

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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

Rulemaking 15-02-020
(February 26, 2015)

**COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES ON THE
ORDER INSTITUTING RULEMAKING TO CONTINUE IMPLEMENTATION AND
ADMINISTRATION, AND CONSIDER FURTHER DEVELOPMENT, OF
CALIFORNIA RENEWABLES PORTFOLIO STANDARD PROGRAM**

CHARI WORSTER
NEHA BAZAJ
Analysts
for the Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-1585
Email: chari.worster@cpuc.ca.gov

LISA-MARIE SALVACION
Attorney
for the Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2069
Email: lisa-marie.salvacion@cpuc.ca.gov

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I. INTRODUCTION

Pursuant to the schedule set forth in the *Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program* (OIR) in Rulemaking (R.) 15-02-020, the Office of Ratepayer Advocates (ORA) hereby submits these comments on the preliminary scoping memo to address the issues, schedule, and categorization of the OIR, the successor proceeding of R.11-05-005. The OIR states that comments are due 20 days after the issuance of the OIR; thus ORA's filing is timely.¹

II. SUMMARY

Assembly Bill (AB) 327 (Parea), Stats 2013, ch. 611, grants the California Public Utilities Commission (Commission or CPUC) the authority to increase the Renewables Portfolio Standard (RPS) target beyond 33 percent. While the Commission has not exercised this

¹ OIR, p. 10.

authority to date,² the OIR acknowledges movement of the RPS program towards a more explicit goal of exceeding the 33 percent target. On January 5, 2015, Governor Brown’s inaugural address proposed to obtain half of California’s electricity from renewable resources by 2030.³ To this end, several bills are currently under consideration in the Legislature.⁴

On March 6, 2015, the Commission opened this OIR to address the various issues remaining in R.11-05-005 (the former RPS proceeding), to consider raising the RPS target, the relationship of the RPS program to the state’s greenhouse gas (GHG) reduction goals, the integration of GHG reduction goals and metrics into RPS procurement methods, and to implement any new statutory requirements related to the RPS program.

III. PRELIMINARY SCOPING MEMO

The OIR seeks comments on: (1) whether to revise the issues; (2) how to prioritize the issues to be resolved; (3) how procedurally to address these issues, and (4) a proposed timeline for resolving issues identified.⁵

A. Proposed Issues

ORA recommends that the Commission consider the issues listed below in the new OIR. While ORA regards each of these issues to be important, in response to the Preliminary Scoping Memo, ORA identifies whether an issue should be prioritized by marking it, “High Priority.”

1. Consider the role of energy-only in meeting a new renewable energy target while minimizing additional transmission needs. *[High Priority]*

The California Independent System Operator (CAISO), in collaboration with the Commission, is conducting a special study that assumes incremental renewable generation comes

² OIR, p. 3.

³ OIR, p. 4, fn 6.

⁴ There are currently three bills proposed: (1) AB 197 (Garcia), the Clean Energy Act, which mandates that California use a minimum of 50 percent renewable energy by 2030; (2) AB 645 (Williams and Rendon), which would increase RPS mandate to 50 percent by 2030; (3) Senate Bill (SB) 350 (De León and Leno), the Clean Energy and Pollution Reduction Act of 2015, which increases the RPS mandate to 50 percent by 2030.

⁵ OIR, p. 10.

from energy-only resources.⁶ The study will estimate the expected amount of congestion-related curtailment of renewables that would likely result from the increase of renewable generation from 33% to 50%. This study will also determine whether transmission upgrades are necessary to deliver resources during peak hours.⁷ The Commission and the CAISO will be able to use the results of this study to evaluate the costs and benefits of achieving a higher renewable energy target through energy-only resources versus full capacity deliverability resources.⁸ The results of this study will be included in version 6.1 of the RPS Calculator, which is a model developed to provide feasible portfolios of renewable resources to the Commission's Long Term Procurement Plan (LTPP) and the CAISO's Transmission Planning Process (TPP).

