

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

Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of
California Renewables Portfolio Standard
Program.

Rulemaking 15-02-020
(Filed February 26, 2015)

**CLEAN COALITION RESPONSE TO THE PETITION OF SOLAR ELECTRIC
SOLUTIONS, LLC FOR MODIFICATION OF DECISION 12-05-035 AND
DECISION 13-05-034**

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I. INTRODUCTION

Pursuant to Rule 16.4(f) of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Clean Coalition hereby files this Response to the Petition of Solar Electric Solutions, LLC for Modification of Decision 12-05-035 and Decision 13-05-034 (“Petition”).

The Clean Coalition is a 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 and interconnection of distributed energy resources (“DER”)—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

II. CLEAN COALITION RESPONSE

The Commission created the Renewable Market Adjusting Tariff (“ReMAT”) through Decisions 12-05-035 and 13-05-034 in order to implement Public Utilities Code Section 399.20 and promote the growth of distributed generation with an effective

capacity of 3 megawatts (“MW”) or less. As the Petition argues, the Commission should revisit these decisions to ensure that ReMAT is properly implemented and to prevent a significant amount of program capacity from expiring. The Clean Coalition supports Solar Electric Solutions’ Petition and offers additional recommendations to improve ReMAT interconnection processes.

a. Proposed changes to interconnection requirements

ReMAT’s interconnection requirements are impeding the success of the mechanism. Currently under ReMAT, projects must expend significant resources through the interconnection application process before entering the program queue. Instead, the Commission should require projects to immediately submit an interconnection application when entering the queue, subsequently correct any deficiencies, and have the application deemed complete within 30 days of accepting a conditional Power Purchase Agreement (“PPA”) offer. The interconnection requirement should be modified to read “evidence that a utility has deemed the interconnection application complete within 30 days.” The Commission should also require projects to complete a Phase 1 Interconnection Study, Fast Track, or a System Impact Study within six months of accepting the PPA offer in order to retain it.

Requiring completed studies early in the process causes the applicant to not only incur the costs of studies but also commit to a Generator Interconnection Agreement and the associated development deposit timelines. This substantial financial risk prevents many developers from participating in ReMAT. Under the proposed change, projects would still be subject to the same development milestones, but these would largely occur after the supplier is assured a contract.¹ Knowing that the costs of interconnection will only be incurred for contracted projects encourages greater supplier participation and competition, in addition to lowering the costs associated with greater pre-contract risk. Further, to ensure that applicants securing a ReMAT PPA are submitting bids they are confident of successfully financing and developing, the Clean Coalition recommends that

¹ Allowing projects to obtain a conditional PPA before proceeding through the study process also helps ensure that only contracted projects will pursue interconnection studies, thereby unburdening the study process and reducing the number of withdrawals.

the Commission increase the developer security requirement for projects that have not completed Phase 1 studies from \$20/kW to \$40/kW.

These modified interconnection requirements are consistent with Southern California Edison's ("SCE's") recent iteration of its Preferred Resources Pilot ("PRP"). SCE found the prior requirement for completion of even a Phase I Interconnection Study to be a barrier to successfully procuring local renewable resources in its initial PRP request for offers ("RFO"), and it made an adjustment in its subsequent PRP RFO 2 to require evidence that the utility deemed the interconnection application complete. An important difference between the PRP and ReMAT bids is the length of time between submitting a project for consideration and being offered a PPA. An RFO offers a clear contracting schedule allowing the applicant to withdraw their interconnection application before committing to detailed studies or Interconnection Agreements and the associated deposits. Under ReMAT, utilities only allow applications to enter the queue for limited bimonthly PPA offers with no predictability as to how long they will remain in the queue before being offered a PPA. Because of this difference, the proposed interconnection modifications are of even greater importance to ReMAT.

b. Improved notice requirements

As the Petition argues, the Commission should require the utilities to notify all developers in the ReMAT queue of any changes to the ReMAT PPA or tariff.² Allowing such changes through the filing of an advice letter without notice to developers active in the program contradicts the transparency goals of the program and the due process rights of participants in the queue.³ Many developers are not involved in policymaking and do not monitor relevant Commission proceedings. Developers in the ReMAT queue should not be required to participate in larger Commission proceedings in order to receive notification of changes that would affect their contractual rights with the utilities. Therefore, the Clean Coalition supports the Petition's request that the Commission require the utilities, when submitting a filing to alter the ReMAT PPA or tariff, to notify

² Petition of Solar Electric Solutions, LLC for Modification of Decision 12-05-035 and Decision 13-05-034 at 7–9, Rulemaking 15-02-020 (Nov. 16, 2015).

³ *Id.*

all participants in the ReMAT queue of (1) the proposed change, (2) the timing of the submission to the Commission, and (3) information regarding how the queue participant can challenge the change.⁴

c. Reallocation of MW among product categories

The Clean Coalition supports the Petition’s request to reallocate 80% of the remaining capacity in the baseload and as-available non-peaking (“AA-NP”) categories to the as-available peaking (“AA-P”) category.⁵ However, prior to reallocating program capacity, the Commission should first work to implement the proposed interconnection modifications. If procurement has not significantly increased in the AA-NP and baseload categories after six months or three program periods, then the Commission should adopt the Petition’s request to reallocate to the AA-P category approximately 19 MW from SDG&E and 70 MW from PG&E and SCE. As the Petition argues, the utilities have procured a minimal amount of baseload and AA-NP MW to date. Further, a limited amount of capacity of the products is currently in the interconnection queue, and the Commission intended to have the ReMAT program capacity contracted within approximately two years of initiating the program. Therefore, the Commission should act to remedy this issue and reallocate 80% of the remaining capacity in the AA-NP and baseload categories to the AA-P category.

d. Program modifications

The Clean Coalition supports the Petition’s request to modify Decisions 12-05-035 and 13-05-034 in order to (1) reduce the required number of participants in the product queue from five to three; (2) increase the MW offering in the AA-P product category per ReMAT period; and (3) increase the required project development security from \$20/kW to \$40/kW.⁶ First, requiring that there be at least three eligible projects by different developers in the queue prior to a price increase would both assure a minimum

⁴ *Id.* at 9.

⁵ *Id.* at 9–14.

⁶ *Id.* at 14–18.

level of market interest prior to a price increase and more easily allow the price to increase when it decreases below what the market can support. Second, distributing the reallocated capacity over 6 program periods—resulting in 3.5 MW of AA-P per program period being offered by SD&GE and 15 MW by SCE and PG&E—would ensure that prices do not remain below market clearing levels. Finally, increasing the development security requirement would establish an appropriate viability milestone. However, the Clean Coalition further proposes that the Commission should increase the required project development security only for projects accepting a PPA without having completed a Phase 1 or equivalent interconnection study.

III. CONCLUSION

The Clean Coalition appreciates this opportunity to respond to the Petition and to propose additional improvements to ReMAT.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Brian Korpics', with a stylized flourish at the end.

Brian Korpics
Staff Attorney
Clean Coalition

Dated: December 16, 2015