BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Green Energy Programs..	Application 18-09-015 (Filed January 17, 2012)

OPENING BRIEF OF CLEAN COALITION IN RESPONSE TO ADMINISTRATIVE LAW JUDGE'S RULING DIRECTING THE FILING OF LEGAL BRIEFS

Craig Lewis
Executive Director
Clean Coalition
craig@clean-coalition.org

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I. INTRODUCTION

The Clean Coalition respectfully submits this response pursuant to Administrative Law Judge's Ruling Directing The Filing of Legal Briefs issued January 1, 2019 on the legal issues related to the compliance of SCE's proposal with Public Utilities Code sections 2281-2833.

Clean Coalition believes the question of whether the programs proposed by Southern California Edison ("SCE") is moot with respect to Application 18-09-015 because under Public Utilities Code Section 701, the Commission has the authority to implement utility programs without specific statutory authorization, and can therefore approve or modify SCE's Application regardless of whether it grants SCE's request to terminate its GTSR program under Pub. Util. Code §§ 2831-2833.

Given this authority, the Clean Coalition wishes to take this opportunity to remind the Commission of the opportunity to utilize a Feed in Tariff alternative or addition to SCE's Application 18-09-015 for five Green Energy Programs.

II. DESCRIPTION OF THE PARTY

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 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. The Clean Coalition is a project of Natural Capitalism Solutions, a 501(c)(3) non-profit.

III. DISCUSSION

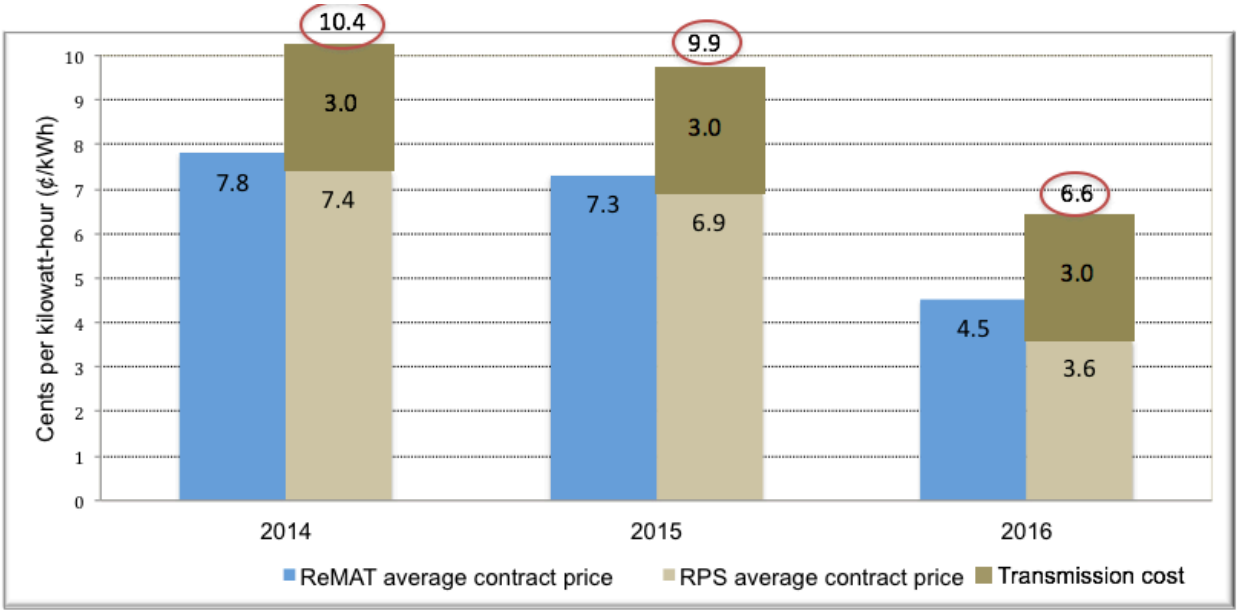
Clean Coalition recommends modifications to SCE's GTSR program consistent with those proposed by PG&E and SDG&E in their respective Advice Letters[1] to address issues hindering the success of the GTSR program. The Clean Coalition also recommends development of additional procurement and customer choice programs as warranted to cost effectively meet grid needs and customer interest in local renewable energy products.

Concerns, raised by stakeholders during the initial implementation of GTSR regarding barriers to success of the program, have been borne out. These barriers should be addressed rather than abandoning the program. Both PG&E and SDG&E have submitted proposals to address some of the barriers experienced with the program, particularly those experienced by providers. SCE is taking proactive measures in its Application, but should likewise address issues in GTSR. The Legislature enacted SB 43 with clear intent both to reflect the environmental concerns of utility customers and to maintain *and* create opportunity in an underdeveloped sector of renewable energy supply, with special consideration for local development and disadvantaged communities. SCE's proposed Green Energy Programs potentially address the first goal for some customers, but have limited applicability for smaller customers and fail to address the latter goals.

