



**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.

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

**RESPONSE OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION TO
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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February 22, 2016

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Pursuant to Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the Solar Energy Industries Association (SEIA)¹ hereby responds in opposition to Pacific Gas and Electric Company's (PG&E) January 21, 2016 Petition to Modify Decision 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 (Petition).

I. INTRODUCTION

PG&E's Petition to Modify Decision 14-11-042 to eliminate its obligation to conduct Renewable Auction Mechanism (RAM) solicitations in 2016 and 2017 for the remaining capacity from its terminated PV Program must be rejected. PG&E's Petition rests on the assertions that the resources which would be procured through the RAM solicitations are not needed and would result in additional customer costs, neither of which are accurate. PG&E has failed to present new or changed facts which would support the requested modification of Decision 14-11-042.²

¹ The comments contained in this filing represent the position of the Solar Energy Industries Association, but not necessarily the views of any particular member with respect to any issue.

² SEIA would also note that PG&E failed to comply with Rule 16.4 (d) which requires that "a petition for modification must be filed and served within one year of the effective date of the

II. PG&E'S ASSERTIONS OF LACK OF NEED ARE BASED ON A FAULTY PREMISE

PG&E's request to eliminate its 2016 and 2017 solicitations for the remaining capacity from the PV Program is premised upon the Commission's determination that, given PG&E's current position vis-à-vis its ability to meet the second (2014-2016) and third (2017-2020) RPS compliance period goals, there was no need for PG&E to conduct an RPS solicitation in 2016.³ What PG&E neglects to mention is that the evaluation of its RPS procurement needs contained in its 2015 RPS Procurement Plan was based on the continuation of procurement through Commission mandated programs, such as the RAM, in 2016:

Because PG&E has no incremental procurement need through [redacted] under a 33% RPS requirement and through [redacted] under a 40% RPS scenario, PG&E proposes to not hold an RPS solicitation in 2015. As discussed in the summary of key issues, PG&E has sufficient time in the coming years to respond to changing market, load forecast, or regulatory conditions and will reassess the need for future RFOs in next year's RPS Plan. Although many factors could change PG&E's RPS compliance position, PG&E believes that its existing portfolio of executed RPS-eligible contracts, its owned RPS-eligible generation, and its expected Bank balances will be adequate to ensure compliance with near-term RPS requirements. *Additionally, PG&E expects to procure additional volumes of incremental RPS-eligible contracts in 2016 through mandated procurement programs, such as the RAM, ReMAT, and BioMAT Programs.*⁴

In other words, the Commission' determination that PG&E had no immediate need for additional RPS procurement was based on an evaluation which assumed that PG&E would carry through with its 2016 RAM solicitation, which, as noted in PG&E's procurement plan, includes the

decision proposed to be modified. If more than one year has elapsed, the petition must also explain why the petition could not have been presented within one year of the effective date of the decision." PG&E's Petition for Modification was filed on January 21, 2016, more than a year after the effective date of Decision 14-11-014. PG&E's Petition was void of explanation as to why it could not have been filed within the required year.

³ Petition, p.5.

⁴ See Pacific Gas and Electric Company Renewable Portfolio Standard, 2015 Renewable Energy Procurement Plan, R. 15-02-020 (August 4, 2015), p. 14.

transferred 200 MW of PV program volumes.⁵ Indeed, a primary basis for termination of PG&E's PV program and transferring the MW to the RAM was PG&E's assertions that RAM procurement better aligned with its RPS needs:

If these volumes (both UOG and PPA) are moved to PPAs under the current RAM protocols with solicitations between 2015 and 2017, as proposed in the separate and concurrently filed Petition for Modification of D.10-12-048, anticipated Commercial Operation Dates ("COD") will likely occur between two to three years after contract execution, resulting in CODs between 2017 and 2020, respectively. Thus, the termination of the PV Program, combined with the authority to procure the remaining volumes on the schedule requested in this Petition will result in procurement that better matches PG&E's demonstrated RPS need, which is later in the decade and beyond.⁶

The Commission relied upon PG&E's representations that RAM procurement better matches its RPS needs "later in the decade *and beyond*" in granting PG&E's request to terminate the PV program and transfer the remaining MW to the RAM.⁷ Allowing PG&E to escape its obligation to procure these PV volumes through its RAM would not only undermine the basis upon which the Commission allowed PG&E to forego its 2016 RPS solicitation but also a primary basis for the Commission's termination of PG&E's PV program.

PG&E has not demonstrated a lack of need for MW procured through the Commission ordered 2016 and 2017 RAM solicitations. PG&E's request to eliminate those solicitations must be denied.

⁵ See also *Id.*, Appendix G. ("Consistent with PG&E's February 26, 2014 Petition for Modification (PFM) requesting to terminate the PV Program and modify the RAM Decision process to procure the remaining PV Program volumes using RAM solicitation processes PG&E assumed that the Renewable Auction Mechanism accommodates the remaining 200 MW of PG&E's PV Program volumes.").

⁶ Pacific Gas and Electric Company's Petition for Expedited Order Granting Modification of Decision 10-04-052 (Photovoltaic Program) and Approval of a Proposed Schedule for Third Photovoltaic Program Power Purchase Agreement Solicitation, R. 09-02-019 (February 26, 2014), p. 8.

⁷ See Decision 14-11-026, p. 11.

III. PG&E'S ASSERTIONS REGARDING COST SAVINGS ARE SHORT SIGHTED

Assertions that procuring PV resources through the 2016 and 2017 RAM solicitations will “simply increase customer costs with no corresponding benefits”⁸ are unsubstantiated. To the contrary, undergoing solicitations in 2016 and 2017 will allow developers to take advantage of the recently extended 30% Investment Tax Credit and thereby lower their bid price -- a benefit which will pass through to PG&E's customers in the form of lower cost renewable energy. Forestalling additional procurement for several years will preclude PG&E from capturing the ITC benefit for its customers.⁹

Moreover, PG&E's assertion that by foregoing procurement now it will be able to later take advantage of “new technologies” that will be “more efficient and cost-effective”¹⁰ is short sighted. In order for there to be market innovation and the creation of new and more cost efficient technology, there has to be procurement. Indeed, that was the very purpose behind the Commission's approval of PG&E's PV program -- i.e., promoting the development of a certain technology, smaller scale PV.¹¹ Forgoing all renewable solicitation for the next few years undermines rather than enhances PG&E's future opportunities to procure RPS resources using better technologies at lower prices.

PG&E has not demonstrated that procurement through its Commission ordered 2016 and 2017 RAM solicitations will increase ratepayer costs. PG&E's request to eliminate those solicitations must be denied

⁸ Petition, p.6.

⁹ The 30% ITC has been extended to the end of 2019, with phased reductions thereafter.

¹⁰ Petition , p.6.

¹¹ See Decision 14-11-026, p. 5.

IV. CONCLUSION

For the above stated reasons, PG&E's request to modify Decision 14-11-042 to eliminate its obligation to conduct RAM solicitations in 2016 and 2017 for the remaining capacity from its terminated PV Program must be rejected.

Respectfully submitted this February 22, 2016 at San Francisco, California.

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By /s/ Jeanne B. Armstrong
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VERIFICATION

I am the attorney for the Solar Energy Industries Association (SEIA) in this matter. SEIA is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of SEIA for that reason. I have read the attached "Response of the Solar Energy Industries Association to Pacific Gas and Electric Company's (U 39 E) Petition to Modify Decision 14-11-042 Regarding 2016 and 2017 Solicitations." 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 is true and correct.

Executed on this 22nd day of February, 2016 at San Francisco, California.

/s/ Jeanne Armstrong
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