ORA recommends the Commission address items related to the RPS Calculator in a timely manner to ensure that portfolios can be developed in time for the 2016 LTPP and 2016-2017 TPP studies.⁹

2. Address the Procurement Expenditure Limitation (PEL). *[High Priority]*

Senate Bill (SB) 2 (1X) required the Commission to design and implement rules to limit expenditures for RPS procurement. In response to Commission rulings, parties have provided several comments regarding a PEL for the RPS program. ORA recommends the Commission prioritize the PEL because a PEL will protect ratepayers from unreasonable costs and will

⁶ Energy-Only, a condition elected by an interconnection customer for a large generating facility interconnected with the CAISO controlled grid the result of which is that the interconnection customer is responsible only for the costs of reliability network upgrades and is not responsible for the costs of delivery network upgrades, but the large generating facility will be deemed to have a Net Qualifying Capacity of zero, and therefore, cannot be considered to be a Resource Adequacy Resource, CAISO Tariff, Appendix A .

⁷ California ISO, Draft 2015-2016 Transmission Planning Process Unified Planning Assumptions and Study Plan, p. 41.

⁸ Full Capacity, the condition whereby a Large Generating Facility interconnected with the CAISO Controlled Grid, under coincident CAISO Balancing Authority Area peak Demand and a variety of severely stressed system conditions, can deliver the Large Generating Facility's full output to the aggregate of Load on the CAISO Controlled Grid, consistent with the CAISO's Reliability Criteria and procedures and the CAISO On-Peak Deliverability Assessment, CAISO Tariff, Appendix A.

⁹ Staff Proposal on the RPS Calculator, October 10, 2014, p. 6.

promote cost effective RPS procurement. The Commission should utilize the existing comments in addressing this issue.

3. The approach to achieving a higher renewable energy target should be determined in the context of the contributions that it and other programs (e.g. energy efficiency and zero-emissions vehicles) can make towards reaching the state’s greenhouse gas (GHG) emissions reduction goals.

A higher renewable energy target should be discussed in the broader context of the state’s GHG emissions reduction goals for 2020 and beyond. The California Air Resources Board (CARB), in its first update to the Climate Change Scoping Plan, references the state’s objective to reduce GHG emissions to 80% below 1990 levels by 2050.¹⁰ Renewable energy can play an important role in meeting this goal, and other programs such as energy efficiency and zero-emissions vehicles can also make substantial contributions. To cost effectively achieve the state’s GHG emissions reduction goals, the Commission should coordinate with the CARB and the CEC to develop a 2050 GHG framework where program performance and costs are optimized. More specifically, ORA recommends that the Commission calculate the amount of GHG emissions reductions that can be achieved by increasing the use of renewable energy and by other programs such as energy efficiency and zero-emissions vehicles. The Commission should also calculate the estimated costs of each of those programs, in order to develop a proxy cost for achieving the GHG emissions reductions associated with each program.

4. Consider how to achieve the additional grid flexibility that will be needed to integrate higher percentages of renewables.

Higher penetrations of renewables will likely require additional grid flexibility. In determining how to achieve a higher renewable energy target, the Commission should consider the costs and abilities of other zero-emissions programs (such as energy storage, demand response and zero-emissions vehicles) to provide that additional flexibility. The Commission

¹⁰ First Update to the Climate Change Scoping Plan, p. 1.

should coordinate the development of these programs with any increase in renewable energy targets to provide additional grid reliability in a cost-effective and clean manner.

5. Coordinate with other state agencies to mitigate overgeneration.

The Commission should coordinate with the CAISO and other state agencies (such as state water and transportation agencies) to better understand their strategies for achieving their GHG emissions reduction goals. Understanding changes in other sectors' energy use will help the Commission and the CAISO plan for an electric system that minimizes overgeneration.

6. Coordinate with the Governor's office, the Legislature and other state agencies (such as CEC and CARB) on plans for decarbonizing other sectors (e.g. buildings, water and transportation).

