



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

03-22-11
04:59 PM

Order Instituting Rulemaking to Continue
Implementation and Administration of
California Renewables Portfolio Standard
Program

Rulemaking 08-08-009
(Filed August 21, 2008)

**REPLY BRIEF OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES
ASSOCIATION ON IMPLEMENTATION OF SB 32**

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March 22, 2011

**REPLY BRIEF OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES
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The California Solar Energy Industries Association (CALSEIA) hereby submits its reply brief on implementing SB 32.

I. PRICING

Most parties agreed that the Commission should implement SB 32 in a manner that recognizes the value of renewable distributed generation. CALSEIA agrees with Fuel Cell Energy's discussion on the Commission's authority to establish the price (Page 11, Fuel Cell Energy Opening Brief).

While Southern California Edison (SCE), Pacific Gas & Electric (PG&E), and San Diego Gas and Electric (SDG&E) generally disputed the Commission's authority to establish a price for SB 32 implementation, each provided suggestions on how to implement SB 32:

- SCE recommended a solicitation, similar to the reverse auction mechanism (Page 2, SCE Opening Brief) and objected to establishing any value for the location of SB 32 projects (Page 10, SCE's Opening Brief)
- PG&E offered to implement voluntarily SB 32 using the Market Price Referent (MPR) plus Time of Delivery (TOD) (Page 11, PG&E Opening Brief)
- SDG&E offered to implement voluntarily SB 32 using the MPR

CALSEIA appreciates the utilities' willingness to offer these pricing methods, although none offered a method that would comport with the pricing provisions of SB 32. CALSEIA respectfully points out that SB 32 directs the Commission to establish the price inclusive of the values of distributed generation. Specifically, Public Utilities Code 399.20 makes direct reference to Public Utilities Code 399.15:

(d) (1) The tariff shall provide for payment for every kilowatthour of electricity purchased from an electric generation facility for a period of 10, 15, or 20 years, as

authorized by the commission. The payment shall be the market price determined by the commission pursuant to Section 399.15 and shall include all current and anticipated environmental compliance costs, including, but not limited to, mitigation of emissions of greenhouse gases and air pollution offsets associated with the operation of new generating facilities in the local air pollution control or air quality management district where the electric generation facility is located. [Emphasis added]

Public Utilities Code 399.15(c) specifies that the Commission shall establish the methodology to determine the market price. Nothing in Public Utilities Code 399.15 precludes the Commission from establishing a method for determining the market price of distributed renewable electricity:

c) The commission shall establish a methodology to determine the market price of electricity for terms corresponding to the length of contracts with eligible renewable energy resources, in consideration of the following:

(1) The long-term market price of electricity for fixed price contracts, determined pursuant to an electrical corporation's general procurement activities as authorized by the commission.

(2) The long-term ownership, operating, and fixed-price fuel costs associated with fixed-price electricity from new generating facilities.

(3) The value of different products including baseload, peaking, and as-available electricity.

Neither Public Utilities Code 399.20 nor 399.15 limits the Commission to using the MPR as the market price for tariffs under SB 32. As described in CALSEIA's opening brief, the MPR does not include the value of distributed generation as specified by SB 32. Therefore, CALSEIA recommends the Commission establish a market price for distributed renewable generation based on market data it has accumulated market data on many of the renewable technologies and the additional data it has received via these opening briefs.

II. PROJECT SIZE, SDG&E

SDG&E proposes a size limit of 1.5 MW for projects in its service area. CALSEIA believes that SDG&E's suggestion is reasonable given the characteristics of demand in its service area. While SDG&E did not provide much data to support its proposal, CALSEIA would recommend that the Commission request SDG&E to provide sufficient data to the Commission to determine if SDG&E should have a 1.5MW cap throughout its service area or merely in certain designated regions.

III. CARVE OUT FOR BIOGAS

CALSEIA agrees with the suggestions made by Fuel Cell Energy (page 22), Sustainable Conservation (Page 8) and Agricultural Energy Consumers (Page 3) to set aside 150 MW of the total SB 32 capacity cap for biogas projects. CALSEIA would respectfully request that no directed biogas be eligible for the SB 32 tariff to encourage use of in-state renewable resources.

IV. INTERCONNECTION

IREC, Clean Coalition, and Sustainable Conservation provided comments on interconnection procedures. CALSEIA agrees that the interconnection process should not present insurmountable barriers, unreasonably long review periods, or unjustified costs. CALSEIA agrees with the suggestion by Sustainable Conservation that the Commission require each utility to assign an interconnection facilitator (p 14) to assist farmers in navigating through the interconnection process. CALSEIA suggests expanding the scope of this facilitator's role to all customer owned projects. Third party renewable developers have in-house capabilities to address interconnection challenges, but small businesses, individuals, and farmers would benefit greatly from having a single point of contact to assist them through this process.

CALSEIA further agrees with IREC that the procedures in Rule 21 have value for small generator projects and that Rule 21 be incorporated into the utility Wholesale Distribution Access Tariff procedures. CALSEIA also agrees with IREC's recommendation that the 15 percent load limit rule be replaced with a rule that limits projects to no more than 50 percent of minimum load. Further, CALSEIA strongly recommends the Commission encourage all of the utilities to have identical (or as nearly as possible) interconnection processes.

