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Decision 17-08-022 August 24, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Distributed Energy Resources.	Rulemaking 14-10-003

DECISION ADOPTING INTERIM GREENHOUSE GAS ADDER

Summary

This Decision adopts a series of values based upon the California Air Resources Board Cap-and-Trade Allowance Price Containment Reserve Price as an interim greenhouse gas adder value for use in the avoided cost calculator when analyzing the cost-effectiveness of distributed energy resources. Development of a permanent greenhouse gas adder will be considered in the future, in coordination with the Integrated Resource Planning proceeding (Rulemaking 16-02-007) and, if and when adopted, will replace the interim greenhouse gas adder adopted here. To limit the risk of overvaluing resources, we adopt a sunset date of May 1, 2018 for the interim adder with the option to extend once for up to one year, as described below.

1. Background

An October 9, 2015 Administrative Law Judge Ruling introduced a four-phase Commission Energy Division (Staff) proposal for updating the Commission's cost-effectiveness framework. The four phases are: 1) Improve the existing cost-effectiveness framework; 2) Improve the relationship between cost-effectiveness and local system conditions through a coordinated effort with

Rulemaking (R.) 14-08-013;[1] 3) Improve models and methods to accurately reflect policies; and 4) Expand the cost-effectiveness framework to create an all-source, all-technology valuation framework.

A Cost-Effectiveness Framework Working Group (Working Group), established through the October 9, 2015 Ruling, recommended several phase three issues. Relevant to this Decision, the Working Group included the issue of determining whether cost-effectiveness tests appropriately reflect environmental goals and proposed several options for the Commission to pursue. Most relevant to this Decision, the options included a societal cost test (SCT). In response to the Working Group recommendations, Staff hosted a workshop where parties discussed potential methods for a SCT, amongst other related matters.

On February 9, 2017, a ruling was issued in this proceeding seeking party comment on a proposal by Staff supporting the adoption of a SCT (Staff SCT Proposal). The Staff SCT Proposal recommends that the SCT include an air quality value, a social discount rate, and a greenhouse gas adder. The Staff SCT Proposal contemplates that the greenhouse gas adder be determined in the future, in coordination with the Integrated Resource Planning Proceeding, R.16-02-007.

An April 3, 2017 Ruling described an Addendum to the Staff SCT Proposal, which indicated a pressing need for development of the greenhouse gas adder and proposed an interim solution for the adder. The Addendum explained that an interim greenhouse gas adder was needed to perform an upcoming Energy Efficiency Potential Study (Potential Study). The Potential Study would then

[1] R.14-08-013 is the Order Instituting Rulemaking Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769.

inform energy efficiency goals required to be adopted in the summer/fall of 2017. Parties filed comments and replies to the ruling.[2]

On May 16, 2017, the Utilities filed a motion for evidentiary hearings to adjudicate disputed issues of fact presented by the Staff SCT Proposal and the April 3, 2017 Addendum (Motion). Pursuant to a May 18, 2017 Ruling, parties filed responses to the Motion on May 26, 2017 and the Utilities filed a reply to the responses on June 2, 2017.[3]

2. Issues Before the Commission

Decision (D.) 15-10-028 requires that the Commission adopt energy efficiency goals by August 2017. These biennial goals are informed by the Potential Study, which quantifies the amount of achievable cost-effective energy efficiency. The Potential Study is highly dependent on the outputs of the avoided cost calculator, which is used to determine the benefits of resources across many Commission proceedings. The most recent update of the avoided cost calculator occurred prior to the adoption of Senate Bill (SB) 32[4] and did not reflect the cost impacts of 2030 greenhouse gas targets adopted as part of SB 32. Hence, using

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[2] The following parties filed comments on the April 3, 2017 Ruling: California Energy Efficiency Industry Council, County of Los Angeles, Independent Energy Producers Association (IEPA), Institute for Policy Integrity, Marin Clean Energy, Natural Resources Defense Council (NRDC), Office of Ratepayer Advocates (ORA), Sierra Club, and the Utilities. The following parties filed reply comments to the April 3, 2017 Ruling: IEPA, ORA, Sierra Club and Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company, (jointly, the Utilities).

[3] The following parties filed comments to the Motion and to the May 18, 2017 Ruling: IEPA, Institute for Policy Integrity, NRDC, ORA, Sierra Club, the Solar Energy Industries Association and the Utilities.

