

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

Order Instituting Rulemaking to
Integrate and Refine Procurement
Policies and Consider Long-Term
Procurement Plans.

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**FIT COALITION REPLY COMMENTS
ON RPS WORKSHOP AND RPS PLANNING STANDARDS**

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July 16, 2010

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The FIT Coalition submits these comments pursuant to the Order Instituting Rulemaking (“OIR”) and the Administrative Law Judge’s Initial Ruling (“ALJ Ruling”) and pursuant to Rules 1.9 and 1.10 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure.

The FIT Coalition is a California-based entity, part of Colorado-based Natural Capitalism Solutions. The FIT Coalition advocates primarily for vigorous feed-in tariffs and “wholesale distributed generation,” which is generation that connects to distribution lines close to demand centers. FIT Coalition staff are active in proceedings at the Commission, Air Resources Board, Energy Commission, the California Legislature, Congress, the Federal Energy Regulatory Commission, and in various local governments around California.

Our main points are as follows:

- We agree with SCE’s suggestion that the projected transmission build-out timelines are too short
- We disagree with SCE’s statements regarding the difficulties and timelines for developing the solar PV technical potential identified by E3 in this proceeding.

I. Reply Comments

a. FIT Coalition supports SCE’s on timelines for transmission build-outs

SCE states in its opening comments (pp. 5-6): “SCE has concluded that the total time for various transmission line projects set forth by the Commission is

understated by anywhere from 18% to 100% in the “Total Column,” and by a substantial margin for certain other columns.”

We agree with SCE’s conclusions regarding the timelines for transmission line development, based on our observations that transmission line construction has historically taken far longer than expected.

We also support SCE’s suggestion that a workshop be held to look in more detail at the planning assumptions related to transmission and grid reliability.

b. FIT Coalition disagrees with SCE’s concerns about CPUC PV installation projections

SCE states in its opening comments (p. 12, emphasis added):

[T]he SPVP is a five-year, 500 MW program comprised of 250 MW from utility-owned generation and 250 MW from independent power producer (“IPP”) generation. The SPVP is an example of what SCE can achieve with the support of the Commission, IPPs, and with the most favorable locations available. Of course, even with such beneficial circumstances it is anticipated that it will still take five years to reach the 500 MW total. By this measure, it would take 40 years to reach Staff’s estimate of SCE’s so-called potential for PV, assuming the SPVP pace is maintained.

The FIT Coalition strongly disagrees with this statement. SCE’s pessimism with respect to PV development is belied by the history of PV development in recent years, in the U.S. and elsewhere. PV costs have continued to fall dramatically, as we describe in our opening comments, while domestic and global installations climb equally rapidly.

It is far too premature to make any judgment about the speed at which SCE and PG&E will fulfill their new PV programs because no data has yet been publicly shared on the first round of solicitations for SCE’s program

(PG&E's program is not running yet). But it is our feeling that the IOU PV programs will very likely be filled far sooner than five years, if the IOUs allow more than 50 MW per year in third party proposals. The Commission has authorized exceeding the 50 MW minimum each year and it is likely that more than 50 MW in proposals will be made each year – possibly far more. However, it is, again, premature to be making any such judgments.

Moreover, the pace of the global PV market suggests that E3's assumptions about total PV development by 2020, including the 3,981 MW of potential projects identified in SCE territory that can connect to the existing grid, is an underestimate. As we see more and more countries adopt comprehensive feed-in tariffs and then witness an immediate and sustained burst in market activity, including for solar PV in most countries, we have more and more data for the efficacy of a robust feed-in tariff for California. The United Kingdom is the latest global entrant with a comprehensive feed-in tariff, even though it is limited to 5 MW and below.¹ The UK now joins the ranks of Germany, Italy, Spain,² Ontario, the Czech Republic, China, and about sixty other jurisdictions around the world in implementing a robust feed-in tariff.

The FIT Coalition is sponsoring a robust feed-in tariff bill for California, the Renewable Energy and Energy Efficiency Act (REESA),³ which is the topic of a recent report from UC Berkeley.⁴ The UC study found that net

¹ Renewable Energy World, July 14, 2010:

<http://www.renewableenergyworld.com/rea/news/article/2010/07/new-uk-fit-spurring-pv-market-growth>.

² Spain has had some issues with its feed-in tariff, with respect to solar installations only, but these issues are related primarily to Spain's broader economic problems and some early design mis-steps for the solar portion of the feed-in tariff. Industry projections generally show Spain returning to its leadership role in 2008 as we move ahead.

³ REESA is a FIT Coalition bill co-authored by Tam Hunt: <http://www.fitcoalition.com/reesa-california/>.

⁴ <http://www.sustainablebusiness.com/index.cfm/go/news.display/id/20648>.

economic benefits and job creation would be improved under a comprehensive feed-in tariff than under the most likely RPS scenario without a feed-in tariff. This is persuasive evidence for a comprehensive feed-in tariff for California and our coalition will be working tirelessly to enact REESA in 2011.

REESA will do much to ensure that the E3 estimates for solar PV and other renewable energy potential is realized – and it may even spur installations beyond the technical potential identified by E3.

Separate from REESA, the CPUC itself has announced its intent, most recently in the 2nd Quarter 2010 RPS report to the Legislature, to soon implement its Renewable Auction Mechanism for renewable energy WDG. Assuming that this process is not overly burdensome and that interconnection issues besetting the WDG market at this time are resolved in a timely manner, the CPUC's RAM Proposal may also lead to significant megawatts of solar PV installations by 2020 (see the FIT Coalitions's June 4 comments [accepted for filing on July 2] for a detailed overview of all relevant programs).

SCE also states (p. 12): "SCE may encounter even more challenges as the most favorable PV locations are used up." This concern also seems unfounded because while SCE's program is focused on rooftop solar systems, it is not limited to rooftop systems. As PG&E's solar program demonstrates, the potential for ground-mounted solar PV systems is immense and generally more cost-effective because ground-mounted systems can use trackers to increase production 25-30% when compared to rooftop-mounted systems. Accordingly, even if rooftop installations are exhausted in the next five years, as SCE fears, there is

tremendous potential for ground-mounted solar systems – as the E3 analysis found in examining open space near existing substations only.

SCE also calls for a workshop to examine “reasonable cases” for meeting the 2020 RPS (p. 13). The FIT Coalition supports this suggestion.

Respectfully submitted,

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A handwritten signature in black ink, appearing to read 'TH', with a long horizontal flourish extending to the right.

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CERTIFICATE OF SERVICE

I hereby certify that I have served by electronic service a copy of the foregoing **FIT COALITION REPLY COMMENTS ON ALJ INITIAL RULING** on all known interested parties of record in R.10-05-006 included on the service list appended to the original document filed with this Commission. Service by first class U.S. mail has also been provided to those who have not provided an email address.

Dated at Santa Barbara, California, this 16th day of July, 2010.



Tamlyn Hunt

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