the German model can be leveraged in the United States. Mike Eckhart, Managing Director at Citigroup and former President of American Council on Renewable Energy (ACORE), will moderate the webinar. To register for this free webinar, please email Andrea Clatterbuck at [aclatterbuck@clean-coalition.org](mailto:aclatterbuck@clean-coalition.org).

To learn more about the CLEAN California Campaign or to endorse our efforts, please visit [www.EnergyJobsNow.org](http://www.EnergyJobsNow.org).

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## **Clean Coalition brief on the Superior Value of Distribution-interconnected Generation receives praise**

As part of California Governor Brown's Conference on Local Renewable Energy Resources

of the Clean Coalition, will present on the economic benefits of CLEAN Programs during the State Policies – Cross-Cutting Issues panel on Wednesday, September 21, at 11 am.

[September 22, 2011 | Center for American Progress | Washington, D.C.](#)

Ted Ko, Associate Executive Director of the Clean Coalition, will give a briefing about the Local CLEAN Program Guide at the Center for American Progress on Thursday, September 22, at 3 pm.

[October 11-12, 2011 | Biogas USA West | San Francisco, CA](#)

Craig Lewis, Executive Director of the Clean Coalition, will present during the Legislation and Policy panel on Tuesday, October 11, at 11 am. Clean Coalition friends can use discount code SPK20 to receive 20% registration if attending the conference.

[October 12, 2011 | Clean Economy Network | Webinar](#)

Craig Lewis, Executive Director of the Clean Coalition, will discuss the advancement of CLEAN Programs in the U.S. and the status of the CLEAN California Campaign. Webinar held on September 28, 2011 at 2 pm EDT / 11 am PDT.

[October 13, 2011 | Women in Renewable Energy Career Panel | San Francisco, CA](#)

Stephanie Wang, Director of Programs and Campaigns of the Clean Coalition, will discuss her professional and personal development in the renewables field as part of a panel discussion on Thursday, October 13, at 6:30 pm.

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

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## **Recent Regulatory Filings**

[CPUC | Senate Bill 32 Implementation | August 26, 2011](#)

This filing represents the Clean Coalition's most recent comments

this past summer, the Clean Coalition was asked to perform an analysis comparing the cost-effectiveness of Wholesale Distributed Generation (WDG) solar, which is comprised of 20 MW and smaller projects interconnected to the distribution grid, versus transmission-dependent central station solar. The result is a comprehensive brief titled "The Superior Value Of Distribution-Interconnected Generation," which clearly shows that the most cost-effective solar energy available to ratepayers is WDG solar. Download the brief for free by clicking [here](#).

Since the Governor's conference, the Clean Coalition has received significant appreciation for the enlightening brief and its comprehensive coverage of the fact that WDG is the most cost-effective market segment for deploying solar. Importantly, the brief explores the hidden costs of transmission, including how the cost of delivering energy from the point it is interconnected to the grid to the point that it is consumed can actually cost more than the wholesale purchase price of the power itself. The brief examines how location and time of delivery (TOD) should be key factors in determining the true cost of energy as they have significant financial impact on the ratepayer.

Again, the brief is available for free download [here](#). Questions can be addressed to [Info@CleanCoalition.org](mailto:Info@CleanCoalition.org).

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## SB 32 update and upcoming pricing workshop

Since our last newsletter, the California Public Utilities Commission's (CPUC) pricing workshop for the implementation of Senate Bill (SB) 32\* was delayed by a month and went from the original late-August date to September 26. Thus, while the Clean Coalition has been advocating for an SB 32 interim plan to take advantage of federal tax benefits that expire at the end of this year, the ability to make this happen now seems less likely. But, there is still significant work to be done in the near-term.

In early August, the three major Investor Owned Utilities (IOUs) filed their proposed Power Purchase Agreements (PPAs) and interested parties filed reply comments by August 26. The one clear conclusion is that the proposed PPAs are far too complex as they are replications of PPAs for much larger projects with excessive terms and conditions that are certainly not relevant to relatively small WDG projects. Such complexity would defeat a primary benefit of enacting CLEAN Programs – simplicity in contracts and pricing. The Clean Coalition filed detailed comments on this issue and the many other flaws with the IOU proposals (download comments [here](#)).

In reviewing other parties' comments, it is clear there is general agreement that the proposed IOU PPAs are unreasonable. It also remains clear that there are differing viewpoints on the optimal SB 32 pricing methodology. (See the [August newsletter](#) for details on the Clean Coalition's position on pricing).

Given the current status of the implementation process, the Clean Coalition expects that an official Proposed Decision will be ready by near the turn of the year, hopefully by December, with a statewide CLEAN Program operational by mid-2012.

