

arguments as to whether California law requires PG&E to participate in CAISO. The incentive structure was created by the Energy Policy Act of 2005, and PG&E in 2007 began requesting the 50-basis-point adder for its continued participation in CAISO.

Several parties, including the CPUC, the Sacramento Municipal Utility District and the Transmission Agency of Northern California, had argued that FERC must find on remand that PG&E is not entitled to the regional transmission organization participation incentive because the commission does not have jurisdiction to interpret California law and cannot change Order No. 679 or its longstanding incentive policy on remand.

But FERC rejected those arguments, saying: “We find that establishing a briefing schedule allowing parties to file initial and reply briefs, as discussed below, will benefit the commission because it will ensure that all parties have an opportunity to present their viewpoints on the issues on remand in these consolidated proceedings.”

The CPUC argues that ISO participation is not voluntary, and that the incentives do not actually induce PG&E to stay in CAISO. PG&E says its participation is voluntary and the incentives should be allowed.

FERC when granting the incentives did not address the substance of the CPUC’s claims regarding state law. The 9th Circuit found that FERC “did not reasonably interpret Order No. 679 as justifying summary grants of adders for remaining in a transmission organization.” The court found that FERC’s granting of incentives was arbitrary and capricious, rejecting FERC’s argument that they are consistent with its Order No. 679. The court said FERC had contravened the order by generically allowing adders when they should be determined on a case-by-case basis.

The hearings will examine whether California law requires PG&E to be a member of CAISO, if FERC is required to defer to the CPUC’s interpretation of relevant law, and, if so, what standard of deference the commission must apply. —*J. F.*

[16] CCAs Helping to Meet State RPS Targets a Decade Early: Report

The rapid proliferation of community choice aggregators is helping California meet its renewables portfolio standard a decade early while causing little disruption to the grid as both CCAs and investor-owned utilities offer customers a higher percentage of renewable energy, according to a recent report.

Despite CCAs’ relative newness, they’ve been able to offer power portfolios with a renewable-energy content mix ranging from 37 percent to 100 percent, leading to a 2017 average of 52 percent renewables in the communities served by CCAs, according to a [report](#) for Next 10 written by researchers at the Luskin Center of Innovation at the University of California, Los Angeles.

CCAs currently represent 10 percent of state electricity consumption, with projections putting that number at 16 percent by 2020, as they continue to take customers from investor-owned utilities.

The California Public Utilities Commission estimates that 85 percent of load could depart IOUs to CCAs or direct access providers by 2030.

“The rise of CCAs has both direct and indirect positive effects on overall renewable energy consumed in California, helping contribute to the state meeting its 2030 RPS targets approximately ten years in advance,” wrote Luskin Center Director J.R. DeShazo, lead author Julien Gattaciecce and co-author Kelly Trumbull.

California’s RPS requires utilities and load-serving entities to procure 50 percent of their electricity from renewable energy by 2030.

But as CCAs continue to grow, they are already having a knock-off effect by indirectly causing the IOUs’ share of renewable energy to increase. This is largely because utilities have already prepared to meet RPS goals by entering into long-term renewable-energy contracts, so a loss of customers to CCAs increases an IOU’s ratio of renewable energy per customer.

Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric will have an average of

67 percent renewable energy by 2025, according to projections in the report.

But as with anything new that disrupts the status quo, CCAs come with a host of potential challenges, some of which are already being addressed. For instance, when CCAs launch, they

suffer from a lack of credit scores needed to secure funding. The state’s oldest CCA, MCE, was just given a credit rating earlier this year.

CCAs also depend on short-term wind and solar contracts for immediate energy needs, which reduces long-term visibility for statewide energy procurement and capacity planning, leading to concerns about resource adequacy (see stories at [11] and [11.1]).

Any assessment of CCA performance should examine whether they can pursue clean-energy investments, said Matthew Freedman, a staff attorney with The Utility Reform Network, noting he largely agrees with the report’s findings,

“Long-term contracts are critical for the development and financing of new resources,” he said in an email.

While both CCAs and IOUs should have no problem staying ahead of the state’s RPS targets, that point is somewhat moot, he added.

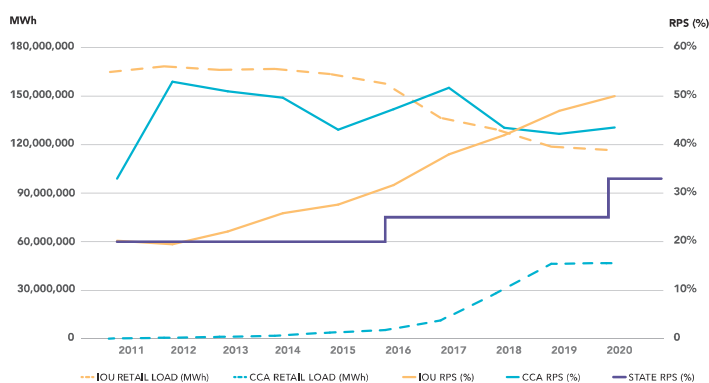
“Simply meeting the RPS . . . isn’t really the test for whether procurement is producing meaningful results. CCAs must demonstrate superior performance by getting new resources constructed to serve their customer loads,” Freedman said.

