

**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 TO POST-WORKSHOP
COMMENTS ON THE RPS CALCULATOR**

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In compliance with the schedule prescribed in the April 13, 2015 ruling of Administrative Law Judge Anne Simon, the Independent Energy Producers Association (IEP) offers its reply comments to parties' post-workshop comments on the Renewables Portfolio Standard (RPS) Calculator.

I. GENERAL COMMENTS

A number of parties commented on the general purpose of the RPS Calculator. IEP recommends development of a clear mission statement addressing the purpose and planned use of the RPS calculator. An RPS Calculator Mission Statement would help inform market participants and policymakers about the intended role and function of the RPS Calculator. Moreover, the Mission Statement should include a flow chart or similar chart depicting how and when the RPS calculator will inform planning and decision-making for RPS implementation and procurement, the California Energy Commission's Integrated Energy Policy Report (IEPR), the Transmission Planning Process (TPP) of the California Independent System Operator (CAISO), and the Commission's Long-term Procurement Plan (LTPP) proceeding.

Several parties commented on the proposed uses of the RPS Calculator. Pacific Gas & Electric Company (PG&E) and the Large-scale Solar Association (LSA) raise concerns about efforts to expand the use of the RPS Calculator beyond its planning function. For example, PG&E notes that “some parties or the Commission may propose using the RPS Calculator for purposes that are beyond what was intended and for which the RPS Calculator was designed.”¹ LSA remarks that “while the RPS Calculator should be useful as a tool to develop conceptual portfolios for planning purposes it would not for example be appropriate as a bid evaluation tool or as a storage valuation tool.”²

IEP agrees with the concerns raised by PG&E and LSA. The RPS Calculator was never intended to inform procurement decisions. The original purpose of the RPS Calculator was to inform the CAISO’s TPP by developing a range of plausible development scenarios over the 10-year (or more) planning horizon. Once completed, the TPP results feed into the LTPP proceeding conducted by the Commission and the annual RPS planning and procurement processes.

It would be inappropriate to bind utility RPS procurement outcomes to a process designed and intended to ascertain what, if any, transmission projects should be constructed under a “no regrets” policy to aid in the development of renewable resources needed to meet public policy goals. As noted by San Diego Gas & Electric Company (SDG&E), “The goal [for the Calculator] should not be to use modeled scenarios to bound or direct procurement practices as this would lead to an inflexible and circular process whereby analysis output would then become analysis input.”³

¹ Comments of PG&E, p. 2.

² Comments of LSA, p. 2.

³ Comments of SDG&E, p. 8.

II. SPECIFIC COMMENTS

A. Scenarios

A number of parties argue that the RPS Calculator should be capable of developing a robust range of potential scenarios. For example, the Office of Ratepayer Advocates (ORA) comments that “the RPS Calculator should generate multiple portfolios to represent multiple reasonable plausible patterns of renewable development.”⁴ Typically, these parties recommend planning scenarios that embrace recent changes in public policy, *e.g.*, public policy goals or executive action taken by the Governor⁵ or recent announcements related to the potential addition of PacifiCorp to the CAISO.

IEP concurs that the RPS Calculator should be capable of developing a range of potential scenarios. However, the Commission needs to narrow the scenarios and portfolios to those that depict a useful range of plausible patterns of RPS development over the long term. To expedite modeling, some parties have suggested linking the RPS Calculator to the assumptions adopted in the 2016 LTPP.⁶ While IEP agrees that alignment of the RPS Calculator, TPP, and LTPP would be helpful, the RPS Calculator should not be tailored to match the 2016 LTPP assumptions. The purpose of the RPS Calculator is to be forward-looking in order to inform the TPP and LTPP processes, rather than vice versa.

⁴ Comments of ORA, p. 2.

⁵ The Governor recently announced a 2030 policy objective consisting of (a) providing 50% of retail electricity sales from renewable resources, (b) reducing the use of petroleum fuels by 50%, and (c) doubling the energy efficiency of existing buildings. More recently, in Executive Order B-30-15, the Governor established a new interim statewide greenhouse gas emission reduction target of 40% below 1990 levels by 2030. Similarly, the CAISO and PacifiCorp recently announced their intent to study the feasibility of PacifiCorp joining the CAISO as a Participating Transmission Owner.

⁶ Comments of PG&E, p. A-7: “Ideally, Energy Division should indicate the scenarios it plans to examine in the 2016 LTPP and tailor the RPS Calculator’s outputs to align with these scenarios.”

Moreover, as suggested by Calpine Corporation,⁷ in light of significant recent policy pronouncements, the RPS Calculator must address new initiatives like powering a significant portion of the transportation sector by renewable resources; developing the critical nexus between water supply and power demand during prolonged drought, including the powering of increased pumping load by renewables resources; and powering of large-scale desalination by renewable resources. These are the real factors that will determine the patterns of renewable resource development between now and 2030. The Commission should spend focused time early in this proceeding assessing, with stakeholder input, what future patterns of renewable development are most plausible and, therefore, ought to be represented in the RPS Calculator.

