

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



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Order Instituting Rulemaking on the Commission's Own Motion to improve distribution level interconnection rules and regulations for certain classes of electric generators and electric storage resources.

Rulemaking 11-09-011
(Filed September 22, 2011)

**COMMENTS OF PRISTINE SUN, LLC ON STAFF PROPOSAL ON COST
CERTAINTY FOR THE INTERCONNECTION PROCESS**

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Pursuant to the July 29, 2014 Administrative Law Judge’s Ruling Setting Schedule for Comments on Staff Reports and Scheduling Prehearing Conference, Pristine Sun, LLC (“Pristine Sun”) hereby submits these comments on the July 18, 2014 Staff Proposal on Cost Certainty for the Interconnection Process (hereinafter, “Cost Certainty Staff Proposal”).¹

I. Summary

Pristine Sun is a San Francisco-based developer of commercial and small utility-scale photovoltaic (“PV”) projects. Pristine Sun currently has approximately 350 PV projects in the development pipeline in California, with over 70 such projects currently in the interconnection process. This makes Pristine Sun one of the most active developers of distribution grid-level PV projects in California.

Pristine Sun thanks the Commission for the opportunity to submit these comments on the Cost Certainty Staff Proposal. Pristine Sun applauds the Commission for proactively working to identify ways to improve the timeliness, cost effectiveness, transparency, and non-discrimination

¹ As requested by Commission Staff, these comments follow the outline numbering used in the Cost Certainty Staff Proposal. Where Pristine Sun has no comment on a section of the Cost Certainty Staff Proposal, this is noted after the appropriate heading.

of the interconnection process in California. Pristine Sun believes the Cost Certainty Staff Proposal represents a positive step in the direction of achieving these goals.

Pristine Sun submits these comments to address a discrete aspect of the interconnection process, namely, the timing of posting financial security for projects subject to the Fast Track interconnection process.² As discussed below, addressing this issue will help to significantly improve the cost certainty and predictability of the interconnection process for Fast Track projects in California.

II. Statement of the Problem

The Cost Certainty Staff Proposal identifies a number of factors contributing to delays and breakdowns in the interconnection process. This includes the need for conversations and meetings between applicants and utilities around utility estimates of the cost of system upgrades, which must be paid by applicants prior to the utility moving forward with the interconnection process, both for Fast Track and Detailed Study Review³ projects.⁴ In Pristine Sun's experience, the timing of when these payments must be made can greatly impact the successful completion of the interconnection process.

The timing of posting financial security in the interconnection process is governed by Rule 21, Section F.4. This provides for three separate postings of Interconnection Financial Security within time periods commencing upon the completion of an Interconnection System Impact Study.⁵ However, Rule 21 does not expressly address the timing and procedure for posting Interconnection Financial Security for projects not required to complete an Interconnection System Impact Study (i.e., Fast Track projects). For such projects, the posting of

² See Electric Rule No. 21 ("Rule 21"), Sec. F.2.

³ See *id.*, Sec. F.3.

⁴ Cost Certainty Staff Proposal at 5.

⁵ Rule 21, Sec. F.4.b-d.

financial security is generally governed by agreement between an applicant and the distribution provider.

In practice, project applicants are often required to post significant sums of financial security well in advance of the time when expenses are actually required to be incurred by the distribution provider. Under current conditions, the project applicant is posting financial security for these interconnection fees 8 to 12 months prior to when it is necessary for the distribution provider to start final design, procurement and construction activities. For example, if a project has not yet received its discretionary permits from the authority having jurisdiction (“AHJ”) due to the lengthy permitting process that developers have to navigate in California, it does not make sense for the distribution provider to incur any of the significant costs related to starting any design or construction activities. Oftentimes, the AHJ may require subtle design or layout changes by the developer, which could modify any design(s) for the point of interconnection of the project. Therefore, it is imperative that the utility and developer delay the kick-off meeting until the AHJ has approved the discretionary permit(s) (such as a conditional use permit) so that no design work – let alone procurement or construction activities – commence prior to this point. It often takes 6 to 12 months or longer for the discretionary permits to be approved for solar projects in California, and until they’re approved, the project is at risk of being abandoned due to a possible permit denial. But the current practice of utilities requires the posting of financial security shortly after the interconnection agreement is signed, which is usually many months (up to a year) until the permits are approved.

