

**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
(Not Consolidated)

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

Rulemaking 15-02-020
(Not Consolidated)

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program

Rulemaking 11-05-005
(Not Consolidated)

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

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I. INTRODUCTION

Pursuant to rule 14.3 of the California Public Utilities Commission (“the Commission”) Rules of Practice and Procedure, the Clean Coalition respectfully submits these comments in response to the Administrative Law Judge’s (“ALJ”) Proposed Decision (PD”) Modifying the Renewable Market Adjusting Tariff (“ReMAT”) Program and Directing Implementation, issued in the above captioned proceedings on November 10, 2021. The Clean Coalition appreciates the work that the Commission has put into this PD and supports many aspects contained therein, including guaranteeing that applicants will be notified should any changes to the tariff be made and expanding eligibility to facilities with shared transformers. Moreover, we believe that requiring SDG&E to reopen its ReMAT queue and allowing co-located will increase the appeal of the program for potential applicants, two steps that are necessary to achieve state-mandated procurement goals. With that said, these steps are only part of the solution needed to ensure that ReMAT projects provide the maximum reduction of systemwide demand. The PD should be amended to eliminate the backwards pricing mechanism in the current program that results in resources exporting more energy at off-peak hours being compensated at a higher rate than those that deliver the majority of energy during on-peak hours.¹ To optimize ReMAT, the Commission should consider the following:

- Clean Coalition supports the addition of co-located storage, which will allow ReMAT

¹ D. 20-10-005, Appendix 1 at 2

projects to export energy during times when the electric grid needs it most.

- Increasing flexibility of capacity in product categories is a limited solution.
- The Commission should use a single product category and time of delivery factors to incentivize projects to reduce system demand during peak periods.
- ReMAT should incentivize the export of energy when it is most valuable to the grid.
- The Commission should not wait to change ReMAT based on a need for further data on the viability of current prices.

II. COMMENTS

A. To realize the full benefits of co-located storage, the Commission should remove the product categories.

To optimize the value of co-located storage and reduce the amount of energy exported from the transmission grid, minimizing transmission line losses and congestion, the Commission should take a step beyond increased category flexibility and remove the product categories entirely. Energy storage allows a facility to export energy whenever there is most value, potentially blending the as-available peaking and as-available non-peaking categories. Under the current price structure, a developer might be incentivized to add co-located storage for the purpose of qualifying for the significantly higher as-available non-peaking price. While doing so would result in a higher payout, it is contrary to the needs of the grid. Therefore, the program should be modified to remove the existing price categories and transition to one bucket with TOD values that all resources are eligible for, sending the correct price signal to potential applicants. Co-located storage is an important addition to ReMAT; optimizing the program necessitates making changes — within statutory limits — to fully utilize the flexibility that co-located storage offers.

B. While the amendment for re-allocating excess capacity between categories is a welcome addition, it does not go nearly far enough.

The current language in the PD creates a mechanism to ensure that all remaining capacity is allocated by requiring a Tier 2 Advice Letter each time a category reaches *de minimis* status. Although the Clean Coalition agrees that increased flexibility within the ReMAT program is needed, the proposed reform includes a few concerning components and relies on flawed assumptions. First, the PD requires that a year pass following the approval of a Decision before the first change to a product category can be requested. The Commission posits that the 12-month

requisite is necessary because the new ReMAT program has only been around for about 12 months and only in PG&E and SCE service territories. In reality, there is data from the last two quarters (probably three by the time the Commission will vote on the Proposed Decision); the number of applicants — or more accurately, the lack thereof — provides a good sample size to determine developer interest in the current pricing scheme. Waiting another year or more and reopening SDG&E’s queue is not likely to change a suboptimal program design. In fact, a single applicant in the SCE as-available peaking category could result in *de minimis* status, limiting all other applicants in the same category until the time requirement is met. This is simply not an efficient use of time. Given California’s desperate need for new capacity within the next few years to meet reliability and decarbonization goals², the Clean Coalition does not believe it is prudent to add a time requirement.

Second, relying on Tier 2 Advice Letters is an onerous process that can take months before a requested change actually becomes regulation. Drafting the initial Advice Letter takes time, followed by a 20-day timeline for responses, after which a utility can reply to the protests. After the utility incorporates protests and responses in an amended Advice Letter, Energy Division Staff typically considers the letter before it goes before the Commission to be voted on. The Clean Coalition is concerned that the proposed change unnecessarily preserves the existing program structure and adds another layer of bureaucracy, taking up resources from the IOUs, the Commission, and stakeholders. It appears that the proposed methodology is a compromise between the need for increased flexibility and meeting program design requirements. The PD includes the sentence, “However, we agree with the Joint IOUs and Cal Advocates that consolidating the ReMAT program into a single product category at this time is counter to the legislative directive of Section 399.20 which specifically requires us to adopt a pricing methodology that considers the value of different electricity products: baseload, as-available peaking, and as-available non-peaking (emphasis added).”³ The Clean Coalition believes that since the program was initially approved in D. 12-05-035, its implementation date of July 24, 2013 and the present, the Commission has met the statutory requirement and done its due diligence to consider “the value of different electricity products,” in ReMAT.⁴ The primary focus of ReMAT has always been to meet the statewide cap, with an emphasis on reducing systemwide peak demand. With the addition of co-located storage, the priority

² According to the Avoided Cost Calculator, 2022-2026 are key procurement years, during which multiple GW of energy will need to be deployed.

³ PD at 16

⁴ Section 399.20.d.2.C

should be accurately valuing, and incentivizing exports based on the benefit to the overall grid in the most efficient manner possible, which, in this case, does not require the use of three product categories.

C. ReMAT should incentivize the export of energy when it is most valuable to the grid.

Since the inception of ReMAT, renewable resources have shifted peak periods back in the day. Rather than valuing resources based on static product categories that treats a significant portion of the day as equally valuable — particularly with the adoption of co-located storage — it would be much more effective to time differentiate exports using TOD multipliers. Using the ACC, the peaking period should be shifted to the ACC two-hour value when there is maximum value to the grid. The two-hour true peak time should have a \$0.10/kWh greater value than the non-peaking time. All other times should receive the non-peaking multiplier, incentivizing the deployment of storage.

D. The Commission should not wait to change ReMAT based on a need for further data on the viability of current prices.

Since ReMAT reopened at the beginning of 2021, the current prices have been around for about 10 months. If the prices were feasible or favorable, the price signals would have been reflected by a rush of applicants in the IOU's quarterly data. The opposite was true; PG&E and SCE had less than five applicants in each of the categories (and did not specify whether the number was zero). The lack of interest demonstrates the unviability of the current prices and the need for change. Waiting another year for further data is being overly cautious, especially with the dire need for new renewable capacity in the state.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments and urges the Commission to adopt the changes listed in the PD, expect for increasing flexibility within three categories. To optimize the program and the use of co-located storage, we believe that it is necessary to remove the product categories altogether and use TOD multipliers.

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