

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)

Application 12-04-020
(Filed April 24, 2012)

Application of Pacific Gas & Electric to Establish
a Green Option Tariff.

Application 14-01-007
(Filed January 10, 2014)

In the Matter of the Application of Southern
California Edison Company (U338E) for
Approval of Optional Green Rate.

REPLY BRIEF OF THE CLEAN COALITION REGARDING PROPOSALS OF
PACIFIC GAS & ELECTRIC AND SAN DIEGO GAS & ELECTRIC COMPANY

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April 9, 2014

REPLY BRIEF OF THE CLEAN COALITION REGARDING PROPOSALS OF
PACIFIC GAS & ELECTRIC AND SAN DIEGO GAS & ELECTRIC COMPANY

The Clean Coalition offers the following comments on the Green Tariff proposal of Pacific Gas & Electric and the SunRate proposal of San Diego Gas & Electric Company.

- I. Ratepayer Indifference – Locational Value. The Clean Coalition agrees with the City and County of San Francisco, IREC, Vote Solar, SEIA and Ecoplexus that PG&E and SDG&E's cost-benefit analyses do not ensure ratepayer indifference; instead they shift the benefits of resources located closer to load to nonparticipants. Further, recognizing the locational value of local projects is necessary to meet SB 43's requirements for utilities to "seek to procure eligible renewable energy resources that are located in reasonable proximity to enrolled participants" and "provide support for enhanced community renewables programs to facilitate development of eligible renewable energy resource projects located close to the source of demand."

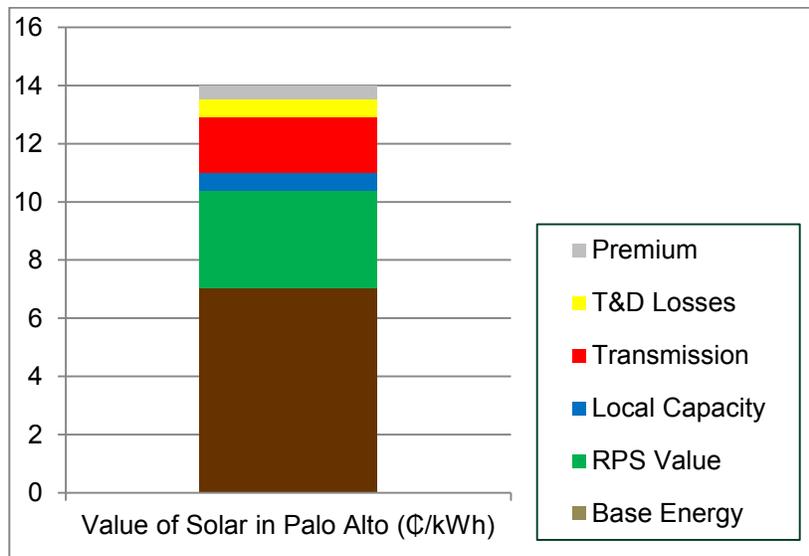
- II. Environmental Justice Mandate. We agree with the City and County of San Francisco, the California Environmental Justice Alliance, and the Sustainable Economies Law Center that the utilities have not met their burden to show that their programs will support the development of renewable energy projects in environmental justice communities.

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 works with utilities to develop community microgrid projects that demonstrate that local renewables can provide at least 25% of the total electric energy consumed within the distribution

grid, while maintaining or improving grid reliability. The Clean Coalition participates in numerous proceedings in California agencies and before other state and Federal agencies throughout the United States.

I. Ratepayer Indifference

The Clean Coalition agrees with the City and County of San Francisco, IREC, Vote Solar, SEIA, and Ecoplexus that PG&E and SDG&E's cost-benefit analyses must include the locational benefits of local resources to ensure ratepayer indifference and avoid shifting the locational benefits of local resources to nonparticipants. Full cost-benefit analyses of distributed renewable generation must include avoided conventional generation costs and locational value. The locational value of generation located close to demand is very significant. The City and County of San Francisco pointed out in its brief that PG&E's prevailing Transmission Access Charge is currently set at \$14.51/MWh, and proposed an avoided line loss valuation of approximately 7% of the weighted average local portfolio price. As shown in the graphic below, the City of Palo Alto Utilities estimated in 2012 that avoided transmission costs and line losses had a value of 2.56 cents per kWh, nearly 20% of the total value of local solar energy.



Source: City of Palo Alto Utilities (2012)

Recognition of the locational value of local projects is necessary to meet the statutory requirement that utilities “seek to procure eligible renewable energy resources that are located in reasonable proximity to enrolled participants”¹ and “provide support for enhanced community renewables programs to facilitate development of eligible renewable energy resource projects located close to the source of demand.”² Without recognition of these values, utilities will either (i) procure projects further from customers to take advantage of lower real estate costs, or (ii) procure well-located projects without crediting the Green Tariff or Enhanced Community Renewables portfolios with the locational value of such projects, and raise participation costs accordingly. The second scenario violates the legislative intent of the statutory requirement that utilities facilitate development of projects located close to demand; reflecting the significant locational value of Enhanced Community Renewables projects in participation costs is essential for keeping the costs of participation in an Enhanced Community Renewables program low enough to attract consumers.

The Public Utilities Code also recognizes locational value and requires utilities to submit plans to maximize locational benefits of distributed resources. AB 327 (2013) added Public Utilities Code Section 769, which requires utilities to submit Distribution Resource Plans by July 1, 2015 to identify optimal locations on the distribution grid through cost-benefit analyses,³ and guide distributed resources towards optimal locations on the grid. Each Distribution Resource Plan must “Propose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.”

¹ Public Utilities Code Chapter 7.6, Section 2833(e)

² Public Utilities Code Chapter 7.6, Section 2833(o)

³ Each Distribution Resource Plan must “Evaluate locational benefits and costs of distributed resources located on the distribution system. This evaluation shall be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provides to the electric grid or costs to ratepayers of the electrical corporation.” Public Utilities Code Section 769(b)(1).

II. Fulfilling the Environmental Justice Mandate

The Clean Coalition agrees with the City and County of San Francisco, the California Environmental Justice Alliance, and the Sustainable Economies Law Center that the utilities have not met their burden to show that their programs will support the development of renewable energy projects in environmental justice communities. PG&E's reference to "ensuring that capacity remains available" under the cap for such projects "should they materialize at competitive prices" does not meet the statutory mandate that PG&E's share of 100 MW come from projects in environmental justice communities.

The Clean Coalition supports the recommendations of California Environmental Justice Alliance and the Sustainable Economies Law Center that the utilities should undertake preferential procurement efforts in environmental justice communities to ensure that they procure sufficient community renewables projects to fill their share of the 100 MW environmental justice mandate.

For the foregoing reasons, the Clean Coalition respectfully requests that the Commission adopt the above recommendations.

Respectfully submitted,



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Dated: April 9, 2014

VERIFICATION

I, Dyana Delfin-Polk, am Policy Manager for the Clean Coalition and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 9th day of April, 2014 at Berkeley, California.

A handwritten signature in cursive script that reads "Dyana Delfin-Polk".

Dyana Delfin-Polk