This financial outlay poses a significant financial burden to project applicants. Developers are generally unable to attract outside investment capital or project loans until after both the discretionary permits and interconnection agreement are in place. Developers earn no

financial remuneration of any kind during the development process, until either the project is ready for construction after all permits and utility documents are in place, or even later. As a result, the financial burden on developers is immense due to having to post financial security for up to a year before they are able to enjoy any revenue or investment capital, on projects that may or may not make it to the finish line.

This leads to unnecessary complications in the interconnection process. Project applicants and distribution providers often end up spending precious time debating the timing of this financial security in the midst of the interconnection process. This leads to the kind of uncertainty and delay this proceeding is intended to remedy.

Therefore, by these comments, Pristine Sun wishes to advocate that the Commission adopt a new timing requirement for the posting of financial security for Fast Track interconnection projects. Pristine Sun would advocate establishing a timeline for the posting of financial security that allows Fast Track applicants to hold off on posting financial security until some reasonable period of time after the signing of the Interconnection Agreement. Pristine Sun believes such a change would adequately address the need for improved cost certainty and predictability in the interconnection process for Fast Track applicants. Pristine Sun encourages the Commission to adopt such a change through Rule 21 tariff amendments or modifications to form Interconnection Agreements, as appropriate.

III. Procedural Background

No comment on this section.

IV. Summary of Staff Proposal

No comment on this section.

V. Options for Consideration

No comment on this section.

VI. Discussion

No comment on this section.

VII. Staff Proposal

Pristine Sun endorses the principle in the Staff Proposal that the interconnection of simpler projects with little system impacts should be streamlined.⁶ The proposal discussed herein is consistent with this principle. Fast Track projects should be subject to simple, predictable procedures for posting financial security. The proposed modifications discussed herein would help to provide this certainty and predictability.

a. Proposal Part A: Fast Track Projects

The Cost Certainty Staff Proposal endorses much of the Joint Proposal submitted by the utilities to provide a fixed fee for interconnection of Fast Track projects, with certain modifications.⁷ Pristine Sun believes the Joint Proposal, as modified by the Cost Certainty Staff Proposal, represents a positive step to improving the efficiency of interconnection for Fast Track projects.

However, as discussed above, Pristine Sun wishes to advocate that the Commission adopt an additional requirement relating to the timing of posting financial security for Fast Track interconnection projects. As discussed above, Pristine Sun would advocate establishing a timeline for the posting of financial security that allows Fast Track applicants to hold off on posting financial security until some reasonable period of time after the signing of the Interconnection Agreement. Pristine Sun believes this would be a positive step towards an improved interconnection process for Fast Track projects and an appropriate accommodation of

⁶ Cost Certainty Staff Proposal at 12.

⁷ *Id.*

the needs of both applicants and distribution providers. Pristine Sun advocates the Commission adopt this proposal in modifications to Rule 21, Section F.4., or in appropriate amendments to the Interconnection Agreements submitted by the utilities in response to a final decision by the Commission on these issues. Pristine Sun advocates making this rule apply statewide through modifications that harmonize the requirements of all the investor-owned utilities. Through these changes, the Commission can make a significant improvement in the cost-effectiveness and predictability of interconnecting Fast Track projects in California.

b. Proposal Part B: Non-Fast Track Projects

No comment on this section.

VIII. Conclusion

Pristine Sun thanks the Commission for the opportunity to submit these comments.

Respectfully submitted,

/s/ Brian Orion

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