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July 28, 2014

California Energy Commission
Docket Office, MS-4
Re: Docket No. 14-RPS-01
1516 Ninth Street
Sacramento, California 95814-5512
docket@energy.ca.gov

RE: Turlock Irrigation District Responses to Attachment A included in the July 11th Staff
Workshop on Amending the California Energy Commission's *Enforcement Procedures for
the Renewable Portfolio Standard for Local Publicly Owned Utilities* ("Attachment A").

TID provides the following Comments on Attachment A:

1. TID has no comment on Section # 1 regarding Senate Bill 591

2. TID provides the following comments in response to the CEC's questions on "portfolio
   content category for POU-owned or procured DG System."

   a. In the interest of promoting the renewable development goals articulated in SB 2-1x
      TID believes that all renewable distributed generation systems and the energy they
      generate should be classified as Portfolio Content Category (PCC) 1whether the
      system is owned by the POU or not. This financial inducement dovetails with
      California's 1 million solar rooftops campaign with relatively little additional cost to
      ratepayers or for administration of the Renewable Energy Credits. The plain language
      of SB 2 -1x in Public Utilities Code Section 399.16(b)(1)(A) defines PCC1 renewable
      energy resources to have the following criteria:

      > "A) Have a first point of interconnection with a California
      > balancing authority, have a first point of interconnection with
      > distribution facilities used to serve end users within a California
      > balancing authority area, or are scheduled from the eligible
      > renewable energy resource into a California balancing authority
      > without substituting electricity from another source. The use of
      > another source to provide real-time ancillary services required to
      > maintain an hourly or sub-hourly import schedule into a California
      > balancing authority shall be permitted, but only the fraction of the
      > schedule actually generated by the eligible renewable energy resource
      > shall count toward this portfolio content category"

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Renewable Distributed Generation systems residing in any California POU territory are clearly interconnected to a California Balancing Authority, and in fact are required to do so. As the above section clearly states, renewable resources only need to meet one of the criteria in this section to be counted as PCC1. Thus, distributed generation located in a California POU service territory clearly falls within the definition of PCC1.

Moreover, SB2-1x was designed and intended to help promote the proliferation of solar generation throughout California, recognizing the inherent benefits of peak generation and carbon reductions, as well as the creation of local jobs that benefit California's economy. Recognizing the value of Distributed Generation as PCC1 preserves and promotes investments by California ratepayers and utilities with the expectation that full RPS benefits are and will be able to be captured. Counting Distributed Generation as PCC 1 furthers these public policies, and there is no public policy reason that classification as PCC1 should be limited by where the generation resides (i.e., behind the meter).

Further, the cost disparity between PCC1 and PCC3 products is large enough to effectively render much of the future Distributed Generation development as uneconomic. Classifying wholesale solar as PCC1 and "retail" or behind the meter solar as PCC3 will have economic consequences for future Distributed Generation development, and raise the costs of compliance for POUs in meeting the SB 2-1x goals.

b. TID believes that PCC1 classification is appropriate for all renewable generation used to meet on-site load, regardless of circumstance.

c. Yes, it would be appropriate for a POU to bundle electricity generated by a customer-owned DG system. Section 3203 (a)(1) states "and the POU may not resell the underlying electricity from the electricity product back to the eligible renewable energy resource from which the electricity product was procured". This was put in place to prevent a common type of resale transaction employed by IOU's in an earlier version of the RPS. The IOU resale transaction was typically with an out of state generator, where the nature of the transaction made it hard to substantiate tangible benefits to California's renewable energy goals. However, this policy is unrelated in the POU-customer context and should not have bearing on the CEC's determination of whether to allow POUs to bundle DG energy. Conceptually, a customer can separately be both a generator and a retail customer, with the POU situated in between. In that vein, the POU is not selling the energy back to the "generator", but to the retail customer. This is no different than a commonly employed wholesale bilateral transaction for energy and Renewable Energy Credits between a solar array that generates to the grid and a POU which then uses the energy to serve retail load. For example, a customer owns a Distributed Generation

system, and the POU compensates that customer for the power, and then sells that power to the same customer on the customer's retail account. There are tangible benefits for both the customer and the utility that are derived from the classification of the Renewable Energy Credits as PCC1. This comports with the PCC1 classification through the following definitions;

  i. The power is procured by the POU
  ii. The facility is interconnected to a California Balancing Authority
  iii. The facility serves California load

 d. TID has no comment.

 e. TID has no comment.

3. TID believes that the current definition of retail sales is clear.

4. TID has no comment.

5. TID believes that Contract Amendments, and the treatment of such contracts, should be clarified in the Enforcement regulations. The intent of the 10 year term minimum was to encourage certainty from both the ratepayer and developer perspective. The ratepayer receives the benefit of being able to carry forward excess renewable generation and is properly recognized for exceeding the RPS mandate. Developers receive the benefit of getting projects financed and built, while the state benefits by fulfilling its RPS goals. In the interests of keeping compliance costs down, and offering the most flexibility in meeting the RPS requirements, entities should be free to extend short term contracts into longer term contracts and be able to capture the benefits of that commitment. Under the Commission's example of a 5 year contract being extended 7 years, the Commission is looking for feedback on whether that contract is eligible to be carried forward or whether it should be subtracted from excess procurement. TID believes that not counting the amended contract as being eligible to be carried forward is sending the wrong message. This prohibition will force entities into modifying their normal resource planning activities and acquisitions in order to satisfy a rule enacted by the California Energy Commission. Consider the example of a Utility that has a 5 year contract that started in 2011. This being prior to the passage of SB2-1x, yet after the count in full cutoff date of June 1, 2010. The utility should be free to extend that contract 5 years and capture the benefits of being able to carry that generation forward, as the commitment to that contract is 10 years. With the advent of myriad state policies, including record solar growth and energy efficiency, many Utilities are facing zero to negative load growth prospects in coming years, and may find the likelihood of over procurement a real possibility. Preserving the value of the original contract for ratepayers is

a must, as otherwise utilities face a stranded investment whereby an entity has excess RPS credits yet cannot carry any excess procurement forward. This situation will lower the value of those particular contracts.

6. The Commission should not distinguish between pseudo-ties and dynamically scheduled agreements, as both clearly meet the requirements of PCC 1.

If you have any questions about these comments, please contact Ken Nold at krnold@tid.org.