CALSEIA also agrees with the suggestion by Sustainable Conservation that the utilities be required to submit semi-annual reports on interconnection requests which explain why any request has been pending more than six months.

V. SB 32 FIT QUEUE

Solar Alliance/Vote Solar (page 5) expressed concern that the SB 32 FIT queue could be filled within a matter of days after the tariff becomes available. CALSEIA shares this concern, which is why we suggested a pilot program to minimize overlap with other renewable procurement activities. We also agree that the capacity (MWs) should be made available periodically to ensure that opportunities exist for diverse participation. CALSEIA believes this issue is important for the Commission to address. CALSEIA urges the Commission to ensure that this program does not inadvertently exclude private ownership. CALSEIA agrees with Solar Alliance and Vote Solar that third party developers should be eligible to participate and urges the Commission to take all appropriate steps to ensure that both third party and privately owned projects are able to actively participate in the program."

With regard to the publicly available information regarding projects submitted for SB 32 tariffs, CALSEIA agrees that the projects which have received executed contracts should be posted on the executing utility's website. However, CALSEIA also the utilities should make available information about pending contract requests to gauge program interest and to monitor projects which projects drop out and why.

VI. OTHER COMMENTS

- A. Above Market Funds. The Division of Ratepayer Advocates suggested that SB 32 implementation is not required if Above Market Funds become exhausted. CALSEIA believes that the relevance of the Above Market Funds is unknown until the Commission has established the market price for renewables.
- B. Limit eligibility to projects that have completed interconnection. Silverado suggested limiting eligibility to projects that have completed the interconnection process. CALSEIA respectfully disagrees as this suggestion because it would limit participation unfairly to the parties who can submit interconnection requests first – rather than the ones that may have the best locations (for distribution level benefits) or might be privately owned and thus less familiar with the interconnection process.

- C. Performance Standards. CALSEIA notes that SB 32 authorizes performance standards for projects larger than 1 MW, i.e., projects less than 1 MW are not required to comply with performance standards.
- D. Net Metering. An owner or operator of a new generating facility that receives a SB 32 contract (but has not received any ratepayer-funded incentives) is not prohibited from owning another, separately metered facilities that is net metered.
- E. Excess Sales Option. CALSEIA does not object to the option of allowing excess sales arrangements.
- F. Contract Terms and Conditions. CALSEIA recommends that the starting point for establishing SB 32's contract should be the AB 1969 contract rather than the reverse auction contracts. The reverse auction contracts are more complex as appropriate for larger projects and are unnecessarily complex for smaller projects.
- G. Locate facility within the utility service area. One party commented that projects should be allowed to be located outside of the service territory of the utility. CALSEIA points out that Public Utilities Code 399.20 states:

(b) As used in this section, "electric generation facility" means an electric generation facility located within the service territory of, and developed to sell electricity to, an electrical corporation that meets all of the following criteria: ...

CALSEIA believes that the meaning of this particular statute limits eligible projects to those that are installed within the service area of the utility.

- H. Expedited Interconnection. Recurrent suggests that Public Utilities Code 399.20(e) should be interpreted consistently with the California Independent System Operator Generator Interconnection Process (CAISO GIP), WDAT, and Rule 21. CALSEIA disagrees with this suggestion. Public Utilities Code 399.20(e) clearly provides expedited interconnection for projects located on a distribution circuit. This means that projects pending at CAISO GIP that may be interconnecting on the transmission system are outside the scope of 399.20(e). For the most part, smaller projects can be interconnected faster than larger projects. CALSEIA hopes to see many small renewable generation facilities constructed and interconnected within 12 months of SB 32's implementation

and we urge the Commission to ensure that the interconnection process does not present a barrier.

VII. CONCLUSION

CALSEIA appreciates the opportunity to file this reply brief on SB 32 implementation. CALSEIA believes the pilot program proposed in our Opening Brief provides a mechanism to rapidly implement SB 32 in a manner that would allow the Commission to make program adjustments as needed.

CALSEIA urges the Commission to implement SB 32 as quickly as possible.

Respectfully submitted,



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March 22, 2011

VERIFICATION

I am an agent of the California Solar Energy Industries Association (CALSEIA), and am authorized to make this verification on its behalf. The matters stated in the foregoing **REPLY BRIEF OF THE CALIFORNIA SOLAR ENERGY INDUSTRIES ASSOCIATION ON IMPLEMENTATION OF SB 32** are true of 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 under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 22nd day of March, 2011, at Rio Vista, California

/s/ Sue Kateley

Sue Kateley

Executive Director

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of:

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on all known parties of record in this proceeding by delivering a copy via email to the current service list for R. 08-08-009 or by delivering a copy via U.S. mail to those members of the current service list for R.08-08-009 with no or undeliverable email addresses.

Executed on March, 22, 2011 in Rio Vista, CA.

/s/ Sue Kateley

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