

May 4, 2011

President Michael R. Peevey
Commissioner Timothy Alan Simon
Commissioner Mike Florio
Commissioner Catherine Sandoval
Commission Mark Ferron
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Urging full expediency in 2011 RPS programs

Dear President Peevey and Commissioners,

The Clean Coalition is a California-based non-profit entity focused on expanding renewable energy in California and the nation as a whole. One of our key objectives is to bring cost-effective renewables online quickly by promoting programs that support expedited development schedules through streamlined procurement and interconnection processes. Given the significant economic and environmental benefits of bringing renewables online, the Clean Coalition is focused on achieving those benefits for California in the most timely fashion possible.

The Solar Developers Council is a membership organization that is focused on opening the market for wholesale distribution generation (WDG); comprised of 20MW-and-smaller projects that are interconnected to the distribution grid and avoid the challenges associated with transmission. The Solar Developers Council includes participation from more than a dozen businesses that are developing WDG projects.

We are writing this letter to urge the California Public Utilities Commission not to delay release of the 2011 RPS RFO or the RAM RFO.

We have been concerned by some programs in California and elsewhere that allow overly-long development periods for renewable energy projects. Some parties are urging the Commission to delay the RFOs until the CAISO's 2011 cluster study Phase I results are released. We strongly urge the Commission to reject this recommendation. The risks and concerns that would arise in delaying the 2011 RPS and RAM RFOs include:

- High project failure rates through prompting companies to bid too low in the hopes that equipment and installation prices will drop dramatically by the time the project must come online.
- Fewer jobs and revenue generated in the near-term due to back-loading of project development as opposed to near-term hiring and other development activities. The California economy needs jobs now.
- Any delay would be patently unfair to developers who have made heavy investments in good faith to have their projects ready to deploy; many of whom have been waiting for two years for an RPS RFO opportunity. The significant harm caused by the fact that there was no RPS RFO in 2010 would be exacerbated with further delays.
- Under the CAISO's recent interconnection reform, there should be many projects that qualify for Fast Track interconnection (expanded to 5 MW from 2 MW) under RAM. In other words, there should be no shortage of near-term projects for RAM, and creating a delay for accommodating projects that have no hope of being constructed within the next couple of years would be highly counter-productive.
- If history is any indication of the future, it is almost guaranteed that the CAISO 2011 cluster process Phase 1 study results will be delayed, and any delay in the RPS RFO and/or RAM schedules to accommodate the Phase 1 study would cause significant uncertainty and an unbounded potential delay.
- The current schedule will have the highest likelihood of attracting wholesale distributed generation (WDG) projects, which provide superior value to the ratepayer, because they don't suffer from line/congestion losses nor do they require new transmission line construction, which can take many years for completion. Any required distribution grid network upgrades can be completed far more quickly and are paid for by the developer and never reimbursed by the interconnection utility, which provides significant value to the ratepayer. WDG projects also avoid Transmission Access Charges (TACs), which burden California ratepayers at roughly 1.5 cents/kWh when levelized over a 20-year contract.
- The 2011 RPS and RAM RFOs are opportunities to assure that projects that can be built quickly are selected – to the benefit of the utilities, developers, and ratepayers. This will be very important in closing the major gap that currently exists between the projects procured by utilities and the projected online dates of the associated capacity, which is generally multiple years in the future.

We are happy to discuss this further. Please let us know if we can be helpful in your considerations.

Sincerely,



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