

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

Order Instituting Rulemaking to Create a Consistent
Regulatory Framework for the Guidance, Planning, and
Evaluation of Integrated Distributed Energy Resources.

Rulemaking 14-10-003
(Filed October 2, 2014)

**COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON THE PROPOSED
DECISION ADOPTING INTERIM GHG ADDER**

**INDEPENDENT ENERGY PRODUCERS
ASSOCIATION**

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In response to the Proposed Decision Adopting an Interim Greenhouse Gas Adder (Proposed Decision) issued July 14, 2017, the Independent Energy Producers Association (IEP) is pleased to provide the following comments.

The Proposed Decision adopts an interim Greenhouse Gas Adder (Adder) for use in the avoided cost calculator employed when analyzing the cost-effectiveness of distributed energy resources. The Adder reflects a series of values based on the California Air Resources Board (CARB) Cap-and-Trade Allowance Price Containment Reserve (APCR) price. Because the Adder is interim until a permanent greenhouse gas adder is adopted by the Commission, the Proposed Decision adopts a sunset date of May 1, 2018 for the interim Adder with an option to extend the effectiveness of the interim Adder for one year at the discretion of staff.

IEP raised a number of concerns regarding the Staff Proposal for calculating an Adder. First, we were concerned that that without a comprehensive update of all key inputs of the avoided cost calculator, the Commission risks undermining true and accurate cost-effectiveness comparisons across multiple resources. Second, we were concerned about the expedited

consideration of an updated Adder for purposes of moving forward with regards to the Energy Efficiency (EE) Potential Study seemed arbitrary and capricious, given the language of Senate Bill (SB) 350. SB 350 directed the Commission to identify all potentially achievable cost-effective electricity energy savings and establish efficiency targets for an electrical corporation to achieve the doubling of EE savings target as prescribed in subdivision (c) of Section 25310 of the Public Resources Code.¹ But the legislature also directed the Commission to be practical in its pursuit of this objective. For example, the legislature determined that *if* the Commission concludes the targets established for electrical corporations in Public Utilities Code Section 454.55(a) are not cost-effective, feasible, or pose potential adverse impacts to public health and safety, then, notwithstanding subdivision (c) of Section 25310, the Commission *shall* revise the targets to the level that optimizes the amount of energy efficiency savings.² This provision, Public Utilities Code Section 455.55(b)(2), provides the Commission the flexibility to modify its targets if the targets cannot be achieved cost-effectively. Third, we were concerned that the revision of a single factor in the cost-effectiveness methodology on an expedited basis may have secondary and tertiary effects that need to be properly considered before moving forward. IEP continues to have these concerns. However, we recognize the apparent exigencies of moving forward at this time on an interim basis to facilitate 2018/2019 EE program implementation.

While supporting moving forward with an interim solution at this time, IEP recommends clarifying language in the Conclusions of Law. First, we recommend language clarifying that the staff option to extend the May 1, 2018 sunset date may be exercised only once. This clarifying language will help ensure that the extension is truly limited to a single one-year extension. Second, we recommend language clarifying that any successor Adder be considered in a broader,

¹ Pub. Util. Code Section 454.55(a).

² Pub. Util. Code Section 454.55(b)(2).

more comprehensive context such that a single factor may not be the only factor considered for updating in the Commission's resource cost-effectiveness tests. Specifically, IEP recommends the following edits to Conclusions of Law No. 2 and No. 3:

2. The Commission should establish a sunset date of May 1, 2018 for the interim solution to the greenhouse gas adder but provide the Energy Division the one-time option to propose, via resolution, an extension up to an additional year ~~in the resolution updating the avoided cost calculator~~, if necessary.

3. The Commission should adopt values based upon the use of the Cap-and-Trade APCR Price as the interim greenhouse gas adder value in the avoided cost calculator until May 1, 2018 or until a ~~permanent~~ greenhouse gas adder is adopted in the context of Integrated Resource Plan proceeding (Rulemaking 16-02-007) or its successor proceeding, whichever comes first.

Respectfully submitted August 3, 2017 at San Francisco, California.

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