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BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E) COMMENTS ON THE ISSUES AND QUESTIONS SET FORTH IN SECTION 7 OF THE ASSIGNED COMMISSIONER AND ASSIGNED ADMINISTRATIVE LAW JUDGE'S RULING IDENTIFYING ISSUES AND SCHEDULE OF REVIEW FOR 2016 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS

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Dated: June 3, 2016

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I. INTRODUCTION

Pursuant to the *Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans*, dated May 17, 2016 ("RPS Plan Ruling"), Pacific Gas and Electric Company ("PG&E") provides these comments on the issues and questions set forth in Section 7 concerning project viability. As discussed below, PG&E believes that the Phase II interconnection requirement and the "application deemed complete" requirement together sufficiently address the project viability requirement of California Public Utilities Code Section 399.13(a)(4)(A)(iii)[1] and that the investor-owned utilities ("IOU") should not continue to be required to include Energy Division's project viability calculator ("PVC") in their least-cost best-fit ("LCBF") methodologies.

II. PROJECT VIABILITY CALCULATOR

The RPS Plan Ruling asks parties to comment on whether or not the Phase II interconnection requirement and the "application deemed complete" requirement together sufficiently address the project viability requirement of Section 399.13(a)(4)(A)(iii). The RPS Plan Ruling also asks whether, if those requirements address all three elements of the project

[1] All further statutory references are to the California Public Utilities Code unless otherwise noted.

viability criteria required by statute, the IOUs should continue to be required to include Energy Division's PVC in their LCBF methodologies.

Section 399.13(a)(4)(A) requires that the Commission establish a process that provides criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources to comply with the California Renewables Portfolio Standard ("RPS") Program obligations on a total cost basis. Section 399.13(a)(4)(A)(iii) requires that the process take into account the viability of the project to construct and reliably operate the eligible renewable energy resource, including the developer's experience, the feasibility of the technology used to generate electricity, and the risk that the facility will not be built, or that construction will be delayed, with the result that electricity will not be supplied as required by the contract.

The Commission has established processes to address the statutory requirements of Section 399.13(a)(4)(A)(iii) and thus the IOUs should no longer be required to include the Energy Division's PVC in their LCBF methodologies. Historically, the primary purpose of the PVC was a screening tool. Rather than a minimum PVC score required for participation in a Request for Offers ("RFO"), the PVC was used as a means of assessing the relative viability of different projects. For instance, a project with a Phase II interconnection study would score higher than a project with a Phase I interconnection study. Based on the PVC's results, PG&E would have considered shortlisting a higher priced project if it had a higher viability score. Similarly, a low score might indicate some viability concerns.

The Commission recently established more rigorous criteria for participating in an RFO, such as the Phase II interconnection requirement and the deemed complete application. These two criteria address the biggest risks associated with project development: permitting and interconnection. By requiring strict criteria for participation, such as the Phase II study, previous developer experience, and commercialized technology, the RFO defaults to a pool of bidders that are not expected to have project viability concerns. Further, the criteria ensure that RFOs have a relatively homogenous population of bidders, which results in the relative viability rankings providing little additional value to the process. As noted in previous RPS Plans, PG&E has observed steadily improving project success rates, indicating that project viability is less of a concern than in prior years. This could also be attributable to the more rigorous project viability criteria now being used.

III. CONCLUSION

For the reasons state above, PG&E believes that the Phase II interconnection requirement and the "application deemed complete" requirement together sufficiently address the project viability requirement of Section 399.13(a)(4)(A)(iii) and that the IOUs should not continue to be required to include Energy Division's PVC in their LCBF methodologies.

Respectfully submitted,

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By: *__/s/ Charles R. Middlekauff__*
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June 3, 2016

<u>VERIFICATION</u>

I, Brendan Lucker, 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) Comments on the Issues and Questions Set Forth in Section 7 of the Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans*.

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 2nd day of June, 2016 at San Francisco, California.

/s/ Brendan Lucker
BRENDAN LUCKER
Manager, Renewable Energy Strategy
Pacific Gas and Electric Company