

**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 15-02-020
(Filed February 26, 2015)

**REPLY COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON THE PRELIMINARY SCOPING
MEMO**

**INDEPENDENT ENERGY PRODUCERS
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Dated: April 6, 2015

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The Independent Energy Producers Association (IEP) offers its reply comments on the issues set forth in the Preliminary Scoping Memo.

I. GENERAL COMMENTS

A number of parties commented on the need to prioritize in 2015 important “carry-over” activities from the prior proceeding. These activities include completing revisions or updating of the Renewables Portfolio Standard (RPS) Calculator, the least-cost/best-fit (LCBF) methodology for bid evaluation, and the calculation of renewable integration cost adders.

IEP concurs that these matters need to be addressed as high priority items for 2015. As noted by the California Wind Energy Association (CalWEA) and others, completing work on these items as early as possible in 2015 is necessary to inform the 2015-2016 Transmission Planning Process sponsored by the California Independent System Operator (CAISO) and the Integrated Energy Planning Report (IEPR) of the California Energy Commission (CEC). Moreover, this work must be completed quickly so the results can be

integrated into the next round of RPS-related solicitations (*i.e.*, RPS Request for Offers (RFOs), Renewables Auction Mechanism (RAM), Renewable Market Adjusting Tariff (ReMAT)) and the Long-Term Procurement Plan (LTPP) proceeding. Accordingly, IEP urges the Commission to give high priority to these matters so that the work can be accomplished in time to inform other critical planning and procurement processes.

II. SPECIFIC COMMENTS

Provided below are IEP's replies to a number of specific comments.

A. RPS Counting Protocols

The Alliance for Desert Preservation urges the Commission to assure that all electricity derived from Distributed Generation (DG) (as defined in Decision (D.) 07-01-018) is counted toward achievement of the RPS goals, including DG resources installed on the customer's side of the meter to serve the customer's load.¹

IEP is concerned about this proposal because not all DG is metered through a revenue-quality meter. IEP opposes any proposal that would enable unmetered generation to count toward the RPS obligations of retail sellers.² Currently, to meet its RPS obligations, a retail seller must procure a Renewable Energy Credit (REC) certified by the Western Renewable Energy Generation Information System (WREGIS) and retire that REC against its compliance obligation. The rationale for relying on a WREGIS certificate is to ensure the public, regulators, and the legislature that the energy being counted against a retail seller's RPS compliance obligation is "real," *i.e.*, it is measureable, verifiable, and traceable so as to ensure the public is getting the benefit of its investments. The intent was to protect against fraud and abuse and,

¹ Comments of Alliance for Desert Preservation, p. 3.

² Public Utilities Code § 399.12(j) defines "retail seller" as "an entity engaged in the retail sale of electricity to end-use customers located within the state," including investor-owned utilities, electric service providers, and community choice aggregators.

thereby, promote consumer confidence and build support for the RPS program. These goals, and the need to maintain high levels of public support for the program, continue to this day. Proposals to move away from revenue-quality metering and third-party verification, *i.e.*, proposals to rely on estimation techniques as the basis of REC creation, do a disservice to the RPS program and the consumers that support it (including the voluntary market for RECs).

B. Incorporation of Environmental Attributes in RPS Planning

The Sierra Club suggests incorporating environmental attributes into energy planning, including the RPS Calculator (used for CAISO transmission planning) and the LCBF resource selection methodology. The Sierra Club argues that integrating environmental attributes in this manner will minimize project viability risks and provide value to many stakeholders and the public.³

The environmental attributes of interest to the Sierra Club, *i.e.*, those that impact a project's viability, are the same attributes that are properly raised in individual siting cases. where the environmental analysis under the California Environmental Policy Act (CEQA) is performed. The siting proceedings are the correct place and time to address environmental attributes. The Commission has a policy, consistent with the provisions of CEQA, of not subjecting developers to a second review of environmental issues and conditions that are properly raised in a siting proceeding. IEP supports the Commission's approach of deferring to the proper siting authorities on matters related to environmental attributes and conditions, and IEP urges the Commission to continue that approach.

C. Incorporation of GHG Emissions Reduction Calculation

Parties have commented that the Commission should consider it a high priority in this new proceeding to consider the incorporation of greenhouse gas (GHG) emissions in RPS

³ Comments of Sierra Club, p. 4.

procurement plans and processes.⁴ Specifically, the Sierra Club comments that “[t]he Commission should prioritize incorporating gas reduction goals and metrics into RPS procurement methods, including RPS procurement plans, the RPS Calculator, least-cost, best-fit (LCBF) methodology, and the renewable integration cost adder.” Similarly, the Center for Biological Diversity suggests that the proceeding should determine the role of “treatment benefits” (associated with primarily biomass renewable production) to ensure zero net emissions from facilities.

The Commission has many important issues to address in 2015-2016, and conducting an investigation into the life-cycle costs of GHG emissions reduction associated with eligible renewable facilities does not appear to warrant a high priority. Conducting life-cycle accounting of all the GHG emissions associated with each renewable technology will be onerous and not likely produce any meaningful results. Rather than attempting to calculate GHG net emissions reduction, the Commission should focus on ensuring that RPS planning and procurement actually result in the timely and cost-effective development and operation of eligible renewable resources. When this occurs, reduced carbon emissions will follow.

D. Clean Energy Strategy

Pacific Gas and Electric Company (PG&E) proposes that the Commission “embrace a clean energy strategy” focused on four principles: (1) Flexibility, (2) Equal Rules, (3) Affordability, and (4) Stability. Pursuant to a clean energy strategy, PG&E envisions a program in which “each load-serving entity (“LSE”) would have the ability to propose actions that optimize its portfolio of greenhouse gas reduction strategies.”⁵ PG&E recommends that the Commission should investigate how the RPS program fits into broader State GHG goals, and

⁴ Comments of Sierra Club, pp. 3-4; Comments of Center for Biological Diversity, pp. 4-5; Comments of Nature Conservancy, *et al.*, p. 2.

⁵ PG&E Opening Comments, pp. 2-3.

explore whether alternative GHG-reducing initiatives could achieve statewide GHG emission reduction goals at a lower cost.

IEP opposes PG&E's proposed approach for a number of reasons. First, the "investigation" sought by PG&E will serve to only delay the procurement of RPS resources vital to achieving the AB 32 emission-reduction goals. Second, the PG&E proposal asks the Commission to ignore existing program implementation rules and regulations. As an alternative, PG&E would replace these current prescriptions with a nebulous "trust us" approach to RPS procurement and meeting GHG emission reductions for the electric sector. Currently, the state has relatively precise legislative prescriptions, finalized regulatory rules, and relatively clear procurement targets for LSEs to meet. If they fail to meet these requirements, they could be subject to a financial penalty. This program has worked well to date. PG&E's proposal recommends replacement of the current program with a program that lacks clear targets and meaningful penalties for non-compliance. Absent clear direction from the Legislature, the Commission should not pursue PG&E's "clean energy strategy."

E. Categorization of this Proceeding

Southern California Edison recommends that this proceeding should be categorized as quasi-legislative rather than ratemaking, because the focus is primarily on establishing generic policies and rules with respect to the implementation of the RPS.

IEP agrees that a designation of this proceeding as "quasi-legislative" is more appropriate given the intended scope of work.

III. CONCLUSION

IEP respectfully asks the Commission, the Assigned Commissioner, and the Assigned Administrative Law Judge to consider these reply comments as they develop the scoping memo for this proceeding and deliberate on the issues raised in this important initiative.

Respectfully submitted this 6th day of April, 2015 at San Francisco, California.

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