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

Application of San Diego Gas & Electric
Company (U 902 M) for Approval of The SDG&E
Solar Energy Project

Application 08-07-017
(Filed July 11, 2008)

**COMMENTS BY UTILITY CONSUMERS' ACTION NETWORK ON ALJ
EBKE'S PROPOSED DECISION**

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August 2, 2010

Pursuant to the Commission's Rules of Practice and Procedure, Utility Consumers' Action Network (UCAN) hereby offers its comments on the July 13, 2010 Proposed Decision ("PD") of ALJ Ebke in the above captioned proceeding. UCAN supports the Proposed Decision's acceptance of the SDG&E application with modifications. These comments are narrowly focused at identifying the following errors of law or fact that should be addressed in a final decision:

1. UCAN's position relating to installation of roof-top PV is mischaracterized in the proposed decision.
2. Clarification about the nature of SDG&E's use of roof and ground-based PV installations.
3. The size of the PPA portion of the project should be increased to at least 100 MW.
4. At page 27, the decision authorizes one to staff program development and management of the new program based, in part, upon UCAN's assessment that the proposed seven FTE positions were unjustified.
5. The strict 2MW limit placed upon projects is unsupported by fact and inconsistent with Commission precedent.

A. UCAN's Testimony About Roof-top Solar is Mischaracterized

Page 22 of the Proposed Decision states:

UCAN suggests that SDG&E should replicate SCE's PV program in the Otay Mesa border warehouse area, because this area has commercial roof space that can be leased for developing PV facilities. While this area may be suitable for such PV installation, there may be other areas in SDG&E's service territory with similar or better potential. It would be unreasonable to require SDG&E to pursue developing PV projects in this area without examining the potential in the entire SDG&E's service territory. We therefore do not adopt UCAN's proposal. To the extent SDG&E can identify projects in this location to be appropriate for the adopted Solar Energy Project, it could consider them as potential UOG projects. Nothing precludes projects located in this area from participating.

However, this reference to the Testimony of Bill Powers on behalf of UCAN is in error. Contrary to the statement in the PD, Mr. Powers does not recommend replicating the SCE PV program in Otay Mesa. He specifically uses the modifying term “such as” in his sentence: “Replicate the SCE urban PV program in a similar setting in San Diego County, *such as* the Otay Mesa border warehouse area” (Exhibit 500, Powers Testimony, p. 2). Later in his testimony, he reiterates this sentiment at page 23 that “The four urban substations evaluated, Trabuco, Escondido, and Otay Mesa, are examples of the PV potential in the vicinity of selected urban SDG&E substations and do not represent an exhaustive list of urban substations with considerable adjacent PV potential.” The point he is making in his testimony is to rebut SDG&E’s position that commercial rooftop projects were not viable in San Diego County because of a dearth of roof space in the service area. He used Otay Mesa and other areas as examples of the availability of commercial rooftop space in the service area. The conclusion in the PD at page 22 that “It would be unreasonable to require SDG&E to pursue developing PV projects in this area without examining the potential in the entire SDG&E’s service territory” is in complete accord with both Mr. Powers’ and UCAN. It is factual error to assert that UCAN sought a specific deployment of roof-top PV in Otay Mesa. Modification of this language does not require a change in the Findings of Fact or Conclusions of Law, only language changes at page 22 of the PD.

B. Ground and Rooftop Mounted PV should be required.

The PD has, appropriately, been very specific about not limiting SDG&E’s PV deployment to tracking systems. At page 25, the PD states:

“...there is no basis for favoring one technology or excluding qualified and viable technologies from participating in the Solar Energy Project as long as a specific project meets the requirement of the competitive procurement process, including commercial viability.”

UCAN appreciates the Commission’s instruction on this point. However, the PD is silent on the issue of whether these projects should be ground-mounted vs. rooftop mounted. As noted in UCAN’s testimony (Exhibit 500), the technology used can be determined by constraints or limitations placed by SDG&E in how the arrays are to be mounted, including unnecessary environmental compliance costs. (Exhibit 500, pp. 14-15) Both the parties and SDG&E would

benefit by the Commission clearly articulating that bids issued by SDG&E must be neutral as to the technology that is used and the type of mounting that is to be considered. Where roof mounting is clearly infeasible due to site constraints, SDG&E may certainly so indicate but it should be put on notice that the Commission does not expect SDG&E to limit its PV deployment to ground-mounts. UCAN proposes to add the words “and mounting configurations” as set forth in Appendix A to indicate this clearer guidance by the Commission.

C. The Size of the PPA Portion of the Project Should be Increased.

Section 7.2 of the PD addresses Program Capacity. It specifies a cap on the size of the PPA portion of the project of 26 MW. The justification is limited to a stated desire to assure equal treatment to both the utility (UOG) and private markets (PPA). This is perplexing as there is no other Commission precedent cited that formally establishes an “equal treatment” arrangement and there is no citation to the record of such a recommendation by any of the parties. In Decision 09-06-049, the Commission approved 250 MW of PV for each of the UOG and PPA projects. Given SDG&E’s revenues and customer numbers are approximately one-fifth of SCE’s, it would seem more appropriate that SDG&E’s total capacity should be closer to 100MW than to 52MW. For that reason, UCAN urges that the Commission apply the 26 MW cap for the UOG portion of the project but that it allow the PPA cap to be 74 MW, for a total of 100 MW. In light of the cost caps and other protections outlined in the PD, there is no compelling reason – other than an unsubstantiated equal treatment policy – to limit the deployment of cost-justifiable PV projects in the San Diego region disproportionately to those programs approved for the other two state utilities.