Future CCA procurement decisions could have an outsized impact on the electricity sector, according to the report.

“As CCAs grow, they will represent a larger share of the load. This means that the state electricity sector as well as the future of the grid will rely more and

‘The future of the grid will rely more and more on CCAs’ energy procurement decisions.’

Historical Percentage of Renewable Energy by Load-Serving Entity, 2011-2020



Community choice aggregators have helped boost renewables in California, but CCAs still have to surmount challenges to do more long-term procurement. Source: Lusk Center for Innovation at UCLA

more on CCAs’ energy procurement decisions,” the report says.

But as CCAs prioritize renewable energy, they also raise concerns about how the grid will handle an additional influx of variable resources, given that grid operators are already curtailing output of solar as a glut of energy at certain times of day is leading to negative wholesale electricity prices.

California experienced more than 130 hours of negative wholesale electricity prices in 2017, due to the combination of hydro and solar oversupply, the report said, and California is already curtailing surplus energy outside its balancing authority. Nevertheless, lead author Gattaciecca doesn’t see increased oversupply as a risk to the stability of the grid.

“If CCAs procure more solar they will accentuate the duck curve and the oversupply issue that happens in spring,” Gattaciecca said. “But I believe local programs are a good way for CCAs to alleviate grid stress.”

When looking at CCAs’ preferred portfolios, they appear to be prioritizing wind and geothermal energy over solar, which should make it easier for grid operators to adapt.

CCAs could relieve local grid stress by investing in distributed energy resources, or by building generation closer to where power is consumed, but they also have other tools at their disposal, such as net-energy metering programs and feed-in tariffs.

For example, Sonoma Clean Power has two net-metering programs, including one that allows customers to use solar production from one site to offset electricity usage at multiple sites. Another allows multiple tenants to receive a share of solar energy produced on top of multi-unit homes. CCAs can leverage these types of programs to incentivize more local generation.

As for FIT programs, the report highlighted how MCE and SCP currently have a total of nearly 9.2 MW of rooftop solar under contract, which can provide estimated savings of \$1.3 million, according to the National Renewable Energy Laboratory.

Additionally, when it comes to concerns of oversupply, “there is nothing that can change that more than

energy storage,” said Gattaciecca. Under current regulations, CCAs are required to procure storage capacity equivalent to 1 percent of their 2020 peak load by 2024.

But until CCAs start developing local resources, they will likely continue to rely on out-of-state generation and short-term contracts, which poses another concern. Out-of-state contracts could worsen interstate congestion, increase congestion costs and threaten long-term grid reliability if the trend persists, the report says.

Gattaciecca said concerns that this reliance on out-of-state procurement manifests will put strain on interstate transmission lines are largely unfounded, given the planned expansion of the Western Energy Imbalance Market and the potential for a more interconnected Western grid.

Also, the California Independent System Operator appears to be poised for an inevitable shift toward more local resources, the report says. It noted that CAISO recommended 20 projects for cancellation in its 2017-2018 transmission plan, due in large part to changes in local-area load forecasts spurred by increasing levels of residential rooftop solar generation.

“Consequently, if CCAs emphasize local sources of energy, energy efficiency and other local energy programs, they could accentuate this trend and avoid further transmission grid upgrades or other costly constructions,” the report says.

The report lauded the way CCAs are helping the state meet its RPS goals early, but Gattaciecca said both legitimate and unfounded concerns will likely continue to grab regulators’ attention.

“Concerns will only be amplified as IOUs continue to lose load to CCAs and CCAs push for more renewable penetration,” he said.

Craig Lewis, executive director of the Clean Coalition, a renewable-energy advocacy group, contended that while higher congestion, and its associated costs, is a legitimate concern, that issue should be resolved as CCAs begin procuring more local resources.

“Getting a significant percentage of the energy mix from local renewables is one of the biggest benefits that communities expect from CCAs, and potentially the biggest reason that communities support CCAs. Hence, CCAs being much more aggressive in procuring local renewables is fundamental to the expectations of the communities served,” Lewis said in an email. —Kali Kotoski

[17] NRC to Conduct Special Inspection After Near-Miss Fuel Incident at SONGS

The U.S. Nuclear Regulatory Commission on Aug. 24 announced it will conduct a special inspection at the shuttered San Onofre Nuclear Generating Station to review a near-miss fuel incident early this month.

A canister holding 37 spent-fuel assemblies on Aug. 3 got stuck on a guide ring as it was being loaded into an on-site dry-cask storage facility. The cask nearly fell about 18 feet to the bottom of a storage module.

The incident came to light only after a worker at the independent spent-fuel storage installation, or ISFSI, disclosed it at an Aug. 9 meeting of the SONGS Community Engagement Panel. Southern California