

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



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Petition of Calpine Corporation to Adopt,
Amend, or Repeal a Regulation Pursuant to
Pub. Util. Code § 1708.5

Petition 16-07-004

**RESPONSE OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
TO CALPINE PETITION**

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Dated: August 11, 2016

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**RESPONSE OF
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TO CALPINE PETITION**

Pursuant to Rule 6.3(d) of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits this response to the *Petition of Calpine Corporation to Adopt, Amend or Repeal a Regulation Pursuant to Pub. Util. Code § 1708.5* (Calpine Petition). The Calpine Petition should be rejected. The Petition provides no basis for the Commission to open a rulemaking to consider modifying the current “station power” tariff structure to change the “netting period” from 15 minutes to twelve months.

As Calpine Corporation (Calpine) describes, “[a]lmost all generation resources must import some amount of electricity from the grid to start the generators or meet internal load obligations such as heating, lighting, and air-conditioning. In the context of larger generators, the energy used to respond to internal electric requirements is commonly referred to as ‘station power’ load.”¹

As Calpine also notes, “[t]he Commission has participated in a prolonged debate regarding station power issues, particularly with respect to the [California Independent System Operator’s] Station Power Protocol (‘SPP’) tariff. A detailed history of these proceedings is set

¹ Calpine Petition, p. 5.

forth in the Resolutions the Commission issued in 2014 approving modifications of the [Investor Owned Utilities'] Station power Tariffs.”²

Calpine’s sole argument that a rulemaking should be opened to consider a twelve-month netting period for station power is that “net energy metering” (NEM) uses a twelve-month netting period to determine the retail charges applicable to a NEM customer.³ The argument fails.

Notwithstanding Calpine’s implication that station power netting and NEM customer netting are “identical,”⁴ there is no policy link between the two netting periods. In fact they are dissimilar. NEM is a program established by the Legislature and carried forward by the Commission to support renewable generation as a choice for individual customers to meet some or all of their energy needs on a more individual basis. NEM started as available for only wind and solar, both highly intermittent and variable. As an incentive to what was then a nascent industry, the Legislature allowed customers installing wind and solar resources to receive retail credits for exports to the grid. Due to the seasonal nature of both wind and solar, the Legislature and the Commission have allowed NEM customers to carry these credits forward and backward for an entire year.

These same considerations do not apply to resources subject to the station power tariffs. Thus, NEM policies do not provide any justification for compensating wholesale market generators for an additional, significant portion of their generation at retail, rather than wholesale, rate levels.

² Calpine Petition, p. 6 (footnote omitted).

³ Calpine Petition, pp. 2-3.

⁴ See, Calpine Petition, p. 9.

Calpine states that “even some of the more modern and efficient gas-fired generation may soon shut down because they are no longer economically viable.”⁵ In this response, PG&E is not taking any position on the compensation issues Calpine raises. However, modifying station power so that generators generally receive compensation at retail rates for a substantial portion of their wholesale generation, as would be the case if the station power netting period is extended from 15 minutes to twelve months, is not an appropriate way to address Calpine’s general compensation concerns.

In summary, PG&E respectfully requests that the Commission reject the Calpine Petition to open a rulemaking to consider extending the station power netting period from 15 minutes to twelve months.

Respectfully submitted,

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⁵ Calpine Petition, p. 12.