D. Program Funding

UCAN submits that the PV program funding should be increased as SDG&E cannot undertake the program with only one employee as envisioned in the Proposed Decision (hereinafter PD). We note that Section 7.7 (starting at page 32) and Conclusion of Law #8 requires the use of an independent evaluator. Yet there is no funding provided for such an evaluator. In the proposed settlement, the Joint Parties proposed funding for an evaluator with

expertise in solar PV to assist the company and PRG with the bid design and evaluations. In the Settlement as presented in the Joint Parties Opening Brief, the parties state the PRG will be assisted by:

....a Solar Evaluation Engineer with PV expertise to use the existing RFO process only for the SDG&E Solar Energy Project. The use of the PRG shall be to ensure that the SEE has thorough knowledge and experience in assessing the benefits of multiple PV technologies. Parties shall assess the capabilities of the existing independent evaluator, and if necessary, select a SEE that is qualified to evaluate this program to work with the existing IE. (Opening Brief, p. 26 of 31)

UCAN believes that it is important to fund this position to ensure that the bidding process is effective and that the implementation of cutting edge PV applications is successful. Part of the importance of the PV project is to inform the San Diego marketplace with useful and accurate technical information about the capacities and cost of the UOG PV projects. The funding of a solar evaluation engineer will increase the likelihood that the bids are constructed properly so as to not benefit one technology over others, to ensure that the bids are properly evaluated and that the information about the project cost and performance are disseminated into the marketplace. Under the funding outlined in the PD, these very important functions would likely not be realized. For these reasons, UCAN recommends modifications to Conclusion of Law #8, as specified in Appendix A to these Comments.

E. It is Error to Limit Project Size to Two Megawatts.

At pages 23-24, the PD limits project size to a maximum of 2 MW. This restriction is reiterated in Appendix A of the PD. The basis of this conclusion is an assertion that the program should not encompass larger projects. It states that “by focusing on small projects, we hope the program will result in more installations and avoid the potential that a small number of large projects”. UCAN believes that this language is in error and should be modified.

First, the assertion is not supported by precedent. There is no citation to either a decision or a fact presented by any party that allowing PV proposals to aggregate installations to exceed 2MW would create any potential problems. Second, it appears to ignore the Settlement proposed by the parties to cap the size of any installation to 5MW. (Settlement, as set forth in the Opening Brief at page 22 of 31)

Third, it is not consistent with precedent. For example, the Commission approved an upper limit of 20 MW for PG&E's solar PV program in D. 10-04-052 and similarly granted SCE request for flexibility on size. Footnote 4 in D. 09-06-049 indicates where size flexibility when it states that "SCE envisions the individual Solar PV Program installations to be in the 1 to 2 MW range. As the program proceeds, however, some installations may be larger or smaller than this range due to roof size or circuit loading considerations." (D. 09-06-049 p. 7) For this reason, in ordering paragraph 1 of the decision, the Commission grants SCE some flexibility by stating that the company "install, operate and maintain distributed solar photovoltaic projects *primarily* in the one to two megawatts".

Fourth, the unprecedented restriction upon project size will unnecessarily restrict opportunity and economies of scale and make the PV installations more expensive than they would otherwise be. Finally, the imposed cap makes SDG&E's Borrego Springs project impossible. As discussed in the Settlement, SDG&E proposed to conduct a turnkey projects/PPA competition where SDG&E would obtain site control and complete environmental permitting necessary for 8 to 12 MW of PV in the Borrego Springs area. UCAN believes that this could be a particularly useful project in establishing the lower bounds of cost and capabilities for a PV project. The restriction of 2MW imposed in the PD renders this project virtually impossible for no compelling reason. UCAN outlines in Appendix A to these Comments modifications that would increase the cap to at least 5MW. Alternatively, the Commission could incorporate the same language as it provided for SCE, using the modifier "primarily". If the Commission is not disposed to either modification, it might also expressly note the ability of bidders to aggregate 1-2 MW projects so that economies of scale can be achieved.

Respectfully submitted,

Dated: August 2, 2010

/s/

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PROOF OF SERVICE

I, Laura Impastato declare: I am employed in the City and County of San Diego, California. I am over the age of 18 years and am not a party to this action. On August 16, 2010, I served COMMENTS BY UTILITY CONSUMERS' ACTION NETWORK ON ALJ EBKE'S PROPOSED DECISION upon the public service list in this proceeding, as well as the Administrative Law Judge.

I declare under penalty of perjury that the foregoing is true and correct, and that this declaration was executed on August 16, 2010.

_____/s/_____

Laura Impastato

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ATTACHMENT "A"

UCAN's revisions to the Proposed Decision, incorporating UCAN's language changes in italics:

Conclusion of Law #8. SDG&E should use an independent evaluator in all solicitations conducted pursuant to this program. *This evaluator should have specific skills and knowledge in PV technology and will be funded on the basis of an additional FTE for the five year pendency of the project.*

APPENDIX A The Solar Energy Project A Solar Photovoltaic Program for San Diego Gas & Electric Company Adopted 2010

General Overview:

The Solar Energy Project (Solar Energy Project) is a five-year program (starting from the date the Commission approves SDG&E's advice letter) to develop up to 52 megawatts (MW) of solar photovoltaic (PV) facilities in the range of one to *five* MW in San Diego Gas & Electric's (SDG&E) service territory. An independent evaluator shall oversee all solicitations conducted pursuant to the Solar Energy Project.

Total Size of the Solar Energy Project:

52 MW

Utility-owned Generation (UOG) Portion of the Solar Energy Project:

Size: 26 MW

Cost: \$3.50/W with a 10% contingency

Project Size/Type: One to *five* MW PV facilities of all technologies.

Power Purchase Agreement (PPA) Portion of the Solar Energy Project:

Size: 74 MW

Project Size/Type: One to *five* MW PV facilities of all technologies *and mounting configurations.*