[4] SB 32 (2016) updates California's Assembly Bill (AB) 32 (2006), which required the California Air Resources Board (CARB) to reduce statewide emissions of greenhouse gases to 1990 levels by 2020. SB 32 expands on AB 32 and requires California to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030.

the current avoided cost calculator will not provide a true account of energy efficiency cost-effectiveness.

The Commission plans to address the development and adoption of an updated greenhouse gas adder in coordination with the Integrated Resource Planning proceeding.[5] However, the results of that process are not anticipated in time to inform the Potential Study. Without an updated adder reflecting current California environmental goals, the Commission anticipates a direct effect on energy efficiency potential, goals, budgets and programs.

Accordingly, this Decision determines whether the Commission should adopt an interim greenhouse gas adder and what the interim adder should be.

3. Discussion

This Decision determines that an interim greenhouse gas adder should be adopted by the Commission and used to update the current version of the avoided cost calculator in order to inform the Potential Study and, consequently, the next biennial energy efficiency goals due in September 2017. To ensure the timeliness of this update, the Commission approves the series of values shown in Table 2 of this Decision, which is based upon the CARB Cap-and-Trade Allowance Price Containment Reserve price (Cap-and-Trade APCR Price). This series of values is adopted on an interim basis, until a permanent greenhouse gas adder is adopted by the Commission. To minimize potential risks of overvaluing resources, this Decision establishes May 1, 2018 as the sunset date for the interim greenhouse gas adder but permits the Staff to propose to extend the sunset date up to one year in the resolution adopting the next avoided cost calculator update.

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[5] R.16-02-007 Joint Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, May 26, 2016 at 11-12.

3.1. Whether to Adopt an Interim Greenhouse Gas Adder

This Decision first addresses whether it is necessary to adopt an interim greenhouse gas adder on an immediate basis. The Staff Addendum explains that the most recent update of the avoided cost calculator did not reflect the cost impacts of 2030 greenhouse gas targets required by SB 32; no party disputes this claim. Staff contends this could significantly reduce the amount of cost-effective energy efficiency. Staff further explains that, unless updated, the current avoided cost calculator will be used in the upcoming Potential Study and will subsequently establish energy efficiency goals for the next year. Staff maintains that there is an imperative need to adopt an interim adder before the goals are adopted in September 2017, in order to ensure more accurate goals.

Several parties agree with Staff that an interim solution is necessary in order to ensure accurate goals as well as attainment of SB 32 targets.[6] However, Independent Energy Producers (IEP) is concerned that without a comprehensive update of all key inputs of the avoided cost calculator, the Commissions risks undermining its ability to deliver truly cost-effective resources.[7] NRDC asserts that a delay in adopting an interim solution would not only result in a decrease in cost-effective energy efficiency potential in the near term but could also

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[6] *See* Utilities Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 3, Energy Efficiency Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 2, the Institute for Policy Integrity Opening Comments to April 3, 2017 Ruling, April 17, 2017at 4, NRDC Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 4, ORA Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 2, and Sierra Club Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 7.

[7] IEP Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 11.

substantially limit the State's ability to meet SB 350's[8] doubled targets in the long term.[9] Furthermore, Sierra Club cautions that failure to adopt an interim greenhouse gas adder will allow greenhouse gas emissions to continue accumulating in the atmosphere.[10]

The Commission finds that the current avoided cost calculator does not properly reflect the impact of the 2030 greenhouse gas targets adopted in SB 32. Furthermore, the Commission agrees that without this information, the Potential Study and, subsequently, the energy efficiency goals will not be accurate. As explained in the Addendum, without an interim adder reflecting SB 32 targets, the energy efficiency program could experience a decrease in budgeting due to perceived lower cost-effectiveness only to need an exponential increase in program output once the adder is updated and the budget is adjusted. This Decision concludes that an immediate interim solution to a greenhouse gas adder should be adopted to avoid a disruptive effect on the Commission's energy efficiency program in the near term and improve the chances of meeting SB 32 and SB 350 targets in the long term.

While agreeing that an immediate interim solution is necessary, ORA, NRDC, Sierra Club, and the Utilities support the adoption of a date certain for the interim value to end.[11] ORA suggests this sunset date should be either "the

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[8] SB 350 (2016) requires California to increase the use of renewable power sources to 50 percent of electric sources by 2030. SB 350 also requires the Commission to double the use of energy efficiency in existing buildings by 2030.

