

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



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

U 39 E

Rulemaking 11-05-005
(Filed May 5, 2011)

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
PETITION TO MODIFY DECISION 14-11-042
REGARDING 2016 AND 2017 SOLICITATIONS**

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Dated: January 22, 2016

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Pursuant to Commission Rule of Practice and Procedure ("Rule") 16.4, Pacific Gas and Electric Company ("PG&E") respectfully submits this petition to modify Decision ("D.") 14-11-042 to eliminate the requirement that PG&E conduct solicitations in 2016 and 2017 for the remaining capacity from solar photovoltaic ("PV") resources associated with PG&E's closed PV Program.

In D.14-11-042, the Commission transferred approximately 200 megawatts ("MW") from PG&E's PV Program to the Renewable Auction Mechanism ("RAM") 6 solicitation and two future solicitations to be conducted in 2016 and 2017.¹ PG&E has completed the RAM 6 solicitation and, concurrent with filing this motion, is filing Advice Letter 4780-E requesting approval of the resources selected in that solicitation. When it issued the RAM 6 solicitation, PG&E included half of the PV Program capacity the solicitation, as directed by the Commission in D.14-11-042.

In recent months, however, it has become very evident that PG&E's customers do not need additional, new long-term contracts with Renewables Portfolio Standard ("RPS")-eligible

¹ D.14-11-042 at pp. 104-105 and Ordering Paragraph ("OP") 32.

resources. In October 2015, the Commission approved PG&E’s Bundled Procurement Plan, which included forecasts of substantial loss of bundled customer load between 2014 and 2024 as a result of the projected growth of Community Choice Aggregation (“CCA”) and distributed generation resources.² More recently, in December, the Commission approved PG&E’s 2015 RPS Plan, which provided detailed information showing that, based on current resource and load forecasts, PG&E is well-positioned to meet its RPS requirements for the second and third compliance periods and that PG&E does not have any need for incremental RPS procurement until at least 2022, or later.³

Given these facts, PG&E is filing this petition to modify D.14-11-042 to eliminate the requirement that it conduct solicitations in 2016 and 2017 for the remaining capacity from the PV Program. Simply put, PG&E’s customers do not need these additional resources. There is no reason to conduct two solicitations for unneeded resources that would increase customer costs with no corresponding benefits. Moreover, procuring unneeded resources at this time would effectively prevent customers from realizing the benefits of any gains in resource efficiency or lower resource costs that may occur in the future by locking customers into long-term contracts for current technologies at existing market prices. Instead of conducting solicitations for unneeded capacity at current market prices, the Commission should eliminate the requirement from D.14-11-042 to conduct solicitations in 2016 and 2017 for the remaining PV Program capacity.

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² D.15-10-031, OP 1(e).

³ D.15-12-025 at pp. 10-11, 34. As a result of this determination, the Commission approved PG&E not conducting an RPS solicitation in 2016. *Id.*, OP 9.

I. BACKGROUND

In 2009, PG&E filed an application requesting Commission approval of a PV Program that was intended to facilitate the development of small and mid-size solar PV projects between 1 and 20 megawatts (“MW”).⁴ The PV Program totaled 500 MW, of which 250 MW was allocated to utility-owned generation facilities and the other 250 MW was for power purchase agreements (“PPAs”) to be signed with third-party solar facility owners.⁵ The PV Program was originally intended to last five years, during which five solicitations for PPAs were to be conducted. The Commission approved the PV Program in D.10-04-052, and PG&E subsequently conducted three of the PV Program solicitations.

In 2014, PG&E filed a petition to modify D.10-04-052 to close the PV Program after the third solicitation. In response to PG&E’s petition for modification, the Commission determined that the PV Program had “facilitated the development and transformation of the smaller scale PV market in California” and that PG&E had acquired a substantial portfolio of RPS-eligible generation.⁶ The Commission granted PG&E’s request, finding that “the Solar PV Program achieved its goals and should be terminated [except] for ongoing administration of existing contracts and facilities.”⁷ Thus, the Commission determined that the PV Program was no longer necessary.⁸

In a separate decision regarding PG&E’s 2014 RPS Plan, which was issued at the same time as the Commission’s decision to close the PV Program, the Commission granted PG&E’s

⁴ D.10-04-052 at pp. 14-21 (describing benefits of PV Program); *see also* D.14-11-026 at p. 5 (describing purpose of PV Program).

⁵ *Id.* at p. 2.

