

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

Order Instituting Rulemaking to Continue
Implementation and Administration, and
Consider Further Development, of California
Renewables Portfolio Standard Program.

Rulemaking 18-07-003

(Filed July 12, 2018)

**COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON ORDER INSTITUTING RULEMAKING**

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***On behalf of the California Wind
Energy Association***

August 13, 2018

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I. INTRODUCTION

In accordance with the “Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program” issued July 23, 2018, (“OIR”) the California Wind Energy Association (“CalWEA”) submits these comments on the scope of the proceeding.

II. COMMENTS

The OIR identifies “[r]evising and updating the least-cost best-fit methodology for evaluating RPS-eligible procurement” and “[r]eviewing and approving RPS procurement plans” as among the issues to be addressed in the ongoing RPS proceeding. CalWEA recommends that a particular topic spanning those categories be prioritized for consideration: ensuring that all curtailment costs are accounted for in procurement decisions and power purchase agreements.

In a Joint Motion earlier in this RPS proceeding,¹ CalWEA and several other parties requested that an Assigned Commissioner’s ruling on the 2016 RPS Procurement Plans be

¹ R. 15-02-020, Motion of the California Biomass Energy Alliance, California Wind Energy Association, Calpine Corporation, Geothermal Energy Association and Ormat Nevada, Inc. to Amend Assigned Commissioner and Assigned Administrative Law Judge’s Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans, dated June 1, 2016 (“Joint Motion”).

modified to direct the utilities to address these issues related to curtailed energy. The Joint Motion provided a detailed argument that curtailment costs are not likely to be fully included – if included at all – in utilities’ analyses of proposed bids, as is assumed in planning models, and that, consequently, utility procurements may not be leading to a least-cost RPS portfolio. It further argued that unaccounted-for curtailment could lead to RPS compliance shortfalls and shifting substantial costs onto other market participants. The Joint Motion therefore proposed that the IOUs address what is a common-pool problem by adopting three specific solutions:

- (1) generators should be paid for reliability-related curtailment;
- (2) impacts of additional procurement on the curtailment of existing and planned generation should be accounted for in the analyses leading to procurement decisions; and
- (3) the utilities should utilize their economic curtailment rights under their existing contracts (under which generators are paid for economic curtailments) to avoid reliability-related curtailment.

The investor-owned utilities (“IOUs”) filed a joint response² to this motion, arguing that the motion should be rejected because:

- (1) least-cost, best-fit (“LCBF”) issues should be addressed as a part of the LCBF reform effort, not through the RPS Plans; (2) issues of contract administration are more appropriately considered in other venues; (3) limiting the request to the Joint IOUs is not appropriate; (4) the Joint Parties are not proposing to address cost allocation of any above-market costs potentially imposed on the Joint IOUs’ bundled customers, if the Joint Motion is granted; and (5) granting the Joint Motion could further delay the 2016 RPS Plan filings.

Notably, the IOUs did not challenge the substantive content of the motion.³ While the Commission did not take these issues up in the context of adopting the IOUs’ 2016 RPS Procurement Plans, it is certainly appropriate to consider curtailment issues in the context of this

² R. 15-02-020, Joint Response of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Motion to Amend Assigned Commissioner and Assigned Administrative Law Judge’s Ruling, dated June 16, 2016.

³ *Ibid.* The Joint IOU Response stated (at p. 2) that “it is appropriate to consider the issues raised on [*sic*] the Joint Motion [as part of LCBF reform], rather than in the Joint IOUs’ RPS Plans.”

ongoing proceeding, both as part of LCBF reform and in the context of RPS procurement plans, including RPS contract terms and conditions for all CPUC-jurisdictional LSEs.⁴

Given the fast-growing levels of curtailment being experienced by generators and by the California Independent System Operator,⁵ this issue should be addressed as soon as possible, in time for application in 2019 Procurement Plans and related solicitations as may be applicable.

Respectfully submitted,

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⁴ We note that the Commission indicated, in its initial Decision Setting Requirements for LSEs Filing Integrated Resources Plans, that RPS contract terms and conditions for CCAs are within the domain of the Commission’s jurisdiction. (“[W]ith some exceptions related to renewable integration resources, the procurement decisions, customer rates, and contract terms and conditions (outside of the RPS) are the domain of the CCA governing boards and not the Commission.” (Emphasis added.) D.18-02-018, February 2, 2018, at p. 26.)

⁵ Curtailment levels have doubled since 2016, growing to over 90,000 MWh in March 2018. *See* CAISO, Managing Oversupply, available at <http://www.aiso.com/informed/Pages/ManagingOversupply.aspx> (updated 8/7/18).

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 “Comments of the California Wind Energy Association on Order Instituting Rulemaking” 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 August 13, 2018, at Berkeley, California.

/s/ Nancy Rader
Nancy Rader
Executive Director
California Wind Energy Association