

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



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Application of Pacific Gas and Electric
Company for Approval of the Retirement
of Diablo Canyon Power Plant,
Implementation of the Joint Proposal, And
Recovery of Associated Costs Through
Proposed Ratemaking Mechanisms

(U 39 E)

Application 16-08-006
(Filed August 11, 2006)

**PROTEST OF CALIFORNIA CLEAN DG COALITION TO THE
APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
FOR APPROVAL OF THE RETIREMENT OF DIABLO CANYON POWER PLANT,
IMPLEMENTATION OF THE JOINT PROPOSAL, AND RECOVERY OF
ASSOCIATED COSTS THROUGH PROPOSED RATEMAKING MECHANISMS**

Ann L. Trowbridge
DAY CARTER & MURPHY LLP
3620 American River Drive, Suite 205
Sacramento, California 95864
Telephone: (916) 246-7303
FAX: (916) 570-2525
E-mail: atrowbridge@daycartermurphy.com
Attorneys for California Clean DG Coalition

September 15, 2016

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), the California Clean DG Coalition (“CCDC”) timely files this Response to the Application of Pacific Gas and Electric Company (“PG&E”) for Approval of the Retirement of Diablo Canyon Power Plan, Implementation of the Joint Proposal, and Recovery of Associated Costs Through Proposed Ratemaking Mechanisms (“Application”).

1. Introduction.

CCDC is an ad hoc group interested in promoting the ability of distributed generation (“DG”) system manufacturers, distributors, marketers and investors, and electric customers, to deploy DG. Its members represent a variety of DG technologies including combined heat and power (“CHP”), renewables, gas turbines, microturbines, reciprocating engines, and storage.¹ Over the years, CCDC has actively participated in various CPUC proceedings relating to DG.

Based on its review of PG&E’s Application to date, and because of the potential substantial impacts to customers who seek to install DG, CCDC seeks to ensure that the Commission (1) address the significant procedural concerns raised by PG&E’s Application, and

¹ CCDC is currently comprised of Capstone Turbine Corporation; Caterpillar, Inc.; DE Solutions, Inc.; EtaGen, Inc.; GE Energy; Hawthorne Power Systems; Holt of California; MMR Power; NRG Energy; Penn Power Systems; Peterson Power Systems; Regatta Solutions; Solar Turbines, Inc.; and Tecogen, Inc.

(2) whether in another more appropriate proceeding or here, undertake a detailed analysis and evaluation of proposals for increasing the Public Purpose Program (“PPP”) and nuclear decommissioning charges. As it continues its review of the Application, CCDC may identify other issues of import to its members.

2. Energy Efficiency and Nuclear Decommissioning: Proposed Revenues and Charges.

PG&E seeks approval of a Joint Proposal that would provide for the retirement of the Diablo Canyon nuclear power plant when its Nuclear Regulatory Licenses expire in 2024 and 2025, and the replacement of its output with increased investment in energy efficiency, renewable resources, and other greenhouse gas (“GHG”)-free resources. With respect to energy efficiency, the Joint Proposal proposes recovery of \$1.3 billion for administration and acquisition of “Tranche #1” energy efficiency procurement, through a \$187 million annual revenue requirement beginning January 1, 2019, collected through the PPP rate component as a non-bypassable charge. The Joint Proposal similarly proposes that the incremental revenue requirement for “Tranche #2” energy efficiency programs selected through a request for offers be recovered in PG&E’s PPP rate component as a non-bypassable charge. The Joint Proposal also calls for increases in the nuclear decommissioning charge.

PG&E provides no explanation as to why the Joint Proposal seeks authorization for significant replacement procurement now, nearly ten years in advance of the retirement of Diablo Canyon. Additionally, as required by SB 350, the Commission is undertaking a comprehensive integrated resources planning process that is specifically considering issues such as the portfolio of resources necessary to meet the state’s goals of minimizing costs, maintaining reliability, and reducing GHG emissions, and that appears to be well suited to consider the mix of future resources necessary to replace Diablo Canyon.² The Commission is also conducting energy efficiency proceedings that appear to be more appropriate forums for considering the energy efficiency revenue requirement proposals set forth in the Joint Proposal.³ Given the prematurity of PG&E’s proposal, the potential for results that contradict other work being done by the Commission, and the potential for costly and inefficient duplication of resources required to participate in multiple procurement proceedings, CCDC recommends that the Commission determine that the specific proposals for procuring resources to replace Diablo Canyon be

² See, e.g., Cal. Pub. Res. Code § 454.51; Rulemaking 16-02-007.

³ Rulemaking 13-11-005.

excluded from the scope of this proceeding, and direct PG&E to take them up in a different, appropriate proceeding, potentially even after the integrated resources planning proceeding has been completed.

Apart from the procedural flaws noted above, the Joint Proposal, as written, has the potential to significantly increase the PPP rate component and the nuclear decommissioning charge. It is not clear why the revenue that is required to procure the energy efficiency that is proposed to replace Diablo Canyon generation should be recovered any differently than the revenue required to procure the generation being replaced. Additionally, it is not clear why customer generation departing load, which the Commission has previously determined is included in PG&E's procurement forecasts, should have any responsibility for the contemplated Tranche #1 and #2 energy efficiency procurement.⁴ If the Commission does not modify the scope of this proceeding as recommended by CCDC, it should evaluate in detail the reasonableness and applicability of the proposal for recovery of the costs of energy efficiency procurement, and direct appropriate modifications. The reasonableness and applicability of the costs the Joint Proposal seeks to include in the nuclear decommissioning charge should also be carefully examined.

3. Schedule and Hearings.

Hearings in this proceeding may be required to address the factual issues described herein and possibly other issues. CCDC has no comment at this time regarding categorization of the proceeding or the schedule.

4. Communications.

All correspondence, pleadings, orders, and notices in this proceeding should be sent to the following:

Interested Party:

Ann L. Trowbridge
DAY CARTER & MURPHY LLP
3620 American River Drive, Suite 205
Sacramento, California 95864
Telephone: (916) 246-7303
FAX: (916) 570-2525
E-mail: atrowbridge@daycartermurphy.com
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⁴ See, e.g., D.07-12-052 and D.08-09-012.