As the Commission considers SCE's Application 18-09-015 for new Green Energy Programs instead of or supplementary to GTSR program modifications, it should consider that

[1] PG&E Advice 3920-G/5206-E, SDG&E Advice 3168-E

feed-in tariffs with market responsive adjustments to pricing can offer lower transactional costs to market participants and support local development of renewables demanded by customers at energy costs comparable to competitive solicitations. In addition, local development saves ratepayers major costs associated with infrastructure investments required for transmission and delivery of non-local energy supplies, as well as the incumbent losses, resulting in a trifecta of energy, economic and environmental benefits.



The table above shows average costs from the ReMAT feed-in tariff program compared to RPS prices for the same contract year, and the smaller more local ReMAT (<3 MW) costs are only marginally higher. However, small projects are much faster to develop, and when comparing comparable year of commencement of delivery, ReMAT offered lower prices than RPS contracts from only one year earlier. When transmission costs are appropriately considered, ReMAT projects are clear more cost-effective for ratepayers.

Compared to other policy mechanisms, feed-in tariffs result in not only the most rapid but also the most cost-effective deployment of renewable energy systems. Feed-in tariffs provide a long-term, stable market not only for investors but also for manufacturers and developers. This combination has resulted in significant cost reductions for renewable energy systems. Countries with feed-in laws tend to have the most developed and dynamic renewable energy industries. This approach offers streamlined administrative procedures to shorten lead times, reduce

bureaucratic overhead, minimize project costs, and accelerate the pace of RE deployment. In addition, eligibility is typically extended to anyone with the ability to invest, including but not limited to homeowners; business owners; federal, state, and local government agencies; private investors; utilities and nonprofit organizations.

Compared to the GTSR and SCE's proposed Green Energy Programs, targeted standard offer (feed-in) tariffs for local resources will:

- Allow any customers to participate, and does not require a large commercial or government "anchor" participant
- Be targeted for locational value
- Not require the supplier to contract directly with customers
- Allows SCE to realize grid benefits that accrue to subscriber value, and to all customers if not subscribed, reducing or eliminating ratepayer risk
- May avoid PCIA because SCE would be the wholesale contract off-taker on behalf of its own customers (not possible under SB 43 GTSR program, but not applied to IOU procurement - this will make the programs much more attractive to customers)

A preferred program will offer full credit and value for avoided costs and thereby ensure that SCE's Green Energy Program participants are credited for ratepayer cost savings - savings realized as a result of this procurement to avoid cross subsidy to non-participating ratepayers. Consistent with implementation of Locational Net Benefits Assessment - incorporation of LNBA into the GTSR program is required in D.15-01-051. These values, not clearly currently credited to participants in GTSR or SCE's Application 18-09-015, include RPS value, resilience value, local capacity value, congestion savings if local, loss reductions if local, avoided emissions/GHG costs. In addition, appropriate local resources mitigate CAISO system level demand, resulting in avoided peaker operation and investment, marginal peak pricing reduction, avoided Reliability Must Run, and avoided transmission and distribution capacity investment.

The Commission has seen success DER procurement and planning to avoid planned replacement conventional generation, and SCE has clear opportunities to apply this to support constrained and vulnerable areas such as the Santa Barbara region.

As noted in the California Energy Commission's study commissioned on this topic[2], Feed-in tariffs have driven rapid expansion in renewable energy development in some markets and may provide California with a tool to increase the pace of renewables development, reduce the rate of renewable energy contract failure, address the discrepancies between the market energy price and the cost of renewable project development, and promote renewable projects in areas that require new transmission.

Feed-in tariffs could potentially address a number of the barriers identified above and help California meet its renewable energy goals:

• Reduce project developer costs, risks, and complexity without increasing ratepayer cost (relative to the cost of viable projects, as opposed to speculative bids, which result in contract failure).

• Reduce utility and regulator administrative burdens.

• Reduce transaction costs. Current complexity hampers the ability for small businesses and small projects to participate.

• Increase the willingness of developers to take on risk in addressing siting, permitting, or other barriers because the reward has a higher degree of certainty than under the current regime.

IV. CONCLUSION

The Clean Coalition appreciates this opportunity to provide information that supports the Commission's continued work on behalf of ratepayers and encourage the Commission to consider procurement in support of customer choice utilizing cost effective mechanisms such as

[2] *California Feed-In Tariff Design and Policy Option*s, CEC-300-2008-009D

standard offer or feed-in tariffs targeted to realize maximum associated locational and other ratepayer benefits.

Respectfully submitted,

/s/ .

Craig Lewis
Executive Director
Clean Coalition
craig@clean-coalition.org

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