Details on the CPUC's SB 32 pricing workshop scheduled for September 26 will soon be available on their website [here](#).

\* SB 32 is enacted legislation that calls for an expansion of California's existing, albeit small, AB 1969 CLEAN Program. Among other things, SB 32 expands the AB 1969 program size from 500 MW to 750 MW of clean local energy and increases the eligible project size from 1.5 MW to 3 MW.

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## CREST: Motion filed at CPUC

On August 15, the Clean Coalition filed an official Motion at the CPUC for the Commission to require Southern California Edison (SCE) to make specific modifications to the CREST\*\* PPA contract (go [here](#) to download Motion and corresponding amendments). As the Clean Coalition covered in our last several [newsletters](#), the SCE PPA currently contains provisions that are unacceptable to banks and other investors, which has rendered the CREST Program fairly useless; despite the fact that there are many developers ready to deploy CREST projects immediately upon the PPA being fixed.

regarding SB 32's implementation, with a particular focus on the three major IOU's proposals for the Program. The Clean Coalition recommended a number of changes to utilities' proposed CLEAN Contract rates and Power Purchase Agreements. The one clear conclusion is that the proposed PPAs are far too complex as they are replications of PPAs for much larger projects with excessive terms and conditions that are certainly not relevant to relatively small WDG projects. Such complexity would defeat a primary benefit of enacting CLEAN Programs – simplicity in contracts and pricing. In addition, this filing expresses the Clean Coalition's support for the Interstate Renewable Energy Council's proposal to rate base certain distribution grid upgrades. It also states the Clean Coalition's opposition to the Division of Ratepayers Advocates' suggested Default Load Aggregation Point plus Renewable Energy Certificate pricing (from the net surplus metering decision, D.11-06-016) as inapplicable to SB 32.

### [CPUC | CREST Program Changes | August 15, 2011](#)

This Motion asks the CPUC to require SCE to make specific amendments to the currently available CREST PPA. These changes should take effect immediately so that projects can move forward in time to take advantage of federal tax benefits that are expiring at the end of 2011.

### [CPUC | Rule 21 Interconnection Procedures | July 26, 2011](#)

This filing is the Clean Coalition's protest to the utilities' request to allow Federal Energy Regulatory Commission (FERC)-jurisdictional interconnection procedures to be used on an interim basis under the state-jurisdictional Rule 21 interconnection process. The Clean Coalition's concerns are: 1) the FERC-jurisdictional procedures (Wholesale Distribution Access Tariff [WDAT]) are very lengthy and costly; 2) allowing this change on an interim basis opens the door wide for permanent use in the same way, which is very unwelcome; and, 3) the California Public Utilities Commission (CPUC) should instead work quickly to revise

The Clean Coalition's motion calls for the minimal modifications that would allow for banks to finance over 150 MW of projects waiting in the CREST Program queue. The timing of the PPA fix is critical, as it will allow projects to qualify for federal tax benefits that expire at the end of 2011.

Over two-dozen clean energy project developers, property owners, financial groups, and others signed a letter supporting the Motion; noting the importance of securing federal tax benefits that expire at yearend and highlighting the fact that thousands of jobs could be created if these clean local energy projects are able to move forward (download letter of support [here](#)).

The CPUC has notified the Clean Coalition that the Commission is treating the Motion as urgent and is preparing a Proposed Decision with the intent to vote on the Decision in October. To make this move more quickly, the CPUC encouraged parties to negotiate with SCE. The Clean Coalition expects other business and labor leaders, including the International Brotherhood of Electrical Workers, to help push for this to happen quickly, which could potentially mean securing hundreds of millions in federal tax benefits and thousands of new jobs for the State of California.

\*\* The California Renewable Energy Small Tariff (CREST) Program is SCE's implementation of Assembly Bill 1969, the existing predecessor CLEAN Program to the coming SB 32 CLEAN Program. Although CREST has been available since 2008, only a handful of projects have been successfully deployed under the program.

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## RAM gets approved

The Renewable Auction Mechanism\*\*\* (RAM) Program for the three major IOUs in California will be operational soon. On August 18, the CPUC voted to adopt a RAM implementation proposal with first auctions being held no later than November 15. The second round of auctions must occur about six months afterward and no later than May 31, 2012.

The RAM is designed to promote larger-scale Wholesale Distributed Generation (WDG) projects in California. Over the last year, the Clean Coalition participated in the design process to help correct design flaws that will strengthen the effectiveness of the RAM Program. Here are key RAM features of which clean local energy supporters should be aware:

- Minimum project size is now 1 MW. Previously, there had been no minimum size. However, developers can now aggregate multiple projects of 500 kW or greater up to a total of 5 MW for one contract.
- Projects must have completed at least Phase I of an interconnection study or qualify for the Fast Track process before submitting a bid. [The Clean Coalition believes this could be beneficial in limiting bids to projects that can be done quickly. However, it also reduces the eligible bidders by making the auction timing dependent on the significant problems associated with interconnection processes.]
- Full capacity deliverability is not required for projects (see [August newsletter](#) for explanation of deliverability). However, utilities may require renewable energy producers to eventually acquire this status if there is no additional cost in doing so.