[9] NRDC Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 1-2.

[10] Sierra Club Opening Comments to April 3, 2017 Ruling, April 17, 2017 at 7 and footnote 25.

[11] NRDC Opening Comments to April 3, 2017 Ruling at 4-5, ORA Opening Comments to April 3, 2017 Ruling at 2, Utilities Reply Comments to April 3, 2017 Ruling at 6, and Sierra Club Reply Comments to April 3, 2017 Ruling at 4-5.

deadline for the next scheduled update of the avoided cost calculator or the adoption of an applicable greenhouse gas abatement marginal cost in R.16-02-007."[12] No party presented opposition to this recommendation.

Adopting a sunset date should ensure the Commission minimizes the risks of overvaluing resources, as suggested by ORA and IEP.[13] This Decision should adopt an interim solution, as described below, and establish a sunset date of May 1, 2018, but allows the Staff to propose to extend this sunset date no more than one year in the resolution addressing the annual update to the avoided cost calculator. This ability to propose an extension provides a safety net in the event the Commission does not complete its consideration of a permanent greenhouse gas adder.

3.2. The Interim Greenhouse Gas Adder

The interim greenhouse gas adder values based upon the Cap-and-Trade APCR price is adopted until the sunset date or until the Commission adopts a permanent greenhouse gas adder, whichever comes first. As described below, this approach represents the highest Cap-and-Trade program compliance costs imposed on utilities and ratepayers, ensures more accurate cost-effectiveness analysis of distributed energy resources, and avoids delays to establishing the Commission's energy efficiency goals.

The Staff Addendum proposed adopting an interim annualized approach that applies a straight-line escalation from the 2017 $0/tonne value to the 2030

[12] ORA Opening Comments to April 3, 2017 Ruling at 2.

[13] IEP Opening Comments to April 3, 2017 Ruling at 11, and ORA Opening Comments to April 3, 2017 Ruling at 2.

$250/tonne value.[14] In the Addendum, Staff maintains this approach would provide the necessary interim approach until consideration of a permanent approach is completed and simultaneously provide a gradual ramp period for distributed energy resources markets.

Parties had mixed reaction to the Staff-proposed interim approach. While some agreed that the Staff-proposed linear escalation was a reasonable approach, other parties expressed concern about the approach and pointed specifically to the use of the RESOLVE[15] model as not accurately reflecting the current marginal abatement mechanism.[16] ORA underscores that the RESOLVE model's inputs and assumptions have not been published by Staff, vetted by stakeholders, or entered into the record of R.16-02-007.[17]

In reaction to the February 9 and April 2, 2017 Rulings, the Utilities filed a motion for evidentiary hearing stating that the Staff-recommended interim greenhouse gas adder using the RESOLVE Model must be thoroughly examined to better understand the model.[18] A May 18, 2017 Ruling shortened the comment period for responding to the Utilities' Motion. In the May 18, 2017 Ruling, the Administrative Law Judge confirmed that the RESOLVE model would not be litigated in this proceeding because it is in the scope of R.16-02-007.

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[14] These are the marginal abatement costs indicated for that year by preliminary modeling results of Energy Division's analysis in the Integrated Resource Plan process.

[15] The RESOLVE model is a capacity expansion model, based on linear programming techniques, used to identify least-cost portfolios of future resources that satisfy the multiple state policy goals required by the Integrated Resource Planning statute, including reducing greenhouse gas emissions and maintaining reliability.

[16] Utilities Opening Comments to April 2, 2017 Ruling at 5.

[17] ORA Opening Comments at footnote 4.

[18] Utilities Motion at 5.

The RESOLVE Model and its inputs cannot be relied upon in this proceeding as they are currently under discussion in R.16-02-007; it would not be efficient to litigate the RESOLVE model in two proceedings simultaneously. Furthermore, as determined above, the Commission recognizes the immediate need to update the avoided cost calculator to inform the Potential Study. At this time, the Commission should rely on another approach to update the avoided cost calculator in a timely manner.

