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CALSEIA Comments on Aliso Canyon Action Plan

Additional submitted attachment is included below.

April 22, 2016

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-IEPR-02
1516 Ninth Street
Sacramento, CA 95814-5512

Submitted electronically to: Docket #: 16-IEPR-02; Project Title: Natural Gas

Subject: CALSEIA Comments on Aliso Canyon Action Plan

1. Introduction

We appreciate the opportunity to comment on the Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin. The California Solar Energy Industries Association (CALSEIA) supports the actions recommended by the California Energy Commission, California Public Utility Commission, CAISO and LADWP in identifying steps to reduce natural gas use for electricity generation as well as on-site use of natural gas. In particular, CALSEIA supports the mitigation measure to “reprioritize spending in existing solar thermal program to fund projects installable this summer and by the end of 2017.”¹ We believe there are additional measures that could be taken by the state to address the challenges raised by the leak at Aliso Canyon, including further streamlined permitting and interconnection in the LA Basin, and allowing power purchase agreements (PPAs) in LADWP territory. Solar can play a major role in strengthening electric system reliability in an area of constrained natural gas supply, but hurdles remain in many jurisdictions that hinder the ability of solar energy to realize its potential.

The gas leak at Aliso Canyon underscores the need to invest in alternative forms of energy, like rooftop solar, to dramatically reduce demand for natural gas in homes and buildings. Both photovoltaic (PV) and solar thermal chillers can reduce the demand for natural gas for electricity generation, and solar thermal technologies,

¹ “Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin,” prepared by the Staff of the California Public Utilities Commission, California Energy Commission, the California Independent System Operator, and the Los Angeles Department of Water and Power, April 5, 2016.

like solar water heating and solar air heating, can reduce the demand for natural gas for heating water and space in residential, commercial and industrial buildings.

Solar technologies can play a role in helping reduce demand for natural gas for those communities served by storage at Aliso Canyon. Buildings use roughly half of the natural gas delivered to the Los Angeles region, and roughly one quarter is used to generate electricity. If solar heating were installed on just 7% of the multi-family buildings in Los Angeles, it would offset 100% of the annual natural gas demand by buildings serviced by withdrawals from Aliso Canyon.² And on the electric side, installing 141 MW of solar PV, equal to roughly 1% of the total rooftop solar PV potential in the Los Angeles area or approximately one third of the rooftop solar PV already installed in LA, would offset the annual demand for natural gas for electricity generation serviced by withdrawals from Aliso Canyon.³ Therefore, the Aliso Canyon Action Plan should include a heightened role for the deployment of solar technologies in the LA Basin.

2. Support the CSI-Thermal Program

CALSEIA strongly supports the mitigation measure to “reprioritize spending in existing solar thermal program to fund projects installable this summer and by the end of 2017.”⁴ Temporary additional incentives for the installation of solar thermal systems should be an integral part of the state of California’s response to the natural gas leak at Aliso Canyon, and the need to reduce natural gas use in the impacted area. Solar thermal technologies are an effective and readily available solution for reducing natural gas use for heating water in homes and businesses and should be featured prominently in the state’s response to the leak.

² Calculated by 9 billion cubic feet (90 million therms) of Aliso Canyon estimated withdrawals needed in 2016 from Table 9 of CPUC “Preliminary Staff Analysis of Los Angeles Basin’s 2016 Energy Demand and the Role of Aliso Canyon Storage”; 50% natural gas use for residential, commercial and industrial buildings in LA area from <http://www.latimes.com/business/la-fi-aliso-canyon-reliability-20160222-story.html>; 3,000 annual therms saved for average commercial solar water heating project; and 220,000 multi-unit residential buildings in LA from “Los Angeles Solar and Efficiency Report (LASER): An Atlas of Investment Potential in Los Angeles County Version 2.0,” EDF and UCLA Luskin School of Public Affairs, 2014.

³ Calculated by 25% of natural gas use for electricity in LA from <http://www.latimes.com/business/la-fi-aliso-canyon-reliability-20160222-story.html>; 9bcf Aliso Canyon withdrawals from reference 2; 99 kwh for 1000 cubic feet of natural gas from Energy Information Administration <https://www.eia.gov/tools/faqs/faq.cfm?id=667&t=6>; 1 kW of solar PV in LA generates 1583 kwh per year from NREL PV Watts <http://pvwatts.nrel.gov/pvwatts.php>; 400 MW of solar PV currently installed in LA area from “Los Angeles Solar and Efficiency Report (LASER): An Atlas of Investment Potential in Los Angeles County Version 2.0,” EDF and UCLA Luskin School of Public Affairs, 2014.

⁴ “Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin,” prepared by the Staff of the California Public Utilities Commission, California Energy Commission, the California Independent System Operator, and the Los Angeles Department of Water and Power, April 5, 2016.

The timeline in the mitigation measure of funding projects installable by the end of 2017 matches the goals of rapid and consistent deployment of solar thermal technologies with the timeframe to make it a success. In order for this temporary increase in rebate levels to have the desired result of increased solar thermal installations and decreased on-site natural gas use at homes and buildings in the SoCalGas service territory, the Plan correctly extends eligibility for the rebate to systems that are installed by the end of 2017. The experience of CALSEIA member companies is that a shorter increase to rebate levels could actually have a negative disruptive impact on consumers and the solar thermal market due to the length of time of the sales cycle, especially for larger installations like commercial buildings and public pools. If a customer learns of a rebate increase but is unable to act quickly enough due to the time required to go through a decision making process, the customer will later feel like they are not getting a good enough deal once the increased rebate has ended. Policy consistency is needed to develop this market. Policy changes that are too short can be more disruptive than beneficial, particularly when they are unable to meet their goals due to realities of the customer decision-making process.

