

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

Order Instituting Rulemaking To Continue  
Implementation and Administration, and Consider  
Further Development, of California Renewables  
Portfolio Standard Program.

Rulemaking 18-07-003

**CLEAN COALITION REPLY COMMENTS IN RESPONSE TO THE PROPOSED  
DECISION RESUMING AND MODIFYING THE RENEWABLE MARKET  
ADJUSTING TARIFF PROGRAM**

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**I. INTRODUCTION**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) the Clean Coalition submits these reply comments on the Proposed Decision (“PD”) Resuming and Modifying the Renewable Market Adjusting Tariff Program (“ReMAT”), issued in the above captioned proceeding on August 21, 2020. The Clean Coalition appreciates the work that staff put into the Proposed Decision, including the incorporation of a two-track proceeding based on party comments. Including a second track to consider issues such as co-located storage and optimizing the Feed-In Tariff (“FIT”) are important considerations so long as there is transparency on the part of the Commission about the schedule for a Track 2 and the review process for considering price changes, as listed in the PD. However, with respect to the issues listed in comments below, (e.g. co-located storage and others), it is to the benefit of ratepayers, utilities, and developers to consider solutions in the present rather than pushing topics that might necessitate substantial additions to ReMAT off to the future.

Generally, party comments were in alignment — with the exception of Cal Advocates — on a number of issues, including the failure of the “robust data set” listed in the Staff Proposal and of the PD to come anywhere close to achieving a current and accurate avoided cost. The Joint IOUs make it absolutely clear that the data set relies on “stale data”, explaining alongside the ReMAT Coalition and GPI, that using RPS contracts based on projects from more than half a decade ago, in some cases sized up to hundreds of times larger than ReMAT projects cannot represent an accurate avoided cost. The Clean Coalition strongly supports these comments, as was iterated in opening comments on the Staff Proposal, and would like to remind the Commission that there is a substantial difference in cost between small projects interconnected via the distribution grid and bulk generation interconnected to the transmission grid.

**II. DESCRIPTION OF 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 distributed energy resources (“DER”) — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

### **III. COMMENTS**

#### **a. ReMAT Coalition**

The ReMAT Coalition’s comments include important arguments against the avoided cost prices listed in the PD, going into details beyond a discussion about the stale and skewed nature of the data. They are keen to point out that the methodology the PD draws on to determine avoided costs are from, “contract prices and not the price paid by the utility (the ‘avoided cost’).” The Clean Coalition agrees it is essential to distinguish what actually constitutes an avoided cost, part of the reason that our comments focus on the inclusion of Transmission Access Charges, as well as adders for resilience and locational pricing. Whereas utility avoided costs include the price of a contract multiplied by the TOD factors, the PD only includes the original contract price.<sup>2</sup> Just because the PD data set changes over time does not mean it is representative of the change in TOD factors. As an example, the ReMAT Coalition offers an example of PG&E changing its TOD factor by 20% in January 2016, a significant amendment not represented in the PD. There are two PG&E RPS contracts listed during that period (March-June 2016) — Gaskell RE 1 and Gaskell RE 2. Though the PD does include TOD contracts as an option for ReMAT projects — as stated in FERC Order 872 — the exclusion of it as a variable in the basic pricing scheme misrepresents the utility’s true avoided cost. Thus, it would be a mistake to adopt the PD as it currently is.

The Clean Coalition aligns with the ReMAT Coalition’s response to the “not necessary but relevant,” statement in the PD. Both coalitions agree that despite the FERC language, the onus is

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<sup>2</sup> Ibid at 3

on the Commission to provide a legitimate reason for not using projects of a similar size. However, “the PD provides no further justification for refusing to base pricing on projects of similar size,” not factually dissuading comments made by parties that while it might not be necessary to include such information based on PURPA statutes, it is both necessary and logical to input similar sized contract information via the discretion afforded to the CPUC.<sup>3</sup> Stratifying the data set with much larger RPS contracts goes against the statutory deadline expressed by the legislature in § 399.20.<sup>4</sup> Just as importantly, creating a program for small-scale renewables using RPS prices is not the same as creating a pricing mechanism that *actually* benefits the procurement of small-scale renewables. The Clean Coalition also wishes to iterate its support for the use of the Price Adjusting Mechanism used in BioMAT to ensure that ineligible contracts do not change prices.

