

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

Order Instituting Rulemaking to
Implement the California Renewables
Portfolio Standard Program.

Rulemaking 04-04-026
(Filed April 22, 2004)

**COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON RENEWABLE PROCUREMENT PLANS**

Received

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**Public Utilities Commission
Mailroom**

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April 7, 2005

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Pursuant to the Assigned Commissioner's Ruling and Scoping Memo Establishing Schedule for Phase Two of the Renewable Portfolio Standard Proceeding ("Scoping Memo") and the Assigned Commissioner's Ruling Disclosing Market Price Referents for the Renewables Portfolio Standard Program and Establishing New Filing Dates for Draft RPS Procurement Plans, the California Wind Energy Association ("CalWEA") submits these comments on the renewable procurement plans ("Plans") of Southern California Edison Company ("SCE") and Pacific Gas and Electric Company ("PG&E").

I. Comments on SCE's Plan.

Generally speaking, CalWEA is supportive of SCE's Plan. SCE has clearly put considerable thought into its Plan, particularly in connection with repowers, and is headed in the right direction. CalWEA's comments on SCE's plan exclusively seek additional detail and procedural formality to the repower action plan that SCE proposes. These enhancements are needed to convert the general parameters stated in SCE's plan into a workable and efficient going forward mechanism. As modified, SCE's plan should be applied to PG&E (whose plan, as discussed below, is inadequate) and San Diego Gas & Electric Company (which has yet to file a plan).

For its Repower Plan, SCE articulates seven general parameters: (i) SCE will entertain proposals from individual projects so long as they are cost-competitive and provide ratepayer benefit; (ii) negotiations will be "one-off" and bilateral, except that

projects with capacity expansions in excess of 25% must participate in general RFPs; (iii) SCE will consider amendments for PTC purposes, provided there are commensurate ratepayer benefits; (iv) SCE will continue to serve as scheduling coordinator for projects that do not increase capacity by more than 25%; (v) environmental and capacity attributes will go to SCE; (vi) project boundaries may be expanded, so long as similar site control is maintained; and (vii) new interconnection costs will be borne by the Seller. CalWEA supports these general principles, without exception. In order to translate these general principles into a workable plan, however, CalWEA recommends the following enhancements.

First, the Commission should direct SCE (and the other utilities) to propose by advice letter a pro forma contract that would be used as the starting point for repower negotiations that fall within the 25% cap. The extensive delays associated with the recent renewable RFPs of all three utilities bears testament to the need to streamline the contract negotiation process.

CalWEA fully appreciates the need to tailor contracts to individual circumstances. However, there are numerous contract issues that will arise in connection with all repower projects and there is no reason why individual projects should be treated differently (absent unusual circumstances). For example, whether there should be a change in delivery point from the existing contract (CalWEA believes that there should not be such a change), the circumstances associated with participation in the ISO's PIRP program, and applicable performance and credit requirements are all issues that can and should be addressed up front for all repower proposals. The proposed contract would be approved by the Energy Division, with changes based upon the comments received from interested parties. The contract should not be based upon the EEI form documents.

Second, the Commission should make clear that repower proposals that do not involve capacity expansions may continue to rely entirely on their existing interconnection arrangements. This is consistent with existing FERC precedent.

Third, the Commission should direct that the term of the new or amended contract should allow for at least 10 years of operations after the repower is complete. This is necessary to permit project financing.

Fourth, the Commission should direct the utilities to respond in writing to any written repower proposal in good faith within 30 days. The response could be an acceptance, a proposed meeting date for negotiation, a rejection, a deferral based upon limited resources (as discussed below) or other appropriate response. Recognizing that the utilities have finite resources, the utilities should prioritize negotiations with projects that could commence repowered operations in 2005, then 2006 and so on, and may defer consideration of proposals with later on line dates.

Fifth, the Commission should direct the utilities to submit repower proposals for approval in the same manner as other renewable procurement contracts. This involves advance consideration by the PRG and a filing by advice letter. Given that a pro forma contract would be the basis of the arrangement and the developer will already be operating an existing project, the advice letter process is well suited.

Finally, the Commission should warn the utilities that failure to implement their Repower Plans in good faith will result in monetary sanctions. CalWEA is concerned that, absent the specter of financial repercussions, the utilities will not pursue repowers with due alacrity.

II. Comments on PG&E's Plan.

Unlike SCE's Plan, the Plan proposed by PG&E requires substantial modification. In addition to a number of generally applicable problems, discussed below, PG&E's Repower Plan, expressly required by the Scoping Memo, is non-existent. For this reason, CalWEA recommends that the Commission direct PG&E to employ the Repower Plan approved for SCE.

First, as ORA already commented, there is no basis for accepting PG&E's proposal to consider contracts, as opposed to delivered MWh, to count towards fulfilling RPS requirements. The Commission rejected this proposal in D. 03-06-071; to revisit that decision now would undermine the RPS as it is just barely getting underway, rewarding PG&E for failing to act expeditiously to fulfill its obligations. Further, PG&E has a statutory obligation to increase procurement by 1% annually, subject to adopted flexibility provisions. PG&E provides no evidence to support its statement (at page 5)

that timely compliance would “create a sellers’ market.” Moreover, the wind turbine shortage discussed in an article cited by PG&E¹ pertains to 2005 only; there is no forecast of shortages, which, in any case, is a problem that early contracting could solve. Second, as SCE did, PG&E should abandon its resource stack. This artificial loading of resources should not be permitted to influence consideration of cost-effective bids, within the context of the least cost best fit analysis. If PG&E is to retain its resource stack, it should at a minimum correct the statement (at page 11) that wind repowers “provide no additional capacity to PG&E.” New wind turbines operate a significantly greater percentage of the time as compared to existing projects, which will yield higher capacity values. This will be clear in forthcoming CEC reports on RPS Integration Costs, which will reflect new technology.

Third, as mentioned above, the Commission should require PG&E to conform to the Repower Plan that is adopted ultimately for SCE. This is because PG&E’s own “Repower Plan” consists entirely of a general statement that it favors repowers and comments that the Commission should not impose a standard repower contract or seek to remove the California Fix component of the PTC legislation. This, as is self-evident, is no plan at all. In the absence of a plan of its own, PG&E should be required to comply with SCE’s plan, as modified in accordance with CalWEA’s comments.

Respectfully submitted,



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April 7, 2005

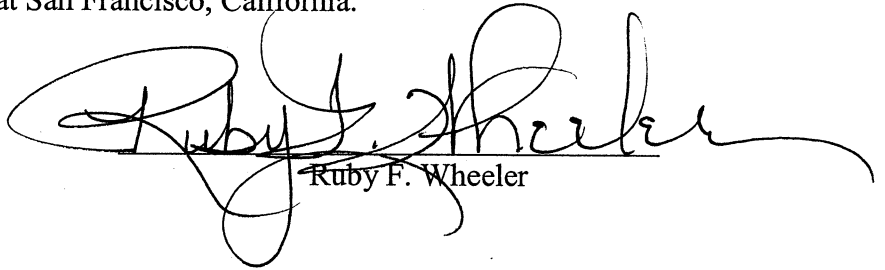
¹ “America up against wind turbine shortage,” *Windpower Monthly*, March 2005.

Certificate of Service

I hereby certify that I have this day served a copy of the
**COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION ON
RENEWABLE PROCUREMENT PLANS**

On all known parties to A.04-04-026 by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list.

Executed on April 7, 2005, at San Francisco, California.



Ruby F. Wheeler