Responding to the May 18, 2017 Ruling, the Utilities and ORA recommend the use of the Cap-and-Trade APCR Price as an interim value for the greenhouse gas adder.[19] The Cap-and-Trade APCR Price is a cost-containment mechanism, which includes a set-aside pool of allowances that can only be purchased by covered entities at set prices.[20] Specifically, the Utilities recommend, on an interim basis, that the greenhouse gas price forecast in the avoided cost calculator be adjusted to the CARB's Cap-and-Trade APCR Price, post-2020, to reflect the potential effect of the 2030 greenhouse gas targets.[21]

The Utilities contend their interim proposal provides a more stable greenhouse gas value, "as the proposed APCR values start at $76 in 2021 ($86 nominal) and rise to $86 in 2031 ($115 nominal).[22] Table 1 provides the CARB's Cap-and-Trade APCR price referenced by the Utilities.

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[19] *See* Utilities' Opening Comments to April 2, 2017 Ruling at 6, Footnote 4 citing: ARB Staff Report, "Initial Statement of Reasons," Appendix C, August 2, 2016, Table 5. Available at https://www.arb.ca.gov/regact/2016/capandtrade16/appc.pdf.

[20] ARB Staff Report, "Initial Statement of Reasons," August 2, 2016 at 17.

[21] *Id.* at 6.

[22] *Ibid.*

Table 1 APCR Price (2015 dollars)				
Year	2015	2021	2026	2031
APCR Price (2015 dollars)	$56.51	$76.22	$80.70	$86.41

ORA asserts the use of the Cap-and-Trade APCR Price represents the actual abatement costs imposed on utilities and ratepayers and is a reasonably expected cost of carbon emissions.[23] PG&E and ORA contend use of the Cap-and-Trade APCR Price would allow the Commission to adopt an interim greenhouse gas adder in time to inform the Potential Study and the energy efficiency goals.[24] Sierra Club and NRDC argue that the Cap-and-Trade APCR Price is not equivalent to abatement costs and does not reflect the actual marginal cost of mitigation but rather "the cost of mitigating the remaining emissions required to stay below the ARB program cap after taking into account the effect of strong complementary policies and are driven by legal uncertainties and an entity's projected requirement for allowances."[25] The Utilities maintain that the cost of mitigating the remaining emissions is precisely the definition of marginal abatement cost and assert the Cap-and-Trade APCR Price represents California's official process for valuing greenhouse gas emission reductions and is a more

[23] ORA Response to Motion, May 26, 2017, at 2.

[24] ORA Response to Motion, May 26, 2017, at 2, and Utilities Reply to Responses to Motion, June 2, 2017, at 4.

[25] Sierra Club Reply Comment to April 3, 2017 Ruling at 2-3, and NRDC Opening Comments to April 3, 2017 Ruling at 3.

accurate assessment of greenhouse gas compliance costs than the proposed approach in the Addendum.[26]

There is insufficient evidence in the record to determine if the Cap-and-Trade APCR Price can be equated with a marginal carbon abatement price. However, because it represents the highest cost of compliance with California's cap and trade requirements, the Cap-and-Trade APCR Price is the best interim value currently available to approximate the societal costs of greenhouse gas emissions.

This Decision finds that a greenhouse gas adder value based upon the Cap-and-Trade APCR Price more accurately informs the Potential Study than the adder in the current avoided cost calculator and allows the Commission to adopt timely energy efficiency goals aligned with SB 32 and SB 350.

The Commission should adopt the use of the Cap-and-Trade APCR Price as the interim greenhouse gas adder in the avoided cost calculator until May 1, 2018 or until a permanent greenhouse gas adder is adopted by the Commission; whichever comes first. This Decision clarifies that the adopted interim greenhouse gas adder will replace any existing greenhouse gas values currently in the avoided cost calculator. Furthermore, we permit the Staff to propose an extension of the sunset date up to one year if necessary (May 1, 2019). The extension proposal should be included in the resolution proposing the next update of the avoided cost calculator.

The APCR Price values shown in Table 1 have been extrapolated linearly to determine the series of values shown in Table 2, which can be used in the avoided cost calculator as the interim greenhouse gas adder. However, these

[26] Utilities Reply Comments to April 2, 2017 Ruling at 2 and 5-6.

values are expressed in 2015 dollars and include the current and forecast Cap-and-Trade selling price. Hence the values in Table 2 require further revision in the avoided cost calculator to express in current dollars and to subtract the current and forecast Cap-and-Trade selling price.[27] Additionally, the avoided cost calculator should be updated to omit any greenhouse gas values currently included in the calculator. The Staff should immediately update the avoided cost calculator to reflect the interim greenhouse gas adder adopted in this Decision. The Staff is directed to issue the updated avoided cost calculator within 30 days from the issuance of this Decision.

