



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

R.11-05-005
(Filed May 5, 2011)

**RESPONSE OF THE OFFICE OF RATEPAYER ADVOCATES
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

I. INTRODUCTION

Pursuant to Rule 16.4 (f) of the Commission's Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) respectfully submits its response to Pacific Gas and Electric Company's (PG&E) Petition to Modify Decision (D.) 14-11-042 (Petition) regarding 2016 and 2017 solicitations.

In its petition, PG&E requests the Commission eliminate requirements to conduct solicitations in 2016 and 2017 for remaining capacity from the Solar Photovoltaic Program (SPVP) program. The petition explains: (1) PG&E has procured enough resources and does not have any incremental need until 2022;¹ (2) procuring more resources will lead to additional costs to customers with no benefits for the customers; and (3) additional photovoltaic (PV) resources are not needed for the state's electrical system.²

PG&E's explanation to eliminate the requirements that it conduct solicitations in 2016 and 2017 for the remaining capacity from SPVP is reasonable. ORA recommends the Commission approve the Petition for Modification.

II. DISCUSSION

In 2014, PG&E filed a Petition to Modify³ D.10-04-052 requesting the Commission: (1) terminate procurement under the SPVP; and (2) transfer any remaining capacity in the SPVP to the Renewable Auction Mechanism (RAM) program.⁴ The Commission granted PG&E's request, and directed PG&E to include half of the remaining capacity in its RAM 6 solicitation and the remaining half to be divided

¹ Petition, p. 5.

² *Id.*, p. 6.

³ PG&E Petition for Modification of D.10-04-052, February 26, 2014, pp. 3-6.

⁴ "The Renewable Auction Mechanism is a simplified and market-based procurement mechanism which promotes competition, elicits the lowest costs for ratepayers, and encourages the development of resources that can utilize existing transmission and distribution infrastructure." *See* D.10-12-048, p. 2.

between 2016 and 2017 solicitations.⁵ PG&E issued its RAM 6 solicitation in July 2015 and requests that the Commission eliminate the requirements to conduct solicitations in 2016 and 2017.⁶

ORA supports PG&E's request. First, according to its 2015 Renewable Portfolio Standards (RPS) Plan, PG&E is well positioned to meet its RPS requirements for Compliance Period (CP) 2 and CP 3, and will not have any incremental procurement need until at least 2022.⁷ Even under a 40% RPS scenario, PG&E projects that it is also positioned to meet its RPS compliance requirements for CP2 and CP3.⁸ Further, PG&E projects a customer load loss in 2015 through 2024 due to increasing impacts of Energy Efficiency, customer-sited generation and Community Choice Aggregation (CCA) participation levels.⁹ Since RPS requirements are a percentage of total retail sales, PG&E may experience a decline in required renewable procurement.¹⁰

Second, as PG&E explains, "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."¹¹ ORA agrees. Given PG&E's current RPS portfolio and compliance position, it is unnecessary to lock ratepayers into long term contracts at the current market price.

⁵ D.14-11-026 granted PG&E's request to close the SPVP program, and D.14-11-042 granted PG&E's request to transfer the remaining MWs to RAM.

⁶ Petition, p. 2.

⁷ PG&E 2015 RPS Plan, p. 11.

⁸ *Id.*, pp. 7-8.

⁹ *Id.*, p. 14.

¹⁰ Senate Bill (SB) 350 (DeLeón, 2015) requires that the RPS target increase from 33% to 50% by 2030. However, the Commission is still considering implementation of SB 350 in the RPS Rulemaking 15-02-020, and no new targets or mandates have yet been adopted.

¹¹ Petition, p.2.

Finally, ORA agrees that PG&E does not need additional solar PV energy at this time.¹² PG&E states “the majority of RPS contracts are for PV facilities” and it would not be appropriate to depend on a technology that contributes to overgeneration.¹³ Increasing solar penetration may exacerbate the overgeneration challenge and the potential for curtailment. Even if PG&E needed additional procurement to meet its RPS requirement, it would be preferable to consider all procurement options through a competitive solicitation open to all technology types rather than mandate one particular technology that already has such high penetration levels. Additionally, the Commission is currently addressing overgeneration in the RPS Rulemaking (R.15-02-020), and is considering other programs such as energy storage and demand response to provide additional flexibility. Until this happens, it is inappropriate to procure renewable long-term contract resources which may increase costs to ratepayers, and potentially create grid reliability problems without providing benefits.

The remaining capacity from PG&E’s SPVP is unnecessary and the Commission should grant PG&E’s request not to conduct 2016 and 2017 solicitations. The Commission already closed PG&E’s SPVP upon the determination that “the goals of the program have been largely achieved and that the Solar PV Program facilitated the development and transformation of the smaller PV market in California.”¹⁴ Given that the goals of PG&E’s RPS are currently met, it would not be prudent as a procurement practice or policy to require PG&E to conduct 2016 and 2017 solicitations when the goals of PG&E’s SPVP have already been achieved.

¹² Petition, p. 6.

¹³ *Id.*

¹⁴ Stated goals included: 1) to support PG&E in meeting its RPS requirements, and 2) to provide a procurement process for smaller-scale RPS-eligible projects. The Commission determined that PG&E is already meeting its RPS requirements, and that other vehicles such as the feed-in tariff exist for smaller-scale projects, rendering the SPVP “duplicative and administratively burdensome.” See D.14-11-026, pp. 11-12.

III. CONCLUSION

The Commission should grant PG&E's Petition for Modification for the reasons stated above.

Respectfully submitted,

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VERIFICATION

I am the attorney for the Office of Ratepayer Advocates (ORA) in this matter. Pursuant to Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of ORA. I have read the attached

“RESPONSE OF THE OFFICE OF RATEPAYER ADVOCATES 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/ LISA-MARIE CLARK

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