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

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

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)

NOT CONSOLIDATED

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 E)
REPLY COMMENTS ON REPORT AND NEXT STEPS
FOR DEVELOPMENT OF RENEWABLE INTEGRATION COST ADDER**

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Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: June 17, 2016

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PG&E appreciates the opportunity to provide reply comments on the *Joint Administrative Law Judges’ Ruling Seeking Input on Report and Next Steps for Development of Renewables Integration Cost Adder* issued on May 11, 2016 (“Ruling”) concerning the next phase of renewable integration cost adder (“RICA” or “Adder”) development.

Most parties support retaining the adopted RICA interim values until an updated RICA calculation is completed.¹ One exception is the California Wind Energy Association (“CalWEA”), which asserts that using RICA values of zero would be preferable to using the current “arbitrary” interim values.² This proposal should be rejected. The interim values the Commission adopted for RICA in Decision 14-11-042 are not arbitrary. These values are based on a range of variable integration costs observed in existing integration studies throughout the

¹ See Southern California Edison Company’s (“SCE”) Opening Comments, at p. 5; San Diego Gas & Electric Company’s (“SDG&E”) Opening Comments, at p. 7; California Independent System Operator’s (“CAISO”) Opening Comments, at p. 6; Green Power Institute’s (“GPI”) Opening Comments, at p. 7, Calpine Corporation’s (“Calpine”) Opening Comments, at p. 8.

² CalWEA Opening Comments, at p. 1.

Western Electric Coordinating Council (“WECC”) as reflected in a 2013 NREL Report.³

Assuming zero integration cost ignores variable and fixed costs associated with integrating wind and solar resources.

Several parties⁴ have proposed developing a separate RICA for geothermal and biomass resources to reflect costs to the system for their relative inflexibility of operation. PG&E reiterates that RICA should not be developed for geothermal and biomass resources since these are not intermittent resources and do not require additional flexibility reserves.⁵ As indicated by Calpine, to the extent that the inflexibility of these resources requires them to operate in periods in which they may be curtailed or their energy value is low, their inflexibility should be captured in the energy valuation component of least-cost best fit evaluation and not the integration cost.⁶

Respectfully submitted,

JENNIFER K. POST
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By: /s/ Charles R. Middlekauff
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³ D.14-11-042 at p. 62.

⁴ SCE, SDG&E, Large Solar Association (“LSA”), CAISO, Ormat, and Clean Coalition.

⁵ PG&E Opening Comments at p. 6.

⁶ Calpine Opening Comments at p. 8.

VERIFICATION

I, Antonio Alvarez, 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) Reply Comments on Report and Next Steps for Development of Renewable Integration Cost Adder*. 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 17th day of June, 2016 at San Francisco, California.

/s/ Antonio Alvarez

ANTONIO ALVAREZ
Manager, Renewable Integration
Pacific Gas and Electric Company