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[27] Adoption of the interim greenhouse gas adder is incremental to the current greenhouse gas value (i.e., the Cap-and-Trade selling price), which is already included in the Avoided Cost Calculator as part of the Avoided Energy Cost. Hence, the current greenhouse gas value (i.e., the Cap-and-Trade selling price) must be subtracted from the interim greenhouse gas adder to avoid double counting. Furthermore, the APCR Price also includes the selling price. Therefore, the selling price must be subtracted from the APCR Price to get the additional greenhouse gas avoided cost that will be added to the Avoided Cost Calculator.

Table 2 **Interim Greenhouse Gas Adder** (2015 dollars)	
2015	$56.51
2016	$59.80
2017	$63.08
2018	$66.37
2019	$69.65
2020	$72.94
2021	$76.22
2022	$77.12
2023	$78.01
2024	$78.91
2025	$79.80
2026	$80.70
2027	$81.84
2028	$82.98
2029	$84.13
2030	$85.27

4. Comments on Proposed Decision

The proposed decision in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on August 3, 2017 by California Efficiency + Demand Management Council; Clean Coalition; IEPA; ORA; PG&E, SDG&E, and SCE (together, the Joint Utilities); and Sierra Club, Environmental Defense Fund and

NRDC (together, Environmental Parties), and replies were filed on August 8, 2017 by the Joint Utilities and Environmental Parties. Clarifications and corrections were made throughout this Decision in response to the comments. In addition, the comments are addressed in general below.

All parties filing comments supported the proposed decision as an interim solution. Four parties recommended revisions to the proposed decision, as described below.

IEPA suggested changes to Conclusions of Law that would: 1) specifically allow only one extension of time to update the avoided cost calculator; and 2) clarify "that any successor Adder be considered in a broader, more comprehensive context."[28] Allowing one extension is reasonable as multiple extensions create confusion and uncertainty. The Decision is revised as such. The Conclusion of Law regarding adopting values based upon the use of the Cap-and-Trade APCR Price is currently sufficiently broad; this Decision declines to adopt the proposed language.

Clean Coalition expresses concern regarding the sunset date for the interim adder and recommends language to prevent a gap in coverage. The sunset date in combination with the revised limitation of one extension up to one year should avert such a gap. Hence, this Decision declines to adopt Clean Coalition's recommended language.

Clean Coalition, the Environmental Parties, and the Joint Utilities request clarifications and changes to the original Finding of Fact No. 7 in the proposed decision, which states: The Cap-And-Trade APCR Price represents California's

[28] Independent Energy Producers Association Opening Comments to Proposed Decision, August 3, 2017 at 3-4.

official process for valuing greenhouse gas emission reductions. The Environmental Parties contend Finding of Fact 7 should be deleted as it is inconsistent with Finding of Fact No. 1, which states that a permanent greenhouse gas adder will be considered in the future through collaboration between this proceeding and R.16-02-007. There is no inconsistency between these two Findings. However, the original Finding of Fact No. 7 is deleted from the final decision because it is unnecessary.

The Environmental Parties also request to delete the original Finding of Fact No. 8, which states that the Cap-and-Trade APCR Price is a more accurate assessment of greenhouse gas compliance costs than the Staff-proposed approach in the Addendum. Agreeing that the APCR Price does a *better* job of assessing greenhouse gas compliance costs, the Environmental Parties contend there is no such evidence that the APCR Price is more accurate than the Staff-proposed approach.[29] Clean Coalition requests that the Finding be revised to state that the APCR Price is a more practical assessment at this time than the Staff-proposed approach.[30] In response, the Joint Utilities oppose the deletion or revision of this Finding stating that the APCR price is an appropriate value to use for marginal abatement and a more accurate assessment of greenhouse gas compliance costs than the Staff-proposed approach.[31] This Decision relies on other Findings of Facts to reach a determination on whether it is reasonable to adopt the APCR Price as the interim greenhouse gas adder and determines that the original Finding of Fact No. 8 is not necessary to reach this determination.