Because of the great number of projects currently in the interconnection process, the Clean Coalition expects the first auctions to be grossly oversubscribed and be fulfilled with larger projects. The RAM allows projects to be interconnected to the transmission grid, as opposed to the distribution grid, which would eliminate several of the key benefits of WDG like producing power close to load and avoiding Transmission Access Charges (TACs) and line and congestion losses, which together can cost ratepayers 3 cents per kWh for transmission-interconnected energy.

Additionally, it will take several years to conclude whether the winning bids result in viable projects that are successfully built. The failure rate on similar programs has proven to be enormous. Thus, while the Clean Coalition is happy to see the RAM come to fruition, the CPUC should not delay the quick implementation of the SB 32 CLEAN Program, which will target smaller scale WDG projects that will come online quickly with little risk of project development failure.

\*\*\* RAM is a two-year procurement program that was adopted by the CPUC with the purpose of lowering transaction costs and promoting the development of projects on the larger end of the WDG market segment,

Rule 21 and provide a viable interconnection procedure before the next cluster window closes for WDAT.

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

## About the Clean Coalition

The Clean Coalition is a non-profit organization whose mission is to make clean local energy accessible now. Our top goal is to implement policies and programs that accelerate the adoption of cost-effective clean local energy across the United States. 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.

## Support the Clean Coalition

The Clean Coalition is actively seeking financial backing in order to strengthen our efforts.

If you or your organization is interested in supporting the Clean Coalition, please contact us at [Development@Clean-Coalition.org](mailto:Development@Clean-Coalition.org)

Additionally, we welcome invitations to any forums or events where we can promote the benefits of [CLEAN Programs](#) to new audiences.

which includes projects up to 20 MW in size.

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## Interconnection Reform: Rule 21 Working Group tasked with ambitious year-end goal; CPUC pushes for consensus

In an exciting turn, the CPUC announced in late August that the Rule 21 Working Group\*\*\*\* would become a formalized “settlement process” with the target of reaching a negotiated binding agreement on interconnection reform by yearend. The CPUC aims to use this new “Distribution System Interconnection Settlement” (DSIS) Process to develop a single statewide standard for all Distributed Generation (DG) interconnection (regardless of whether wholesale or retail). A successful result will reform/replace both Rule 21\*\*\*\*\* and the Wholesale Distributed Access Tariff (WDAT)\*\*\*\*\*.

This new approach to reforming interconnection processes is significant. Instead of the Rule 21 Working Group (now the DSIS) producing recommendations that would begin a new lengthy review proceeding, the CPUC will be pressing for consensus and binding agreement on interconnection reform from the group participants by the end of the year. This has the potential to eliminate regulatory and/or legal challenges to interconnection decisions and to facilitate approval by the Federal Energy Regulatory Commission (FERC), which is required for WDAT amendments.

The CPUC’s new approach also sends the crucial message that California will pursue an aggressive clean local energy agenda, and that the utilities’ interconnection processes must be able to accommodate far greater numbers of new distributed generation projects.

While it remains to be determined how unresolved issues in the DSIS Process will be handled and there is potential for pitfalls in this process, the Clean Coalition applauds the CPUC’s determination to speed up interconnection reform, as it is so crucial to unleashing the true potential of clean local energy development in California; and the solutions in California will guide states across the country.

Extensive participation in the DSIS Process and achieving streamlined interconnection procedures for DG are top priorities for the Clean Coalition. Weekly DSIS meetings will be conducted at the CPUC and the Clean Coalition will focus on making sure reform achieves outcomes that support far greater levels of cost-effective and timely clean local energy via predictable interconnection processes.

\*\*\*\* The Rule 21 Working Group is mainly comprised of utility representatives, consumer groups, clean energy advocacies, and renewable energy project developers.

\*\*\*\*\* Rule 21 is a California procedure used for most interconnection to the distribution grid that falls under state jurisdiction, including all projects interconnected behind-the-meter; like net-metered projects. Rule 21 is used for wholesale PURPA Qualifying Facilities, including in SCE’s CREST Program, and is likely to be used in the upcoming SB 32 CLEAN Program.

\*\*\*\*\* WDAT is the set of distribution grid interconnection tariffs developed by each IOU for any wholesale generation that is subject to FERC jurisdiction under interstate commerce authority, but sometimes used under state jurisdiction.

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