



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

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Order Instituting Rulemaking to Continue )  
Implementation and Administration, and ) Rulemaking 15-02-020  
Consider Further Development of, California ) (Filed February 26, 2015)  
Renewables Portfolio Standard Program. )  
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**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON  
INTERCONNECTION ISSUES RELATED TO THE BIOENERGY FEED-IN TARIFF**

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Dated: **June 3, 2016**

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Pursuant to the Administrative Law Judge’s Ruling Requesting Supplemental Comment on Interconnection Issues Related to the Bioenergy Feed-In Tariff under the California Renewables Portfolio Standard served May 6, 2016 (the “ALJ Ruling”), Southern California Edison (“SCE”) respectfully submits these Reply Comments on Interconnection Issues Related to the Bioenergy Feed-In Tariff (“BioMAT”).

**I.**

**INTRODUCTION**

Several parties filed supplemental comments responding to eight questions posed in the ALJ Ruling on interconnection issues related to the BioMAT program.<sup>1</sup> As stated in SCE’s Supplemental Comments,<sup>2</sup> SCE supports the alternative interconnection solution offered by PG&E.<sup>3</sup> In addition, SCE

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<sup>1</sup> Supplemental comments were filed and served on May 25, 2016 by the following respondents in addition to SCE: Pacific Gas and Electric Company (“PG&E”), San Diego Gas & Electric Company (“SDG&E”), the Bioenergy Association of California (“BAC”), the Clean Coalition, and the Agricultural Energy Consumers Association (“AECA”).

<sup>2</sup> See SCE’s Supplemental Comments, filed May 25, 2016, at p. 3 n.5 and p. 12.

replies to clarify statements made by Clean Coalition regarding SCE’s Preferred Resources Pilot (“PRP”).

## II.

### REPLY COMMENTS

In its response to Question 1 of the ALJ Ruling, Clean Coalition proposes an alternative approach to the BAC interconnection proposal that would permit Category 3 BioMAT projects in high hazard fuel zones (“HHZ”) to enter the BioMAT queue before applying for interconnection.<sup>4</sup> SCE appreciates Clean Coalition’s alternative proposal, and to the extent elements of its alternative align with PG&E’s alternative, SCE supports those elements.<sup>5</sup> However, SCE does not agree that the Commission should rely on the eligibility requirements SCE used to evaluate offers submitted into its PRP RFOs as a basis for adopting any modifications to the interconnection requirements for the BioMAT program.<sup>6</sup> Instead, the Commission should evaluate each of the alternative proposals based upon the principles stated in SCE’s Supplemental Comments<sup>7</sup> and adopt PG&E’s alternative, which aligns best with those principles.

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<sup>3</sup> See Supplemental Comments of PG&E, filed May 25, 2016, at pp. 6-7 (Table 2) and pp. 9-11.

<sup>4</sup> See Supplemental Comments of Clean Coalition, filed May 25, 2016, at pp. 3-5.

<sup>5</sup> Common elements of the Clean Coalition and PG&E alternative proposals include: (1) the requirements to submit a completed Rule 21 pre-application report (“PAR”) with its program participation request (“PPR”) and to obtain regular PARs thereafter; (2) the requirement to submit a completed interconnection application shortly after accepting a PPA; and (3) making the PPA contingent upon completing the interconnection study process within a specified period of time. SCE does not agree with Clean Coalition’s assertion that interconnection requirements for BioMAT and ReMAT generally are barriers to participation, as the price for ReMAT projects in SCE’s territory leads to the opposite conclusion. SCE understands Clean Coalition’s alternative interconnection proposal to apply only to Category 3 BioMAT projects in high hazard fuel zones, and on this basis only, SCE supports the common elements Clean Coalition’s proposal shares with PG&E’s alternative.

<sup>6</sup> See Supplemental Comments of Clean Coalition, filed May 25, 2016, at p. 4.

<sup>7</sup> The principles are: “(1) the interconnection process is governed by two tariffs, Rule 21 under CPUC jurisdiction and the Wholesale Distribution Access Tariff ... under FERC jurisdiction, which can only be changed via regulatory action at the CPUC or FERC; (2) interconnections are offered first-come, first-served on a non-discriminatory basis; and (3) non-viable projects should not be permitted to remain in the interconnection queue taking capacity from and delaying construction of potentially viable projects.” Supplemental Comments of SCE, filed May 25, 2016, at p. 2.

SCE's PRP RFOs are not comparable with BioMAT. The bid prices submitted in an RFO like SCE's PRP are firm, so the lack of an interconnection study does not affect the price paid for the energy. In contrast, the BioMAT program is a market adjusting feed-in tariff that relies on viable projects to enable the market to function – in BioMAT terminology, viable projects in the queue create market depth, which allows the price to adjust. Allowing projects in the queue that are not required to prove viability could distort the market and adversely set prices higher than the true market price. And, without a completed interconnection study, it is not clear that the accepted PPA price would be sufficient to sustain the project once the true costs of interconnection are known.

PRP RFO 2 projects have almost four years from the offer submittal until the required commercial operation date. BioMAT projects are required to come online within two years from PPA execution. And given the Emergency Declaration, HHZ fuel resources should be online even faster. Recent, completed interconnection studies are necessary to bring projects online quickly. As a compromise, PG&E's proposal would permit projects up to an additional fifteen months from PPA execution to come online. SCE supports this compromise because once the project submits an interconnection application, it will be subject to the same requirements as any other project entering the queue on that date.

Finally, PRP RFO 1 is not a good comparison with BioMAT because PRP was directed to solar, a mature market. Earlier in the market cycle, some solar offers also reflected unrealistic cost expectations. But requiring developers to enter the interconnection queue and to obtain better knowledge of the full cost of implementing a project has, in SCE's view, resulted in greater viability as measured by projects accepting a PPA and by those coming online within the operation date requirements. By allowing projects without completed studies to compete in PRP within a geographically constrained area, SCE tested the maturity of the market and allowed the developers' experience to account for expected interconnection costs. Given the admitted immaturity of the

BioMAT market,<sup>8</sup> no similar experience exists. The interconnection requirements, applied on a non-discriminatory basis, are the only way to fairly ensure viable projects execute PPAs. PG&E's proposal is the best alternative to achieve this outcome.

**III.**

**CONCLUSION**

SCE respectfully requests the Commission consider the recommendations made in these Reply Comments and in SCE's Supplemental Comments, and adopt PG&E's alternate interconnection proposal.

Respectfully submitted,

ROBERT F. LeMOINE

*/s/ Robert F. LeMoine*

By: Robert F. LeMoine

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<sup>8</sup> See Supplemental Comments of Clean Coalition, filed May 25, 2016, at p. 4 ("BioMAT projects are a relatively immature market . . .").

**VERIFICATION**

I am the Director of Energy Policy in the Regulatory Affairs Organization of Southern California Edison Company and am authorized to make this verification on its behalf. I have read the foregoing SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS ON INTERCONNECTION ISSUES RELATED TO THE BIOENERGY FEED-IN TARIFF. I am informed and believe that the matters stated in the foregoing pleading are true.

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

Executed this **3<sup>rd</sup> day of June, 2016**, at Rosemead, California.

*/s/ Gary Stern*

By: Gary Stern

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