B. Environmental Plausibility Screen

In response to Question 6 posed in the April 13 ruling, some parties seek to establish a new, nebulously defined “environmental plausibility” criterion or screen for purposes of planning and RPS procurement. For example, the Joint Conservation Parties recommend, “This information [factors related to environmental plausibility] should be used to *limit, or remove*, from consideration those areas where significant RPS-eligible generation may be infeasible due to environmental information/data or land-use designations that indicated substantial conflict with natural resources.”⁸ For purposes of assessing plausible future patterns of renewable development, however, factors related to environmental plausibility should not be integrated into planning scenarios if the purpose is to limit, remove, or even narrow planning outcomes and options.

⁷ Comments of Calpine Corporation, p. 3.

⁸ Comments of Joint Conservation Parties, p. 4 (emphasis added).

Certainly, if the Commission were to model an environmentally constrained scenario as one scenario of many used for assessing the range of potential impacts related to plausible patterns of renewable development, then factors related to infeasible development due to environmental issues should be considered. However, unless the potential development area is already defined as off limits to renewable resource development (*e.g.*, national parks, state parks, wilderness areas, national or state monuments), then applying planning criteria or screens based on poorly defined terms like “environmental feasibility” or “environmental undesirableness” will be complicated, contentious, and risk long delays in producing a useful product.

Before imposing any “environmental plausibility” criteria or screen, the Commission must establish a clear definition of this phrase. IEP is unaware of any standards for this type of determination. Moreover, it is not a worthwhile exercise at this time to delay the development and use of the updated RPS Calculator to engage in the process of turning such ambiguous phrases into actual modeling inputs or constraints for purposes of long-term planning.

Moreover, this work seems unnecessary and misplaced. As Southern California Edison (SCE) noted in its comments, several existing publicly available resources could identify whether the site of a proposed project is located in a sensitive area, listing the Desert Renewable Energy Conservation Plan, the Solar Energy Zone by the developed by Bureau of Land Management (BLM), the Department of Energy’s Programmatic Environmental Impact Statement for Solar Energy Development in Six Southwestern States, the Energy Policy Act Section 368 West-wide Energy Corridor designation process, and the land management plans created by the BLM and the United States Forest Service. “If a project is located in an area that is identified as sensitive by these publicly available resources, the RPS Calculator should not

dismiss the project, but should instead adjust the project's viability score to reflect the fact that the project's location is in a sensitive area.”⁹ IEP agrees that this approach will help establish portfolios that are more representative of the future patterns of potential renewable resource development and will provide more meaningful information to the TPP/LTPP processes.

C. Transparency

A number of parties addressed the need for transparency in the planning process. For example, the Center for Energy Efficiency and Renewable Technologies (CEERT) recommends that the Commission should ensure that “however it elects to revise or use the RPS Calculator in resource planning and procurement, its metrics and applications are publicly available and clearly understood by all parties.”¹⁰

Because the complexity of modeling inexorably grows over time, it is critically important to establish and use clearly articulated metrics, assumptions, and routines in modeling and planning activities. It is not sufficient to simply make the models available to stakeholders (although this is vital). Not all stakeholders have the resources to use the models to test various nuances of the models. The Commission should focus on making the assumptions, key parameters, and significant computational routines available to all stakeholders in a clear, transparent manner.

D. Benchmarking

In response to Question 14 on the relationship between the RPS Calculator and least-cost /best-fit (LCBF) evaluation process, ORA suggests that the RPS Calculator could form

⁹ Comments of SCE, p. 4.

¹⁰ Comments of CEERT, p. 2.

a “benchmark against which the Commission would evaluate each IOU’s requested renewable procurement authorization or its proposed shortlist.”¹¹

This proposal misinterprets the function of the RPS Calculator. The RPS Calculator serves as a long-term planning tool to help inform the TPP and subsequently the LTPP process. Regardless of how well the RPS Calculator is designed, the data inputs into the RPS Calculator will be woefully out of date by the time that the Commission considers an individual utility’s RPS procurement shortlist. This gap in time means that the RPS Calculator inputs and outputs would be poor benchmarks to assess the reasonableness of an individual shortlisted project. Moreover, the robust RPS solicitation process, including the Commission-approved LCBF bid evaluation methodology, already contains the information needed to benchmark a project against its competitive peers. Undermining the integrity of this well-established process with yet another comparative evaluation tool is unwarranted and unnecessary.

¹¹ Comments of ORA, p. 6.

Respectfully submitted this 8th day of May, 2015 at San Francisco, California.

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By /s/ Brian T. Cragg

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VERIFICATION

I am the attorney for the Independent Energy Producers Association in this matter. IEP is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of IEP for that reason. I have read the attached "Reply Comments of the Independent Energy Producers Association to Post-Workshop Comments on the RPS Calculator," dated May 8, 2015. I am informed and believe, and on that ground allege, that the matters stated in this document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 8th day of May, 2015, at San Francisco, California.

/s/ Brian T. Cragg

Brian T. Cragg