

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

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

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

**REPLY COMMENTS OF THE CALIFORNIA WIND ENERGY
ASSOCIATION AND THE LARGE-SCALE SOLAR ASSOCIATION
ON PROPOSED DECISION CONDITIONALLY ACCEPTING 2011 RENEWABLES
PORTFOLIO STANDARD PROCUREMENT PLANS AND INTEGRATED
RESOURCE PLAN SUPPLEMENTS**

Joseph M. Karp
Thomas W. Solomon
Winston & Strawn LLP
101 California Street, 39th Floor
San Francisco, California 94111-5894
Telephone: (415) 591-1000
Facsimile: (415) 591-1400
Email: jkarp@winston.com
tsolomon@winston.com

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*Attorneys for the California Wind Energy Association
and the Large-scale Solar Association*

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I. INTRODUCTION

Pursuant to Rule 14.3(d) of the California Public Utilities Commission's ("CPUC" or "Commission") Rules of Practice and Procedure, the California Wind Energy Association ("CalWEA") and the Large-scale Solar Association ("LSA") respectfully submit these reply comments on Administrative Law Judge ("ALJ") Mattson's proposed *Decision Conditionally Accepting 2011 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan Supplements* ("Proposed Decision").

As described in the CalWEA/LSA Opening Comments on the Proposed Decision, CalWEA and LSA support the Proposed Decision's conclusion that the economic curtailment proposal presented by Pacific Gas and Electric Company ("PG&E") should form the basis for economic curtailment language to be included in the pro forma contracts used by all three of the investor-owned utilities ("IOUs"), provided that the PG&E proposal should be further revised to (1) ensure that the seller is compensated for economic curtailments initiated by the buyer even if the curtailment instruction is provided by the California Independent System Operator Corporation ("CAISO"), and (2) compensate the seller for the after-tax value of production tax credits ("PTCs") for energy that would have been generated but for the curtailment. With these

proposed revisions, the PG&E economic curtailment proposal “satisfies important goals, such as being financeable; sharing congestion cost risk between developers and ratepayers; and providing economic information to developers, sellers and IOU buyers” while simultaneously being less complex than the proposal presented by Southern California Edison Company (“SCE”).¹ Accordingly, the Commission should revise the Proposed Decision to require the IOUs to adopt the PG&E economic curtailment proposal, as modified in accordance with the CalWEA/LSA Opening Comments on the Proposed Decision.

In addition, based upon review of the Opening Comments on the Proposed Decision submitted by other parties, CalWEA and LSA respectfully recommend that the Commission:

A. Affirm the Proposed Decision’s conclusion that limiting Renewables Portfolio Standard (“RPS”) solicitations to fully deliverable projects is inappropriate;

B. Affirm the Proposed Decision’s conclusion that the IOUs should not be allowed to adopt non-zero integration cost bid adders at this time;

C. Reject SCE’s new proposal to require projects to have a completed Phase I Interconnection Study as a condition to being shortlisted; and

D. Affirm the Proposed Decision’s determination that the IOUs should provide expected congestion cost information to potential bidders.

Each of these recommendations is addressed in greater detail below.

II. ARGUMENT

A. The Commission Should Affirm The Proposed Decision’s Conclusion That Limiting RPS Solicitations To Fully Deliverable Projects Is Inappropriate

The Proposed Decision declines to adopt SCE’s proposal to require all sellers participating in any of the IOUs RPS solicitations to be fully deliverable.² SCE objects to this element of the Proposed Decision, arguing that the Proposed Decision “is wrong on this point”

¹ Proposed Decision at 16.

² Proposed Decision at 19.

because the PG&E economic curtailment proposal does not address congestion cost concerns and the fully deliverable requirement is needed to (1) protect against exposure to negative pricing and (2) expand the grid to accommodate additional renewable energy projects.³

The Commission should affirm the Proposed Decision's conclusion that limiting the RPS solicitations to fully deliverable projects is inappropriate because SCE's arguments to the contrary take an unduly narrow view of potential costs. As the Proposed Decision notes, "it is not clear that the cost to build additional facilities (e.g., transmission for deliverability) will be lower than costs related to curtailment."⁴ SCE's argument that fully deliverable projects are necessary to minimize *congestion costs* fails to recognize that it may be more efficient to forego full deliverability and incur incrementally greater congestion costs in order to minimize *total costs*. In contrast, the Proposed Decision recognizes that the IOUs can evaluate this trade-off through the existing procedure for least-cost, best-fit ("LCBF") bid analysis.⁵ Accordingly, the Commission should affirm the Proposed Decision's conclusion that limiting the RPS solicitations to fully deliverable projects is inappropriate.

