



**FILED**  
7-30-15  
04:59 PM

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

Order Instituting Rulemaking Regarding Policies  
Procedures and Rules for the California Solar  
Initiative, the Self-Generation Incentive Program  
and Other Distributed Generation Issues.

Rulemaking 12-11-005  
(Filed November 8, 2012)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) COMMENTS ON THE  
PROPOSED DECISION REVISING THE GREENHOUSE GAS EMISSION FACTOR TO  
DETERMINE ELIGIBILITY TO PARTICIPATE IN THE SELF-GENERATION  
INCENTIVE PROGRAM PURSUANT TO PUBLIC UTILITIES CODE SECTION  
379.6(B)(2) AS AMENDED BY SENATE BILL 861**

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July 30, 2015

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**I. INTRODUCTION**

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide these opening comments in response to the Proposed Decision (“PD”) *Revising the Greenhouse Gas Emissions Factor to Determine Eligibility to Participate in the Self-Generation Incentive Program*, issued on July 10, 2015. PG&E generally supports the PD but has the following suggestions to further strengthen the draft:

- PG&E supports the updated greenhouse gas (GHG) emission standard of 360 kg CO<sub>2</sub>/MWh for eligibility to participate in the Self Generation Incentive Program (SGIP) until better analytics can be performed.
- PG&E recommends that the Commission establish a process for additional analysis to support a forward-looking framework for evaluating GHG performance of all load reducing technologies, including fossil-fueled distributed generation (DG) and advanced energy storage (AES) technologies.
- The Decision should include an additional “Conclusion of Law” stating that the updated GHG standard of 360 kg CO<sub>2</sub>/MWh should only be used to determine eligibility to participate in the SGIP.

## II. DISCUSSION

### A. **PG&E Supports The Updated GHG Emission Standard of 360 kg CO<sub>2</sub>/MWh for SGIP Until Better Analytics Can Be Performed.**

The updated standard of 360 kg CO<sub>2</sub> /MWh, which is equivalent to 794 lbs. CO<sub>2</sub>/MWh or 6,800 Btu/KWh heat rate for natural-gas fired generation, proposed in the PD is reasonable. The updated GHG standard allows fairly efficient gas-fired generation to receive the SGIP incentive. The SGIP GHG performance standard has moved in the right direction, declining from 379 to 360 kg CO<sub>2</sub>/MWh, and is in line with the grid performance getting cleaner over time. However, PG&E believes the methodology used to derive this performance standard, which assigns equal weight to 1) an emission rate determined using historical data and 2) an estimated emission rate of future generation not built – lacks rigor. Furthermore, the use of historical data to forecast the marginal generator emission rate may not capture impacts associated with the increasing penetration of renewable generation. PG&E supports the concept that renewable facilities should be included among the facilities whose generation is offset by production from SGIP participating resources<sup>1/</sup>; however, the approach taken here is not fundamentally reflective of how the marginal generator is determined.

We understand the Commission had a compressed time-frame to provide this update as Senate Bill 861 set a July 2015 deadline. PG&E supports keeping the updated GHG performance standard of 360 kg CO<sub>2</sub>/MWh for SGIP until better analytics can be performed.

### B. **PG&E Recommends The Commission Establish A Process For Additional Analysis To Support A Forward-Looking Framework For Evaluating GHG Performance Of All Load Reducing Technologies, Including Fossil-Fueled Distributed Generation (DG) and Advanced Energy Storage (AES) Technologies.**

PG&E proposes that the Commission continue its efforts and further refine the GHG performance standard. An integrated and transparent approach to evaluating the GHG impacts and cost-effectiveness of all GHG emission-reduction opportunities available will enable

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<sup>1/</sup> See pg. 9 of the Proposed Decision.

comparisons across programs and technologies on a level field and ultimately will result in a more optimal outcome for state's long-term GHG reduction goals. Many comments offered at the recent Joint Agency Symposium on the Governor's Greenhouse Gas Reduction Goals (Symposium) supported a more integrated GHG evaluation approach across programs.<sup>2/</sup>

The use of more sophisticated analyses which are able to represent system operations more realistically is critical. As stated in PG&E's opening comments on the SGIP Assigned Commissioner Ruling, a dispatch model is one preferred tool for such an analysis.<sup>3/</sup> Models such as the PLEXOS model used by CAISO in the 2014 Long Term Procurement Plan (LTPP)<sup>4/</sup> can capture the impacts of the rapidly increasing penetration of renewable resources, DG and energy storage, and it can capture the dynamic interactions between such a mix of resources under a variety of potential conditions.

**C. The Decision Should Include A 'Conclusion Of Law' Confirming That These Updated GHG Standard Results Should Only Be Used To Determine Eligibility To Participate In The SGIP.**

Given PG&E's concerns with the methodology used to estimate avoided grid emissions for this update, use of the proposed GHG standard should be expressly limited to its intended purpose: determining eligibility for SGIP incentives. This GHG standard should not be used for other CPUC and state programs where a quantification of long-term GHG benefits from fossil-fueled DG technologies is required. PG&E proposes that the following additional Conclusion of Law be added to the PD:

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<sup>2/</sup> More information about this Joint Agency Symposium is located here: <http://www.cpuc.ca.gov/NR/rdonlyres/0C9D8D63-06F1-4049-A781-9CD79582EDB4/0/SymposiumNotice070915.pdf>

<sup>3/</sup> See pg. 4 of PG&E's Opening Comments in this docket dated April 17, 2015.

<sup>4/</sup> PLEXOS is a commercially available resource planning tool developed by Energy Exemplar. It is currently used by various stakeholders including CAISO in the CPUC Long Term Planning Proceeding. For more information on the tool refer - [http://www.cpuc.ca.gov/NR/rdonlyres/ECE43E97-26E4-45B7-AAF9-1F17B7B77BCE/0/CombinedLongTermProcure2014OIR\\_Report\\_CollaborativeReview.pdf](http://www.cpuc.ca.gov/NR/rdonlyres/ECE43E97-26E4-45B7-AAF9-1F17B7B77BCE/0/CombinedLongTermProcure2014OIR_Report_CollaborativeReview.pdf).

“Use of the GHG standard established in this Decision is expressly limited to determining eligibility for SGIP standards and should not be applied in any other context.”

### III. CONCLUSION

PG&E appreciates the opportunity to address these issues.

Respectfully submitted,

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