#### **b. The Joint IOUs**

The Clean Coalition agrees with the Joint IOU’s designation of the RPS data as “stale” and appreciates the specificity provided with the comment that, “(more than 87 percent) of the contracted capacity is from the 2013-2015 time period, when contract prices were substantially higher than present day.”<sup>5</sup> In this case, while the Clean Coalition supports the premise the Joint IOUs put forth, we do not support their conclusion. The Commission should not accept the use of fossil fuel generation as a substitute for stale RPS contracts, or for that matter, the use of CCA and LSE data. The inclusion of such data would only complicate the process and because it is bulk generation, said contracts are still not representative of projects that are procured through ReMAT. It is worth noting that while the PD refers to the data set as “robust”, there is no definition of what how many data sets make constitutes “robust”. If the use of 69 sources is deemed robust, would 50 sources not also be considered robust? Simply replacing old RPS contracts by adding more recent contracts from other sources for the sake of maintaining close to 70 data points would water down the validity of the data set as accurately constituting a market rate; recent small generation contracts are the best source the commission can refer to.

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<sup>3</sup> Ibid at 5

<sup>4</sup> Ibid at 5

<sup>5</sup> Joint IOU Opening Comments at 7

The Clean Coalition also wishes to urge the Commission not to adopt the Joint IOU request about not considering hybrid storage facilities in ReMAT. In their comments, the Joint IOUs argue against hybrid storage because of the potential for load shaping in a way that bends the current rules; this is a reason to consider adding guidelines to promote procurement rather than further limiting the entire ReMAT program. Storage is an essential part of California's clean energy landscape and is ideal for load shaping the profile of renewable resources. Disallowing hybrid storage or refusing to consider it immediately is prejudicial against a primary facet that makes renewable projects economically viable. Moreover, with the dire need for storage in California, it would be proactive of the Commission to consider standards for storage (especially co-located storage). Pushing the discussion off to the future guarantees a complicated amendment process will be needed, rather than creating the necessary standards now. The Clean Coalition also disagrees that the Commission should wait for a FERC ruling to decide on ReMAT. Instead, the Commission should realize that so long as it complies with avoided cost rules in PURPA, ReMAT will be compliant and legal under federal law.

### **c. GPI**

The Clean Coalition supports the vast majority of GPI comments, particularly related to the dissimilar nature of the majority of RPS contracts used to determine avoided cost, the relevance at least one workshop on price, and the significance of time of delivery values. Ideally, the Clean Coalition supports GPI's three step process for complying with the *Winding Creek* decision as a process for effectively reviving ReMAT in the interim, during which time an ideal form of the FIT can be created. Delaying the creation of an ideal ReMAT procrastinates the inclusion of issues that must be priorities (e.g. co-located storage) until after at least one period of annual reviewed prices can be studied. Since there have not been any new RPS contracts executed for years, one annual review period might not be enough to necessitate a price change in the eyes of the Commission.<sup>6</sup> GPI is astute to point out this out in their comments, arguing that, "if this issue is deferred to track 2 it will likely be at least another two years until ReMAT projects can included co-located storage and there is an urgent need for this program feature now."<sup>7</sup> The Commission should view the inclusion of storage as an opportunity, especially given

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<sup>6</sup> GPI Opening Comments at 7

<sup>77</sup> Ibid at 10

the recent increased demand for dispatchable resources, rather than a last chance effort to fulfill the statutory procurement caps as listed by the legislature.

**d. Cal Advocates**

The Clean Coalition agrees that the Commission should consider a series of workshops to determine the optimal pricing mechanism for ReMAT. This suggestion is similar to a GPI proposal in opening (and reply) comments, which the Clean Coalition supports. Workshops will allow the necessary amount of time to properly determine a true market rate based on ReMAT-sized projects and the potential of including a value of resilience and other relevant adders.

**IV. CONCLUSION**

The Clean Coalition appreciates the opportunity to submit these reply comments in response to the ReMAT PD and requests that the Commission follow the regulatory process to amend the PD where there is consensus among parties. There is agreement among parties, including the Joint IOUs, that the existing data set made up of old, bulk RPS contracts cannot represent a true avoided cost of energy as well as the importance of creating pertinent standards for co-located storage. The Clean Coalition urges the Commission to see the difference between adhering to PURPA and the discretion that PURPA yields to the state. It is possible to create a program that follows PURPA, while also including innovative additions relevant to the unique energy landscape in California.

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