Energy use changes in other sectors may impact demand on the electric system. For example, if transportation agencies pursue electrification to reduce GHG emissions, this could increase load on the electric system. Alternatively, excess supplies of midday solar generation could support certain methods of decarbonization, such as freezing ice during the day for refrigeration at night in grocery stores. The Commission should coordinate with the Governor's office, the Legislature, and its other state agencies (e.g. CEC, CARB) to maximize the potential for sectors to support each other and to minimize adverse impacts of other sectors on the electric system.

7. Address the allocation of costs incurred by the electric system to support policy goals in other sectors (e.g. electrification of the transportation sector).

In the case that the plans for decarbonizing other sectors require upgrades or changes to the electric system that otherwise would not have occurred, the Commission should carefully consider how the costs for those upgrades or changes should be allocated. For example, the Commission is currently considering applications from each of the three investor-owned utilities (IOUs) to build out plug-in electric vehicle charging station infrastructure.¹¹ The Commission

¹¹ A.15-02-009 PG&E Electric Vehicle Infrastructure and Education Program, A.14-10-014 SCE Charge Ready and Market Education Program, A.14-04-014 SDG&E Electric Vehicle-Grid Integration Pilot Program.

will be considering which costs of the charging station infrastructure should be borne by the utilities, by ratepayers and by vehicle users. As similar situations arise in the future, the Commission must consider whether costs of various programs should be socialized across all ratepayers when the benefits only accrue to a particular subset of ratepayers.

8. Coordinate with local, state, and federal permitting agencies to identify environmental planning issues prior to deploying incremental renewable generation and its associated transmission.

The RPS Calculator develops renewables portfolios for the CAISO to use in its TPP. The Commission is expected to include an environmental scoring methodology in the updated RPS Calculator. However, the Commission has not yet set the parameters for this methodology. ORA recommends this methodology be developed in partnership with local, state and federal permitting agencies to ensure that environmental constraints at all three levels are accounted for. The resulting environmental scoring methodology would then ensure that renewables portfolios sent to the CAISO do not include theoretical renewable generation that would trigger transmission projects that connect to environmentally sensitive areas where renewable generation cannot actually be developed, which would result in stranded costs. This environmental scoring methodology could even provide direct signals to renewables developers regarding which areas are open for development, which areas may face permitting challenges and which areas are off-limits. Increased assurances that a project will acquire the necessary permits prior to executing a power purchase agreement (PPA) would increase the project success rate, decrease regulatory burden, and decrease contract administration costs.

IV. CATEGORY AND NEED FOR HEARING; PROPOSED TIMELINE

The OIR preliminarily determines the proceeding to be ratesetting.¹² The OIR also states that the proceeding may be resolved through a combination of comments, workshops, and testimony, with a possibility for evidentiary hearings.¹³

¹² OIR, p. 9.

¹³ OIR, p. 9.

ORA agrees with the preliminary determination. ORA also agrees with the OIR's procedural approach, although it is too early to determine whether disputes of facts may arise over the course of the proceedings which would require hearings. ORA does not propose a timeline, but looks forward to developing a schedule in conjunction with the IOUs and other interested stakeholders at the prehearing conference scheduled on April 16, 2015 at 10:00 a.m.

V. CONCLUSION

ORA requests that the Commission adopt ORA's recommendations set forth in these comments.

Respectfully submitted,

/s/ LISA-MARIE SALVACION
LISA-MARIE SALVACION

Attorney for the Office of Ratepayer Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-2069
Email: lisa-marie.salvacion@cpuc.ca.gov

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VERIFICATION

I, Lisa-Marie Salvacion, am counsel of record for the Office of Ratepayer Advocates in proceeding R.15-02-020, and am authorized to make this verification on the organization's behalf. I have read the

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filed on March 26, 2015. I am informed and believe, and on that ground allege, that the matters stated in this document are true.

I declare under penalty of perjury that the foregoing are true and correct.

Executed on **March 26, 2015** at San Francisco, California.

/s/ LISA-MARIE SALVACION
LISA-MARIE SALVACION