B. The Commission Should Affirm The Proposed Decision's Conclusion That The IOUs Should Not Be Allowed To Adopt Non-Zero Integration Cost Bid Adders At This Time

The Proposed Decision "decline[s] to adopt non-zero integration cost adders" at this time.⁶ SCE objects to this conclusion, arguing that current circumstances are significantly different than those that prevailed when the Commission originally determined that integration costs should be zero. SCE further argues that the Commission should "initiate a process to determine an interim adder that can approximate these expected costs based on what we know from actual experience."⁷ However, the Proposed Decision already provides the relief that SCE

³ SCE Opening Comments on Proposed Decision at 7.

⁴ Proposed Decision at 19.

⁵ *Id.*

⁶ Proposed Decision at 20.

⁷ SCE Opening Comments on Proposed Decision at 10-11.

seeks. Specifically, the Proposed Decision notes that the Commission has already initiated a proceeding that includes assessment of renewable integration needs and costs and provides a mechanism for the IOUs to amend their 2011 RPS Procurement Plans to include any integration cost bid adder developed in that proceeding. Accordingly, the Commission should affirm the Proposed Decision's conclusion that the IOUs should not be allowed to adopt non-zero integration cost bid adders at this time.

C. The Commission Should Reject SCE's New Proposal To Require Projects To Have A Completed Phase I Interconnection Study As A Condition To Being Shortlisted

In its Opening Comments on the Proposed Decision, SCE introduces for the first time in this proceeding a proposal "that projects have at least completed a Phase 1 interconnection study, a System Impact Study, or 9 of the 10 screens in the fast-track interconnection process, and are active in an interconnection queue, in order to be shortlisted."⁸ Opening Comments on the Proposed Decision are not an appropriate time or procedural vehicle for SCE to propose amendments to its RPS Procurement Plan. The evaluation of the 2010 (now 2011) RPS Procurement Plans has spanned over 15 months and included three separate versions of SCE's RPS Procurement Plan. To the extent that SCE has further refinements to propose, it can include them in its 2012 RPS Procurement Plan to be filed later this year, where it will be subject to appropriate review and comment. Accordingly, the Commission should reject SCE's new proposal to require projects to have a completed Phase I Interconnection Study as a condition to being shortlisted.

D. The Commission Should Affirm The Proposed Decision's Determination That The IOUs Should Provide Expected Congestion Cost Information To Potential Bidders

The Proposed Decision "require[s] that all three IOUs release available congestion cost information as part of their 2012 and future Plans."⁹ SCE objects to this requirement because "it

⁸ SCE Opening Comments on Proposed Decision at 14.

⁹ Proposed Decision at 17.

has no additional market information beyond what is available to other market participants” and, paradoxically, because “it should not have to provide proprietary forecasts as part of the solicitation process.”¹⁰ SCE fails to acknowledge, however, that the Proposed Decision also provides that SCE and the other IOUs will be able to incorporate expected congestion costs into the LCBF bid analysis.¹¹ As such, it is essential that potential bidders understand the IOUs’ expectation of congestion costs at various locations in order to make siting (to the extent that location-constrained resources have any flexibility) and pricing decisions. Accordingly, the Commission should affirm the Proposed Decision’s requirement that the IOUs provide expected congestion cost information to potential bidders.

III. CONCLUSION

For the foregoing reasons, the Commission should adopt the recommendations set forth in these comments.

Respectfully submitted,

/s/ Joseph M. Karp

Joseph M. Karp
Thomas W. Solomon
Winston & Strawn LLP
101 California Street, 39th Floor
San Francisco, California 94111-5894
Telephone: (415) 591-1000
Facsimile: (415) 591-1400
Email: jkarp@winston.com
tsolomon@winston.com

*Attorneys for the California Wind Energy Association
and the Large-scale Solar Association*

March 8, 2011

¹⁰ SCE Comments on Proposed Decision at 9.

¹¹ Proposed Decision at 17.

VERIFICATION

I, Shannon Eddy, am the Executive Director of the Large-scale Solar Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the California Wind Energy Association and the Large-scale Solar Association on Proposed Decision Conditionally Accepting 2011 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan Supplements* are true of my own knowledge, except as to the 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 that the foregoing is true and correct.

Executed on March 8, 2011 at Sacramento, California.

/s/ Shannon Eddy

Shannon Eddy

Executive Director, Large-scale Solar Association

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the California Wind Energy Association and the Large-scale Solar Association on Proposed Decision Conditionally Accepting 2011 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan Supplements* are true of my own knowledge, except as to the 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 that the foregoing is true and correct.

Executed on March 8, 2011 at Berkeley, California.



Nancy Rader

Executive Director, California Wind Energy Association

Certificate of Service

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

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on all known parties to R.08-08-009 by sending a copy via electronic mail and by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list without an electronic mail address.

Executed on March 8, 2011, at San Francisco, California.

/s/ Marcus Hidalgo

Marcus Hidalgo