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[29] Environmental Parties Opening Comments to Proposed Decision, August 3, 2017 at 3.

[30] Clean Coalition Opening Comments to Proposed Decision, August 3, 2017 at 6.

[31] Joint Utilities Reply Comments to Proposed Decision, August 8, 2017 at 2-3.

The Environmental Parties request two additional findings related to: 1) the RESOLVE model; and 2) equating the APCR Price with a marginal carbon abatement price.[32] No party opposes these additional findings. This Decision agrees that these two findings are necessary and includes variations of these findings.

5. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Kelly A. Hymes is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. A permanent greenhouse gas adder will be considered in the future through collaboration between this proceeding and R.16-02-007.

2. The current avoided cost calculator does not reflect the costs of the 2030 greenhouse gas targets adopted in SB 32.

3. Without the revised costs of the new greenhouse gas targets taken into account in the avoided cost calculator, the Potential Study and the subsequent energy efficiency goals will not be accurate.

4. Without an interim adder reflecting the costs of the SB 32 targets, the energy efficiency program could experience a decrease in budgeting due to perceived lower cost-effectiveness only to need an exponential increase in program output once the adder is updated and the budget is adjusted.

5. No party presented opposition to the recommendation to adopt a sunset date for an interim greenhouse gas adder.

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[32] Environmental Parties Opening Comments to Proposed Decision, August 3, 2017 at 1-2.

6. A sunset date should ensure that the Commission minimizes the risks of overvaluing resources.

7. The RESOLVE Model and its inputs are currently under discussion in R.16-02-007.

8. It would be inefficient to litigate the RESOLVE model in two proceedings simultaneously.

9. There is insufficient evidence in the record to determine if the Cap-and-Trade APCR Price can be equated with a marginal carbon abatement price.

10. The Cap-and-Trade APCR Price represents the highest cost of compliance with California's cap and trade requirements.

11. The Cap-and-Trade APCR Price is the best interim value currently available to approximate the societal costs of greenhouse gas emissions.

12. The values derived from the interim use of the Cap-and-Trade APCR Price in the avoided cost calculator more accurately inform the Potential Study than the current avoided cost calculator.

13. The values derived from the interim use of the Cap-and-Trade APCR Price in the avoided cost calculator allow the Commission to adopt timely energy efficiency goals better aligned with SB 32 than the current avoided cost calculator.

Conclusions of Law

1. The Commission should adopt an immediate interim solution to a greenhouse gas adder to avoid a disruptive effect on the Commission's energy efficiency program in the near term and improve the chances of meeting SB 32 and SB 350 targets in the long term.

2. The Commission should establish a sunset date of May 1, 2018 for the interim solution to the greenhouse gas adder but provide the Energy Division the option to propose one extension up to an additional year in the resolution updating the avoided cost calculator, if necessary.

3. At this time, the Commission should rely on an approach other than the RESOLVE model to update the avoided cost calculator in a timely manner.

4. The Commission should adopt values based upon the use of the Cap-and-Trade APCR Price as the interim greenhouse gas adder value in the avoided cost calculator until May 1, 2018 or until a permanent greenhouse gas adder is adopted, whichever comes first.

5. The Commission Energy Division should update the avoided cost calculator to reflect the interim greenhouse gas adder adopted in this Decision and further revise the values in Table 2 of this Decision to reflect current dollars and subtract the current and forecast Cap-and-Trade selling price.

O R D E R

IT IS ORDERED that:

1. The California Air Resources Board Cap-and-Trade Allowance Price Containment Reserve Price shall be used to determine the interim value for the greenhouse gas adder in the avoided cost calculator until May 1, 2018 or until a permanent greenhouse gas adder is adopted by the Commission, whichever comes first.

2. The Commission's Energy Division may propose to extend the May 1, 2018 sunset date once up to one additional year (May 1, 2019) in the resolution proposing the 2018 update to the avoided cost calculator.

3. The Commission's Energy Division will immediately update the avoided

cost calculator to reflect the interim greenhouse gas adder adopted in this Decision. Within 30 days of the issuance of this Decision, the Commission's Energy Division will issue the new version of the avoided cost calculator.

4. Rulemaking 14-10-003 remains open.

This order is effective today.

Dated August 24, 2017, at San Francisco, California.

MICHAEL PICKER
President
CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners