

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric
Company (U902E) for Authority to
Implement Optional Pilot Program to
Increase Customer Access to Solar
Generated Electricity.

Application 12-01-008
(Filed January 17, 2012)

And Related Matters.

Application 12-02-040
Application 14-01-007

CLEAN COALITION REPLY COMMENTS ON THE PROPOSED DECISION

Enrique Gallardo
Policy Director

Kenneth Sahm White
Economics & Policy Analysis Director

Clean Coalition
16 Palm Ct
Menlo Park, CA 94025
(510) 508-0082
enrique@clean-coalition.org

January 26, 2015

Table of Contents

I. INTRODUCTION 1
Summary 2

II. REPLY COMMENTS ON THE PROPOSED DECISION 2

 a. *The Advanced Procurement Goal Is Required to Ensure Implementation of SB 43*..... 2

 b. *The Commission Must Require Procurement Processes that Lead to Implementation of the Goals of SB 43; Timely Procurement Is Necessary* 4

 c. *ReMAT Must Be a Viable Procurement Tool for the Entire GTSR Program* 5

 1. *SB 43 Requires Diverse Procurement Mechanisms* 5

 2. *The Commission Should Require that at least Half of GTSR Procurement Capacity Is Offered via ReMAT* 6

 3. *ReMAT Serves the GTSR Requirement that Projects Be Located in Reasonable Proximity to Enrolled Participants; ReMAT Is the Appropriate Tool to Achieve the More Specific Requirements of the ECR and the EJ Components* 7

 d. *The ECR Program Must Emphasize Community Involvement; the Definition of Community Should Not Be Relaxed* 8

 e. *Utilization of Race and Ethnicity for Selection of the EJ Component Should Commence with this Decision* 9

 f. *The Joint Solar Parties Demonstrate the Need to Recognize Avoided Transmission Access Charges and Locational Grid Benefits* 10

III. CONCLUSION 10

Table of Authorities

Statutory Authorities

Cal. Public Util. Code § 2831 et seq. passim

Commission Decisions

D.14-11-042 3

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U902E) for Authority to Implement Optional Pilot Program to Increase Customer Access to Solar Generated Electricity.	Application 12-01-008 (Filed January 17, 2012)
And Related Matters.	Application 12-02-040 Application 14-01-007

CLEAN COALITION REPLY COMMENTS ON THE PROPOSED DECISION

I. INTRODUCTION

The Clean Coalition submits the following reply comments on the Proposed Decision Approving Green Tariff Shared Renewables (“GTSR”) Program for San Diego Gas & Electric Company, Pacific Gas & Electric Company and Southern California Edison Company Pursuant to Senate Bill 43 (“Proposed Decision”) filed on December 30, 2014.

The Clean Coalition is a California-based 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, interconnection, and realizing the full potential of integrated distributed energy resources, such as distributed generation, advanced inverters, demand response, and energy storage. The Clean Coalition also designs and implements programs for utilities and state and local governments—demonstrating that local renewables can provide at least 25% of the total electric energy consumed within the distribution grid, while maintaining or improving grid reliability through community microgrids. The Clean Coalition participates in numerous proceedings in California and before other state and Federal agencies.

Summary

- The Commission should retain the advance procurement requirements at the level set in the Proposed Decision.
- The Commission must ensure that the Renewable Market Adjusting Tariff is a viable procurement mechanism for the GTSR Program.
- The Commission should maintain ten-mile restriction in the definition of community for the Enhanced Community Renewables component.
- The Environmental Justice component should immediately include race/ethnicity in the selection process.
- Avoided Transmission Access Charges and locational grid value should be recognized as a benefit of GTSR projects.

II. REPLY COMMENTS ON THE PROPOSED DECISION

a. The Advanced Procurement Goal Is Required to Ensure Implementation of SB 43.

Pacific Gas & Electric Company (“PG&E”), Southern California Edison Company (“SCE”) and the Office of Ratepayer Advocates (“ORA”) all propose that the advance procurement requirement for the Green Tariff Shared Renewables (“GTSR”) program be either greatly reduced or eliminated.¹ These parties are concerned that the investor-owned utilities (IOUs) may not experience enough subscription, such that the procurement that they acquire in the 2015 advanced procurement period will not be able to serve the GTSR program.²

These parties fail to address how long it takes for procurement to result in a project coming online. As the Proposed Decision states:

Procurement of new capacity is a multi-year process, and given the time it takes to procure and build new generation, prudent advanced procurement can ensure that sufficient capacity is procured to meet GTSR demand in a timely fashion. Additionality is

¹ See Opening Comments of PG&E on Proposed Decision Approving Green Tariff Shared Renewables Programs (“PG&E Comments”), pp 3-4; SCE Comments on Proposed Decision Approving GTSR Program (“SCE Comments”), pp. 13-14; Comments of ORA on Proposed Decision Approving GTSR Program for SDG&E, PG&E and SCE Pursuant to Senate Bill 43 (“ORA Comments”), pp. 2-5.

² See ORA Comments, pp. 2-4.

a key aspect of SB 43, and unless the IOUs are directed to begin procurement for GTSR customers immediately, there is a risk that no additional renewable resources will be procured in time to matter for the GTSR Program.³

There is a significant time-lag between when a project is procured through either the Resource Auction Mechanism (“RAM”) or the Renewable Market Adjusting Tariff (“ReMAT”) and the project actually starts delivering energy. The Commission recently extended the maximum time for contracted commercial operation date (“COD”) for RAM projects from the current 24 months (with a six-month extension for regulatory delay) to 36 months (with a six-month extension for regulatory delay) once the RAM 6 auction concludes.⁴ The ReMAT continues using the maximum of 24 months for contracted COD. In reviewing the most recently executed ReMAT power purchase agreements (“PPAs”) for the three IOUs, the vast majority had contracted CODs of at least one year.

Thus, the IOUs will have a significant time period—at least one year and most likely much longer—in which to raise subscribership for the GTSR program once PPAs are executed, which would be sometime in the latter half of 2015 at the earliest. The IOUs need only subscribe 18% of the total subscribership contemplated by SB 43 during this extensive time period. The Proposed Decision correctly balances the need to allow the IOUs to subscribe customers with the need to actually implement SB 43. Thus, a minimum advanced procurement of 110.5 MW among the three IOUs is not burdensome; matching subscribership levels can be achieved.

Moreover, the advanced procurement requirement is the only real standard that requires the IOUs to implement SB 43. Outside of the advance procurement goals, the only requirement for procurement is that the IOUs must serve GTSR subscribers. However, there are no explicit standards requiring that the IOUs acquire GTSR subscribers. Thus, the only real incentive to implement SB 43 *at all* is the need to meet the advance procurement requirement.

The Proposed Decision does not establish any procurement requirements besides advance procurement. The hope is that the IOUs will have developed good marketing and subscribership procedures, and this will drive the procurement needs after the advance procurement

³ Proposed Decision, p. 24.

⁴ See D.14-11-042 (R.11-05-005), pp. 100-01.

requirements sunset. However, there are no standards to guarantee this occur. The advance procurement requirements only provide that the GTSR program achieve 18% of its total capacity. Asking the IOUs to implement the GTSR program to 18% of its capacity is not excessive; rather, this standard is very minimal.

The minimal nature of the requirement is especially apparent when examining its separate components. For example, the advance requirement for the environmental justice (“EJ”) component is only 8.3 MW each for PG&E and SCE and 1.75 MW for San Diego Gas & Electric Company (“SDG&E”). There must be a certain amount of procurement available for a renewable project developer to even consider a project to be viable. The advance procurement levels, especially when considered in their separate components, represent the bare minimum to support a successful initiation of the GTSR program.

The Proposed Decision should not reduce the advance procurement requirement levels. Moreover, as stated by Marin Clean Energy, the advance procurement requirements do not have an effective enforcement mechanism.⁵ Thus, Commission staff must be diligent in monitoring GTSR procurement and developing the means to encourage the IOUs to fulfill them.

b. The Commission Must Require Procurement Processes that Lead to Implementation of the Goals of SB 43; Timely Procurement Is Necessary.

The Proposed Decision provides fairly extensive flexibility to use either RAM or ReMAT for procurement in the GTSR program. The only real restrictions are that the IOUs must use the scheduled RAM 6 auction for GTSR procurement and that ReMAT should be the procurement tool used for the Enhanced Community Renewables (“ECR”) component.⁶ However, in their opening comments, both PG&E and SDG&E evince an intent to rely most heavily on the RAM procurement tool for the general GTSR program, to the exclusion of ReMAT. For example, PG&E requests authority to use only one PPA contract, based on the RAM, for all of its GTSR procurement and also requests authority to use a tool besides ReMAT for the ECR component.⁷

⁵ See Marin Clean Energy’s Opening Comments on Proposed Decision Approving GTSR Programs Pursuant to Senate Bill 43, p. 5.

⁶ See Proposed Decision, pp. 25-26, 58.

⁷ See PG&E Comments, pp. 1-3.

SDG&E requests that the IOUs not be required to utilize the RAM 6 auction, and that any GTSR procurement only begin “when the IOUs have finalized the GTSR program details and are prepared internally for enrollment, not arbitrarily in June of 2015 when RAM 6 is scheduled.”⁸ SCE requests greater autonomy in the selection of procurement tools, including the ability to use other procurement tools, such as RPS solicitations, to the exclusion of RAM and ReMAT.⁹

The Clean Coalition is concerned that the IOUs’ proposals regarding procurement would lead to unsuccessful implementation of the GTSR Program. For example, SDG&E’s requests to delay procurement to post RAM 6 does not provide for timely procurement. RAM 6 is to conclude by June 30, 2015. This date provides sufficient time to establish the details for GTSR procurement before the auction. In order to actually have success in meeting the 2015 advance procurement requirements utilizing the RAM tool, it is imperative to use the more timely RAM 6 auction. Subsequent RAM processes will occur too late in the year, in terms of *beginning* the process to meet 2015 goals. Reluctance to use the RAM 6 process evinces a strategy that would not lead to successfully meeting the advance procurement requirements. The Proposed Decision was correct to order use of the RAM 6 auction. This requirement should be retained.

c. ReMAT Must Be a Viable Procurement Tool for the Entire GTSR Program.

As noted above, the IOUs demonstrate a desire to rely on RAM or other procurement tools, to the exclusion of ReMAT, to procure GTSR projects. Reliance on only RAM, to the exclusion of ReMAT, will not lead to implementation of the goals of SB 43.

1. SB 43 Requires Diverse Procurement Mechanisms.

SB 43 states that “[a] participating utility shall use commission-approved tools and mechanisms” to procure GTSR projects.¹⁰ 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

⁸ See Opening Comments of SDG&E, on the Proposed Decision (“SDG&E Comments”), pp. 6-7.

⁹ See SCE Comments, pp. 14-15.

¹⁰ See Cal. Pub. Util. Code § 2833 (c).

“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.”¹¹ 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.

2. *The Commission Should Require that at least Half of GTSR Procurement Capacity Is Offered via ReMAT.*

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 generation from “small distributed generation” from projects that are smaller than those procured by RAM.¹² 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 in 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. CEJA provides many reasons why the ReMAT program must be a viable procurement tool for the GTSR program, especially in regards

¹¹ Cal. Pub. Util. Code §2833(f) (emphasis added).

¹² See Proposed Decision, p. 22.

to the EJ component. For example, ReMAT will provide for more rapid implementation in advance of the potential sunset date of 2019.¹³ ReMAT is needed to successfully implement SB 43. However, the Proposed Decision does not adequately require the use of ReMAT.

The Proposed Decision appears to contemplate that each IOU utilize both RAM and ReMAT. However, other than specifying ReMAT for the ECR component, the Proposed Decision gives the IOUs extensive flexibility in procurement—including the ability to use one tool to the exclusion of the other. Flexibility is often necessary to better implement the specifics of a program. However, given that the IOUs evince a strategy to rely on the RAM—to the exclusion of the ReMAT—this flexibility is misplaced and is less likely to lead to successful implementation of SB 43. The Commission must ensure that the IOUs fulfill statutory requirements that require plural procurement tools and diverse procurement.

The Proposed Decision contemplates the use of both RAM and ReMAT – but it must establish requirements for this to occur. Thus, the decision should be amended to require that a substantial portion of the procurement for the entirety of each participating utility’s GTSR program be achieved through ReMAT. The Clean Coalition recommends that this be at least 50%. We note that procurement costs are comparable under both mechanisms, and all ratepayers benefit where energy can be delivered directly to local customers such that transmission capacity needs are reduced and the costs of additional transmission avoided or deferred.

3. ReMAT Serves the GTSR Requirement that Projects Be Located in Reasonable Proximity to Enrolled Participants; ReMAT Is the Appropriate Tool to Achieve the More Specific Requirements of the ECR and the EJ Components.

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.”¹⁴ In opening comments, the Clean Coalition agreed with the Proposed Decision that the current IOU proposals for implementing this statutory requirement were insufficient and

¹³ See CEJA Comments on Proposed Decision, pp. 9-10.

¹⁴ Cal. Pub. Util. Code § 2833(e).

“that SB 43 ultimately requires a more directed approach to locating projects.”¹⁵ The Clean Coalition will participate in the next phase of the proceeding and contribute to this more directed approach. However, the Commission 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.

Moreover, the Proposed Decision was correct in adopting ReMAT as the procurement tool to be used for the ECR component.¹⁶ The ECR component has an additional, more specific requirement that “projects [be] located close to the source of demand.”¹⁷ The Proposed Decision has ordered that ECR projects be located within ten miles of the community it is to serve and otherwise contemplates a significant level of community involvement with their ECR projects, which will be developed more in the next phase of the proceeding.¹⁸ This community involvement is best implemented by small projects connected to the distribution grid. Such projects are most appropriately procured through the ReMAT.

CEJA demonstrates that the ReMAT is the most appropriate procurement tool for the EJ component as well, for much of the same reasons described above.¹⁹ The Clean Coalition supports CEJA’s proposal to designate ReMAT as the procurement tool for the EJ component.

d. The ECR Program Must Emphasize Community Involvement; the Definition of Community Should Not Be Relaxed.

The Proposed Decision proposes a definition of community as within a municipality or within 10 miles of a municipality.²⁰ This is already a fairly extensive geographical designation

¹⁵ Proposed Decision, p. 33.

¹⁶ See Proposed Decision, p. 58.

¹⁷ Cal. Pub. Util. Code § 2833(o).

¹⁸ See Proposed Decision, pp. 61-63.

¹⁹ See CEJA Comments on Proposed Decision, pp. 9-10.

²⁰ See Proposed Decision, p. 61.

for a community. Some parties suggest that the 10 mile limit is too restrictive.²¹ The Commission should retain this definition of community.

e. Utilization of Race and Ethnicity for Selection of the EJ Component Should Commence with this Decision.

CEJA describes how it has supported its proposal to utilize race and ethnicity for the selection of the EJ component throughout this proceeding and urges the Commission to immediately order this.²² CEJA notes that the California Environmental Protection Agency (“Cal EPA”) can easily include race and ethnicity in the CalEnviroScreen—the selection tool that most likely will be used. The Clean Coalition agrees that the decision to include race and ethnicity in the selection process is ripe for consideration. The Proposed Decision orders advance procurement of EJ projects beginning in 2015. In the interests of continuity of the EJ program, the Clean Coalition urges inclusion of race and ethnicity in the selection process immediately. The Proposed Decision requires a Tier 1 Advice Letter within 21 days describing the census tracts eligible for the EJ component.²³ The Cal EPA should be able to replace race and ethnicity within the CalEnviroScreen tool within these 21 days. If the Cal EPA needs additional time to make this change to the CalEnviroScreen, more time for the Advice Letter can be provided. This should be enough time to allow for 2015 EJ procurement to proceed with the appropriate selection criteria.

f. The Joint Solar Parties Demonstrate the Need to Recognize Avoided Transmission Access Charges and Locational Grid Benefits.

A coalition of parties representing various entities involved in solar energy (“Joint Solar Parties”) urge the Commission recognize that ECR customers should receive bill credits that reflect the full benefits of the renewable projects.²⁴ This is true not only for the ECR component,

²¹ See SDG&E Comments, p. 6; Comments of Vote Solar, the California Solar Energy Industries Association, the Solar Energy Industries Association, and the Interstate Renewable Energy Council, Inc., regarding the GTSR Proposed Decision (“Joint Solar Parties’ Comments”), pp. 11-13.

²² See CEJA Comments on Proposed Decision, pp. 5-6.

²³ See Proposed Decision, p. 157, Order 3.

²⁴ See Joint Solar Parties’ Comments, pp. 8-11.

but for the entire GTSR program. The Joint Solar Parties recognize that the GTSR tariff may be much higher than the regular IOU tariff if the full benefits of the renewable projects are not credited.²⁵ The Joint Solar Parties offer a valuation of the benefits of a renewable project, based on the second pricing proposal by the Interstate Renewable Energy Council, Inc.²⁶

The Clean Coalition supports a full valuation of the benefits of GTSR projects. A full valuation is necessary to ensure that GTSR customers receive the benefits of generation. Otherwise, many benefits of the GTSR programs will be unaccounted for, and will transfer to non-participating ratepayers, in violation of SB 43. The credits proposed by the Joint Solar Parties are similar to the locational grid benefits proposed by the Clean Coalition in uncontested testimony during the proceeding.²⁷ The Clean Coalition supports the rationale put forth by the Joint Solar Parties in urging the Commission to recognize the full benefits of renewable projects. The Clean Coalition again urges the Commission to recognize locational grid benefits, as proposed by the Clean Coalition, especially avoided transmission costs.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to comment on the Proposed Decision in this proceeding.

Respectfully submitted, January 26, 2015

/s/Enrique Gallardo
Enrique Gallardo
Policy Director
Clean Coalition

²⁵ See Joint Solar Parties' Comments pp. 5-8.

²⁶ See Joint Solar Parties' Comments p. 9.

²⁷ See Clean Coalition's Rebuttal Testimony Regarding PG&E and SDG&E Applications to Establish GTSR, served Jan. 10, 2014, pp. 5-13.