



# California Wind Energy Association

## California Wind Energy Association Vision for 33% RPS Legislation 2/12/09

### *Position overview:*

- Especially with current economic instability, RPS policy stability is important to maintain private investment in renewable energy development. Therefore, it is important to keep what works and refine or fix only what doesn't. The procurement process and cost-containment structure work. The sufficiency of transmission capacity should be explicitly recognized in setting RPS targets. Transmission and generation siting processes should be improved in specific and targeted ways.

### *Policy Framework:*

- Establish a 33%-by-2020 requirement subject to specific cost-containment (below), extending requirement to the municipally owned utilities.
  - No position at this time on enforcement of MOU requirement.
- Link interim RPS targets to completion of major transmission upgrades to ensure supply availability; apply *automatic* per-kWh non-compliance penalties at those points; allow some degree of year-to-year compliance flexibility (e.g., 10%). Eliminate current flexibility construct that involves contract-tracking over three-year periods.
- Interim targets should reflect a *cumulative* 1% per year step-up in the RPS schedule, providing an incentive to procure early.
  - With transmission capacity available, cumulative energy requirements, and a strict penalty, project viability determinations and enforcement of contract milestones can and should be left to the utilities.
- Preserve current in-state delivery requirement for eligibility of any out-of-state facility; preserve current ability to “firm and shape” deliveries.
  - Eliminate the CEC's lax definition of “delivered” energy that enables the retail seller to purchase energy and RECs from an RPS-eligible facility, sell the energy back to the

facility, and “match” the RECs with energy deliveries into California from a second PPA and/or with imports under a pre-existing PPA.<sup>1</sup>

- Include a cost-containment provision capping above-market policy costs at some cumulative annual percentage of each utility’s total revenue requirement. Preserve the current “market price referent” (MPR) as the market benchmark to determine above-market costs (including all contracts, whether bilateral or through competitive solicitation, and unbundled REC<sup>2</sup> purchases) as a percentage of the total revenue requirement. The cost cap represents the Legislature’s judgment of the value of the benefits of renewable energy (including fuel diversity, price stability, economic development, and environmental benefits) that are not captured in the MPR.<sup>3</sup>
- Maintain current resource eligibility requirements. (Do not expand to larger hydro facilities, existing out-of-state hydro facilities, or non-renewable fuel sources or storage mediums.)

*Address Generation Project Permitting Obstacles:*

- Simplify the CEQA siting process for wind exploration (i.e., installation of meteorological towers) and for repowering of existing sites by amending the CEQA Guidelines to enable categorical exemptions from full environmental review in appropriate circumstances.
- Direct the CEC and CDFG to revise their wind energy siting study guidelines as necessary to conform to evidence-based best practices.

*Address Transmission Permitting Obstacles:*

- Require the CPUC to accept as “needed” any CAISO transmission proposals that respond to the conceptual transmission plans developed in the RETI process. Otherwise, the RETI process will have provided little appreciable benefit after a very time- and resource-intensive process.
- Require the CPUC to accept as “needed” any CAISO transmission proposal that responds to a group of generators comprised of at least 50% renewable energy projects.
- Require the CPUC to promote the financing of transmission lines by implementing cost-tracking accounts that eliminate delays in cost recovery.
- Facilitate merchant transmission financing and construction of multi-purpose transmission lines if transmission owners are unwilling.

---

<sup>1</sup> UCS and NRDC proposed language that accomplishes this end.

<sup>2</sup> Note that unbundled RECs must derive from power delivered in-state.

<sup>3</sup> The MPR represents the all-in costs of a new natural-gas combined-cycle facility with hedged fuel costs, and which is fully compliant with all California environmental regulations, including AB 32.