⁶ D.14-11-026 at p. 11.

⁷ *Id.*, p. 12.

⁸ *Id.*, Conclusion of Law (“COL”) 1.

request to transfer the remaining capacity from the PV Program to the RAM 6 solicitation, and two additional solicitations that were to be conducted in 2016 and 2017.⁹ Specifically, the Commission directed that half of the remaining capacity from the PV Program be included in the RAM 6 solicitation, and the other half be divided between solicitations to occur in 2016 and 2017.

PG&E issued its RAM 6 solicitation in July 2015 and included in the solicitation 105 MW associated with the PV Program. This represented half of the remaining PV Program capacity.¹⁰ Concurrent with filing this petition to modify, PG&E is filing an advice letter seeking Commission approval of the contracts resulting from the RAM 6 solicitation, including 73.5 MW of contracts associated with the PV Program capacity that had been rolled over to RAM 6.¹¹

II. THE REQUIREMENT TO CONDUCT SOLICITATIONS IN 2016 AND 2017 SHOULD BE ELIMINATED

In June 2015, PG&E started working on its 2015 RPS Plan, as directed by the *Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2015 Renewable Portfolio Standard Procurement Plans* issued May 28, 2015 in Rulemaking 15-02-020. PG&E filed its 2015 RPS Plan on August 4, 2015. A key part of each utility's RPS Plan is a forecast of the utility's RPS compliance position. Based on both its procurement of resources to date and forecasts of customer load loss which impacts PG&E's RPS obligation, PG&E forecasted that it was well-positioned to meet the second (2014-2016) and third (2017-2020) RPS compliance

⁹ D.14-11-042 at pp. 104-105.

¹⁰ Advice Letter 4657-E at p. 2, filed June 30, 2015 (describing MW transferred from PG&E's PV Program).

¹¹ See Advice Letter 4780-E. PG&E did not procure the full 105 MW of PV resources in its RAM 6 solicitation and presumably the remaining amount would be rolled over to the 2016 and 2017 solicitations. PG&E is requesting as a part of this petition for modification that the 21.5 MW not procured in the RAM 6 solicitation also be eliminated.

period goals, and that it would not have any incremental need until at least 2022.¹² Because of its compliance position, PG&E requested that the Commission allow it to not conduct an RPS solicitation in 2016, as there was no need for additional RPS resources.¹³

In December 2015, the Commission issued a decision approving PG&E's 2015 RPS Plan. The Commission granted PG&E's request not to hold a solicitation, finding that as a result of PG&E's RPS portfolio, there was no need for additional procurement in 2016.¹⁴ Specifically, the Commission stated that "we find PG&E's evaluation of its current RPS procurement needs to its request not to hold a 2015 solicitation to be reasonable."¹⁵

Given PG&E's current RPS portfolio, compliance position, and the conclusion that it has no incremental need until 2022, at the earliest, the requirement to conduct solicitations for additional PV resources in 2016 and 2017 should be eliminated.¹⁶ First, PG&E's customers do not, at this point in time, need incremental PV resources. Most of the PV resources that would be procured in 2016 and 2017 would come on-line in 2-3 years, or 2019-2020.¹⁷ This is several years before PG&E may have an incremental need for resources. Depending on the performance

¹² D.15-12-025 at pp. 10-11 (describing PG&E's RPS compliance position); *see also* D.15-10-031, OP 1(e) (adopting PG&E's 10-year forecasts including the reduction in bundled customer load).

¹³ *Id.* at p. 24.

¹⁴ *Id.* at pp. 24, 35, and OP 9.

¹⁵ *Id.* at p. 35.

¹⁶ PG&E is proposing that as a part of eliminating the 2016 and 2017 solicitations, the Commission also eliminate any requirement to procure the 21.5 MW of PV Program rollover that was not procured in the RAM 6 solicitation. *See* footnote 11 above.