An effective rebate increase would ensure that once the new rebate level becomes known to potential customers there is a reasonable time to negotiate and complete the project before the end of the program, minimizing the risk that the expected price could change if not completed in time.

Therefore, CALSEIA fully supports this mitigation measure and the timeline of its enactment.

3. Increase Efforts to Streamline Permitting

One effective solution to speeding up the installation of solar PV and solar thermal projects in the LA Basin is to streamline the local permitting process. The CA legislature passed AB 2188 in 2014 that updated the Solar Rights Act to standardize statewide requirements at the local jurisdictional level to expedite and streamline the permitting process for small residential rooftop solar energy systems, including passing a city or county ordinance creating a streamlined process, allowing electronic submission of permits, and following a clear checklist in the California Solar Permitting Guidebook. Streamlining the permitting process for solar not only helps homeowners but also cuts workloads for cash-strapped building departments.

Although many Authorities Having Jurisdiction (AHJs) in the LA Basin have implemented streamlined permitting and inspection processes in compliance with AB 2188, there are still some permitting and inspection issues in a number of those AHJs. While groups like LA County-led Solar Energy Action Committee (SEAC) are working towards better collaboration between AHJs and installers and are making recommendations for practices that would benefit both parties, full compliance with AB 2188 is not consistent in the area, slowing installations of solar PV and solar

thermal projects.

As stated in an upcoming report from the Energy Policy Initiatives Center at the University of San Diego School of Law,⁵ in the approximately 111 local jurisdictions that comprise the areas serviced by Aliso Canyon,⁶ 18 have not passed ordinances.⁷ Of the 93 jurisdictions that have passed ordinances, approximately 31 have either not provided an accessible streamlined checklist or have not updated existing documents for streamlining solar PV installations. For solar thermal installations, approximately 62 jurisdictions have not provided streamlined documents and processes for solar thermal.

These numbers reflect the numerous examples of challenges installers are facing in the LA Basin. For example, a few of the AHJs in LA Basin still perform zoning and planning reviews even though the law states that review of the solar system application shall be limited to review of the building official for meeting health and safety requirements. These visits and coordination between different departments within an AHJ adds time for each step, sometimes up to 10 days for each department. Another example is an AHJ that contracts out to a third party for review, but only sends the applications to the third party once per week, which adds one week to the review time for each modification, no matter how minor. In addition, although not in violation of AB 2188, in order to use the streamlined permitting process for a few AHJs, customers or contractors are required to sign affidavits acknowledging that the customer or contractor has done all research in person at the building department office to verify that the proposed system will be installed on a permitted building, even though one would expect the AHJ to have records of the building's permits. There are also a few AHJs in the LA Basin that have made achieving a single inspection difficult. This can vary from requiring a signed affidavit to requiring a professional engineer to analyze the roof structure regardless of compliance with the Solar Permitting Guidebook's structural criteria checklist. All of these examples result in additional costs and delays to the installation of solar technologies.

Clearly more needs to be done to make solar installations cheaper and easier, especially in the areas impacted by Aliso Canyon. Improving the permitting process for solar will not only decrease dependence on natural gas for electricity, but will also make the temporary adjustments to the CSI Thermal program more effective at reducing on-site use of natural gas. The state should conduct a full review of compliance with streamlined permitting requirements, building on the information from the Energy Policy Initiatives Center, and enforce state guidelines.

⁵ "AB 2188 Implementation Evaluation Adopted to the Aliso Canyon Natural Gas Service Territory," Energy Policy Initiatives Center at the University of San Diego School of Law, draft report.

⁶ The territory serviced by Aliso Canyon is estimated to include 113 jurisdictions when accounting for counties and cities.

⁷ Verification of ordinance include review of city council or board of governor agendas, actual municipal code, or other verifiable government document.

4. Increase Efforts to Streamline SCE's Interconnection Process

Just as streamlining permitting would help with deployment of smaller-scale solar projects, streamlining the interconnection process would help with larger scale solar projects. Currently there are excessive delays in Southern California Edison's (SCE) interconnection process for larger customer-sited solar systems. The process is inefficient, and there are ineffective communication channels for determining the status of an application and resolving technical information requests. Both lead to delays in projects coming online. For example, the cost and contract process can take two months to estimate costs, and once a project clears the SCE design phase and the civil work is completed, SCE has a construction timeline of 60 business days (in comparison to PG&E's construction timeline of 3-5 weeks after all electrical inspections are completed). These timelines can be shortened. In addition, improving the channels of communication can resolve issues in a timelier manner. The CPUC should do a full review of SCE's interconnection process and practices in an effort to streamline the steps and bring solar projects online more rapidly.

5. Allow Power Purchase Agreements in LADWP Service Area.

Currently power purchase agreements (PPAs) are not allowed in the LADWP service area. PPAs have historically been a very effective means for installing solar PV on homes and businesses, in particular for those without a tax appetite like schools. Allowing PPAs in the LADWP service areas would expand the universe of potential solar customer-generators, creating an immediate path for solar installations. This would reduce the dependence on natural gas in the LA Basin for electricity generation from natural gas power plants.

Thank you and your colleagues in the joint task force for the opportunity to submit these comments.

Respectfully,

A handwritten signature in black ink, appearing to read "Bernadette Del Chiaro".

Bernadette Del Chiaro
Executive Director