



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

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Order Instituting Rulemaking on the Commission's own motion to determine the impact on public benefits associated with the expiration of ratepayer charges pursuant to Public Utilities Code Section 399.8.

Rulemaking 11-10-003
(Filed October 6, 2011)

**JOINT COMMENTS OF
THE NATURAL RESOURCES DEFENSE COUNCIL,
THE UNION OF CONCERNED SCIENTISTS,
THE VOTE SOLAR INITIATIVE, SIERRA CLUB CALIFORNIA,
CALIFORNIANS FOR CLEAN ENERGY AND JOBS AND
THE NATURE CONSERVANCY ON THE PROPOSED DECISION**

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Director, California Climate Change

December 5, 2011

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Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure the Natural Resources Defense Council (NRDC), the Union of Concerned Scientists (UCS), The Vote Solar Initiative (Vote Solar), Sierra Club California (SCC), Californians for Clean Energy and Jobs (CCEJ), and The Nature Conservancy (TNC) submit the following joint opening comments on Administrative Law Judge (ALJ) Gamson's *Phase I Decision Establishing Interim Research, Development and Demonstration, And Renewables Programs Funding Levels*, issued November 15, 2011 (PD). Collectively, NRDC, UCS, Vote Solar, SCC, CCEJ, and TNC shall be referred to as the "Joint Environmental Parties."

I. INTRODUCTION AND SUMMARY

This proceeding commenced with the Commission's Order Instituting Rulemaking (OIR) issued on October 6, 2011. In the OIR, the Commission established two phases for the proceeding and requested party comment on a number of factual, legal and policy issues regarding research, development, demonstration, and emerging renewable programs. The Joint Environmental Parties and others filed opening

comments on October 20th and reply comments on October 25th. On October 27, 2011, ALJ Gamson held a pre-hearing conference to further discuss party comments and legal issues. On November 15, 2011 ALJ Gamson issued the above referenced PD. The PD incorporated comments from parties, made some legal and policy conclusions, and left open many programmatic and governance details to be determined in second phase of this proceeding.

In particular, the PD:

1. Determines that the Commission has legal authority and responsibility to maintain Public Interest Energy Research (PIER) and renewable programs previously funded through the Public Goods Charge (PGC). (pp. 20-21)
2. Authorizes collection of bridge funding for an Electricity Program Investment Charge (EPIC) at the same levels currently collected for the PIER and renewables programs funded by the PGC. (p. 10)
3. Determines that the Commission has legal authority to transfer day-to-day administration of the RD&D and renewable programs to the California Energy Commission, and that doing so is in the best interest of electric customers. (p. 23)
4. Requires the IOUs to submit advice letters, collect the EPIC funds and record the funds in balancing accounts subject to refund, while programmatic and governance details, including final funding levels, are considered in Phase 2 of this proceeding. (pp. 39-40)
5. Sets an initial schedule for reaching a decision in Phase 2 of the proceeding by the conclusion of the first quarter of 2012. (p. 35)
6. Determines that bridge funding will stop the sooner of Jan. 1, 2013 or resolution of Phase 2. (p. 33)

IV. DISCUSSION

The Joint Environmental Parties support the PD and urge the Commission to adopt it without change. While the PD does not adopt all of the elements advocated for by the Joint Environmental Parties, it balances the policy interests of all of the parties in a fair manner and leaves key programmatic, policy and governance questions open for Phase 2 of this proceeding.

Most importantly, the PD clearly resolves two key questions by establishing that:

1. the Commission has clear legal authority to collect and invest funds for public interest electric research, development and demonstration and renewables programs and it is in the interest of electric customers to do so; and
2. the Commission must maintain governance over any such programs, but has legal authority to transfer day-to-day administration of the programs to the California Energy Commission, and it is in the interest of electric customers to do so, once programmatic and governance issues are resolved in Phase 2.

Swift adoption of the interim PGC funding mechanisms and Phase 2 schedule set forth in the PD enables the Commission and all of the stakeholders to proceed expeditiously to Phase 2 while maintaining the integrity of the existing programs. The Joint Environmental Parties look forward to working with the Commission and all of the stakeholders in the next phase.

V. CONCLUSION

The Joint Environmental Parties are appreciative of this opportunity to comment on the PD. Exercising the Commission's broad ratemaking authority, the PD presents a balanced proposal that achieves short term maintenance of crucial public interest research, development, demonstration, and renewables programs while providing for the timely resolution of critical policy issues regarding those programs. In the interests of continuing the state's progress in renewable energy and renewable energy-related research and development, the Joint Environmental Parties strongly recommend that the Commission approve the PD and quickly proceed with the second phase.

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WHEREFORE, the Joint Environmental Parties respectfully request the Commission consider the above stated comments.

Respectfully Submitted,

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