¹⁷ *See the Declaration of Chris DiGiovanni in Support of Petition for Modification* ("DiGiovanni Dec.") ¶ 2, which is included as Attachment A to this petition for modification. Under Rule 16.4(b), allegations of new or changed facts can be supported by a declaration accompanying a petition for modification. In this case, many of the new facts are supported by the 2015 RPS Plan approved by the Commission in D.15-12-025. However, additional facts are provided in Mr. DiGiovanni's declaration which is attached to this petition for modification.

of resources in PG&E's portfolio and the departure of customers, PG&E's need for incremental resources may actually be later than 2022.¹⁸

Second, procuring unneeded RPS capacity will simply increase customer costs with no corresponding benefits. As the Commission is aware, renewable resource technology costs have dropped substantially in recent years and may continue to do so in the future, although the decline may not be as significant.¹⁹ In addition, new technologies will likely be developed that are more efficient and cost-effective.²⁰ Given PG&E's current lack of RPS resource need, executing new, long-term contracts for RPS resources will likely result in resource costs that are more expensive, or contracts with resources that are less efficient. There is no benefit to PG&E's customers to lock into certain technologies at today's prices, when better technologies at lower prices may be available when PG&E does have an incremental resource need, in 2022 or later.

Third, it is not entirely clear that more than 100 MW of additional PV resources is needed for the California electrical system. In recent years, the majority of the RPS contracts are for PV facilities.²¹ While there are definitely benefits to PV facilities, a dependence on one type of technology, especially a technology that does not generate at night or may contribute to overgeneration during the day, may not be prudent.²² Rather than contract for a specific resource type in 2016 and 2017 that may not be needed, or may exacerbate grid challenges, the

¹⁸ *Id.*

¹⁹ *Id.*, ¶ 3.

²⁰ *Id.*

²¹ *Id.*, ¶ 4.

²² *Id.*

Commission should terminate the 2016 and 2017 solicitations to allow time to see what kind of RPS resources are needed in the future to ensure the reliability of California's electrical system.²³

PG&E recognizes that Senate Bill ("SB") 350, which was recently enacted by the Legislature and signed by Governor Brown, increases California's renewable target to 50% by 2030. PG&E expects that over the next year, the Commission will be working to implement these new requirements.²⁴ To the extent that PG&E needs to procure additional RPS-eligible resources in the future to meet the SB 350 goals, it will request authority from the Commission to do so. However, there is no near-term need for additional procurement given PG&E's current portfolio and RPS forecast. Thus, PG&E respectfully requests that D.14-11-042 be modified to eliminate the requirement that it conduct additional solicitations for the remaining capacity from the closed PV Program in 2016 and 2017.

III. PG&E'S PROPOSED MODIFICATIONS

Under Rule 16.4(b), a party seeking to modify a decision must "propose specific wording to carry out all requested modifications to the decision." PG&E requests that Ordering Paragraph 32 of D.14-11-042 be modified to state:

32. The Petition for Modification filed by Pacific Gas and Electric Company (PG&E) on February 26, 2014 seeking authority to transfer capacity from its Solar Photovoltaics (Solar PV) Program to the Renewable Auction Mechanism (RAM) is granted, with certain restrictions. PG&E shall file a Tier 1 Advice Letter to advise the Commission of the amount of capacity remaining in the Solar PV Program. PG&E shall transfer ½ of the remaining capacity, including failed or terminated capacity, to RAM 6. The remaining ½ shall be terminated and PG&E shall not be required to conduct solicitations to procure this amount, or any MW amount remaining from the RAM 6 auction. ~~transferred equally to two solicitations held in 2016 and 2017.~~²⁵

²³ *Id.*

²⁴ D.15-12-025 at p. 6 (indicating the Commission will address SB 350 implementation in 2016).

²⁵ Underlining reflects proposed additions and strikethrough proposed deletions.

IV. PG&E'S PETITION FOR MODIFICATION SATISFIES RULE 16.4(D)

Rule 16.4(d) requires that a petition for modification be filed within a year of the issuance of a decision or, if more than a year has elapsed, “the petition explain why the petition could not have been presented within one year of the effective date of the decision.” In this case, D.14-11-042 was effective on November 20, 2014, a little more than a year ago. It was reasonable for PG&E to wait to file this petition for modification until January 2016, one year and two months after the underlying decision was issued, because many of the facts and information relied on in this petition for modification are from PG&E's 2015 RPS Plan. PG&E's 2015 RPS Plan was filed in August 2015, and the Commission did not approve the 2015 RPS Plan until December 17, 2015, a little more than a month ago.

In addition, no party is prejudiced by the filing of this petition for modification a little over a year after the underlying decision became effective. PG&E has not yet issued a 2016 solicitation for the remaining PV Program capacity, and thus RPS-eligible resource providers have not yet incurred the cost or effort participating in the 2016 solicitation. PG&E is filing this petition for modification before issuing its 2016 solicitation so that, if the Commission grants PG&E's request, parties will not incur the time and cost associated with a solicitation that is ultimately terminated.

