

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Request for Modifications to SCE's
Renewable Auction Mechanism
("RAM") Program Pursuant to
Decision 10-12-048

Rulemaking 11-05-005
(Filed May 5, 2011)

CLEAN COALITION COMMENTS ON SOUTHERN CALIFORNIA EDISON

ADVICE 2759-E

(U 338-E)

REQUEST FOR MODIFICATION TO DECISION 10-12-048

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The Clean Coalition respectfully submits these comments on SCE's request for modification of Decision 10-12-048.

The Clean Coalition is a California-based nonprofit project of Natural Capitalism Solutions. The Clean Coalition's mission is to implement policies and programs that accelerate the transition to a decentralized energy system that delivers cost-effective renewable energy, strengthens local economies, minimizes environmental impacts, and enhances energy security.

The Clean Coalition drives policies to remove the top barriers to Wholesale Distributed Generation (WDG), which is defined as renewable energy systems connected to the distribution grid that sell all electricity produced to the local utility and serve only local load. Since local balancing of energy supply and demand is generally required when more than 20% of energy consumption is served by WDG, the Clean Coalition also advocates for policy innovations to support Intelligent Grid (IG) solutions, such as demand response and energy storage.

The Clean Coalition is active in proceedings at the California Public Utilities Commission, the California Energy Commission, the California Independent System Operator, the Federal Energy Regulatory Commission, and other agencies that shape energy policy in California and other states. In addition, the Clean Coalition designs and implements WDG and IG policies and programs at the state, local, and utility level across the country.

We appreciate SCE's efforts to respond to concerns raised by ourselves and others in comments and at the RAM program forum on May 11, 2011. In response to the

modifications to the RAM PPA and program proposed in Advice Letter 2759-E, we offer the following comments on proposals A, B, and E:

A. Termination Right for Network Upgrade Costs and Sellers' Buy Down Rights

The Clean Coalition broadly supports the termination provisions as proposed in this Advice Letter. We believe increasing the trigger to the lesser of (i) 25% of such costs and (ii) \$100,000 represents a reasonable compromise between SCE and developers, and offers balanced protection for ratepayers. However, we recommend a shorter "sunset" period. The current proposal effectively creates a waiting period and will push back every project and subsequent decision by two months, taking time away from any applicable commercial operation date timeline. A period of 60 days may be excessive and unnecessary. SCE has provided no justification for the 60 day waiting period, and any value in creating such delay must be formally weighed against the real and measurable cost impact both to sellers and the entire study process as these projects are caused to remain in the queue longer.

We understand that a review for applicability of the termination provision will be necessary coincident with conclusion of a Generation Interconnection Agreement (GIA), and multiple interdependent agreements may sometimes be concluding in the same period, however such circumstances will not apply in many cases. As such, we recommend that the sunset provision be reduced to 10 business days, unless SCE notifies the seller within this period of circumstances that require an extension of the sunset period for up to 60 days from the date of the GIA, and identifies the specific circumstances that must be resolved.

So that all parties may better evaluate the frequency and impact of the cost exceedance issue and the proposed termination provision remedies, we ask the Commission to require that SCE report publicly when and where this provision is triggered. This will increase transparency into the interconnection process and the RAM auctions, assisting all parties in evaluating the risk and reliability associated with cost estimates. We recommend such reporting be included in the published existing interconnection queue report.

The Clean Coalition also strongly supports the addition of the Sellers' Buy Down Rights.

B. Simplified curtailment provisions

The Clean Coalition supports the simplification of the curtailment provisions and applauds SCE in taking this approach. We also recognize that any unreimbursed curtailment option must be considered and generally deducted in the projected income from a facility (~1% reduction in annual revenues), requiring higher PPA rates to offset the potential curtailment and maintain financial parameters. We do not believe that SCE has provided a justification for curtailment of 50 hours per year. We recommend that unreimbursed curtailment should be limited to a rolling cap of 50 hours during any two year period (or a total of 50 hours within two consecutive calendar years). This should cover most any eventuality that could otherwise result in ratepayers paying for undeliverable power, while reducing the risk to suppliers, allowing them to offer lower prices based on higher firm sales. The Clean Coalition projects the ratepayer savings from lower tendered bid rates to far exceed the impact of occasionally reimbursing producers when the cap is exceeded.

We support policy development based on demonstrable information, and the public availability of such information; we would welcome the release of utility data demonstrating actual annual costs of lower involuntary curtailment relative to market impact.

E. Commercial Operation Deadline (COD)

SCE proposes to extend the RAM 3 PPA COD by a full additional year to 36 months, not including 6 months allowable for delays in permit approval.

The Clean Coalition opposes this unconditional extension, but we would support allowing a day-for-day extension for administrative cause for up to 18 months when the seller has taken all commercially reasonable actions and met all of its requirements and deadlines in seeking to obtain permit approval and interconnection agreements.

As we have commented previously in this proceeding, extended COD allowances encourage highly speculative long-term projections of material commodity prices in an unpredictable market. The actual construction of most facilities bidding in to RAM is typically accomplished in less than 12 months. Allowing an additional 24 months will encourage sellers to gamble on highly uncertain projections regarding the degree of future cost reductions they may be available two and a half years after formulating their bids. These bids will win the auction, displacing any that could be built sooner, and delaying actual development for years. Only as the three year COD approaches will the

Commission know whether such procurements under the RAM process will result in actual investment and production of renewable energy and new procurement to replaced undelivered bids would be subject to a further three year delay. As a possible example of this, we note that 10 of the 11 winning contracts in the November 2011 RAM auctions held by SCE and PG&E had a COD in the last allowable quarter of 2013.

The design and rules for participation in the RAM procurement are explicitly intended to target smaller projects (20 MW or less) that can be studied, permitted, built and interconnected without lengthy delay in order to maintain RPS trajectory procurement on schedule, building the installed capacity and market experience in California. Experience in actual competitive deployments drives efficiencies that will result in lower future costs, and lower costs available three years in the future can be captured with procurement at that time.

At the same time, we are aware of numerous projects ready to build that are held back by delays in final interconnection cost determination or permitting approval despite the best effort of the sellers. The current PPA acknowledges potential permitting delays and allows a six month extension if needed for circumstances beyond the control of the seller. A viable project in possession of a PPA and ready to build should not be terminated due to delays on the part of regulatory bodies or the host utility if these parties require additional time. Such termination harms the seller while further delaying actual procurement when the terminated capacity reenters the procurement process at square one. We recommend the twelve month extension of COD proposed by SCE for Sec 1.04 of the PPA be applied instead solely to Sec 1.04(c) and amended to include delays in interconnection cost determination and Generation Interconnection Agreement.

Respectfully submitted,

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VERIFICATION

I am authorized to make this verification on its behalf of Clean Coalition. 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 1st day of August, 2012, at Santa Cruz, California.

Kenneth Sahm White



Clean Coalition