PG&E does not intend to issue a 2016 solicitation until the Commission has acted on this petition for modification. If the petition for modification is granted, solicitations in 2016 and 2017 will be unnecessary. If the Commission denies this petition for modification, or grants some other form of relief, PG&E will comply with the Commission's direction.

V. SERVICE OF PG&E'S PETITION FOR MODIFICATION

Rule 16.4(c) requires that a petition for modification be filed and served on all parties “to the proceeding or proceedings in which the decision proposed to be modified was made.” In

addition, if it has been more than a year since the decision became effective, the Administrative Law Judge (“ALJ”) may direct a party requesting modification to “serve the petition on other persons.” In this case, PG&E is serving this petition for modification on the service list for Rulemaking (“R.”) 11-05-005, the proceeding in which D.14-11-042 was issued. In addition, PG&E is serving the petition on the service list for R.15-02-020, which is the current Commission proceeding addressing issues regarding the implementation of California’s RPS requirements. PG&E will serve additional parties if directed to do so by the ALJ.

VI. CONCLUSION

Decision 14-11-042 requires PG&E to conduct solicitations in 2016 and 2017 for PV resources that are not needed at this point in time and may result in additional customer costs for unnecessary capacity. Given the recent approval of its 2015 RPS Plan, PG&E respectfully requests that the Commission grant this petition for modification and eliminate the requirement in D.14-11-042 that PG&E conduct solicitations in 2016 and 2017 for the remaining capacity from the PV Program, as well as capacity that was not procured in the RAM 6 solicitation. If PG&E needs additional RPS-eligible resources in the future, it can seek Commission approval of solicitations or other procurement methods at that time.

Respectfully submitted,

By: /s/ Charles R. Middlekauff
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January 22, 2016

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ATTACHMENT A

Declaration of Chris DiGiovanni in Support of Petition for Modification

1. I am currently an employee of Pacific Gas and Electric Company (“PG&E”) and am the Manager of Renewable Energy in the Distributed Generation Procurement Programs which is a part of PG&E’s Energy Policy & Procurement organization. In my role, I have become familiar with industry and market developments related to renewable energy, as well as PG&E’s current Renewable Portfolio Standard (“RPS”) portfolio of resources. I make this declaration based on my personal knowledge and/or understanding unless otherwise indicated.

2. For the 2016 and 2017 solicitations directed by the California Public Utilities Commission (“Commission”) in Decision (“D.”) 14-11-042, most of the photovoltaic (“PV”) resources that would be procured through these solicitations would come on-line in 2-3 years, so that initial energy deliveries for most of the PV projects selected would begin in 2019 or 2020. This is several years before PG&E may have an incremental need for resources. Depending on the performance of resources in PG&E’s existing RPS portfolio, and the departure of customers, PG&E’s need for incremental resources may actually be later than 2022.

3. Renewable resource technology costs have dropped substantially in recent years, especially PV resources, and may continue to do so in the future, although the decline may not be as significant. In addition, over the last ten years PV and other RPS-eligible technologies have evolved and are more efficient and cost-effective than they were ten years ago.

4. In addition to changes in prices and RPS-eligible technology becoming more efficient, it is not entirely clear that more than 100 megawatts (“MW”) of additional PV resources is needed for the California electrical system. In recent years, the majority of the RPS contracts are for PV facilities. While there are definitely benefits to PV facilities, a dependence

on one type of technology, especially a technology that does not generate at night or may contribute to overgeneration during the day, may not be prudent. Rather than contract for a specific resource type in 2016 and 2017 that may not be needed, or may exacerbate grid challenges, the Commission should terminate the 2016 and 2017 solicitations to allow time to see what kind of RPS resources are needed in the future to ensure the reliability of California's electrical system.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 21st day of January 2016 at San Francisco, California.

/s/ Chris DiGiovanni

Chris DiGiovanni
Manager, Renewable Energy
Pacific Gas and Electric Company

VERIFICATION

I am an employee of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, and am authorized to make this verification on its behalf. I have read the foregoing PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) PETITION TO MODIFY DECISION 14-11-042 REGARDING 2016 AND 2017 SOLICITATIONS. The statements in the foregoing document are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed on this 21st day of January 2016 at San Francisco, California.

/s/ Chris DiGiovanni

Chris DiGiovanni
Manager, Renewable Energy
Pacific Gas and Electric Company