

## DOCKETED

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May 24, 2017

The Honorable Michael Picker  
President, California Public Utilities Commission

The Honorable Robert Weisenmiller  
Chair, California Energy Commission

Dear President Picker and Chair Weisenmiller,

Vote Solar would like to take the opportunity of the *Joint En Banc on Changing Nature of Consumer and Retail* to offer brief comments about the changing competitive energy landscape in California. Vote Solar believes this hearing is an important contribution to evolving a comprehensive energy vision and plan that is needed to address the challenges created both by technological advancements and by more consumer choice opportunities. It is crucial that such a plan assure that the State of California can continue to meet its ambitious greenhouse gas emissions commitments.

As the CPUC staff white paper notes California has led the nation in integrating renewable energy into the electric grid at a massive scale. A driving force in this energy transformation has been the dramatic decline in the cost of solar PV manufacturing, system integration and deployment. There is now over 42.4 gigawatts of solar capacity installed in the United States. Solar PV prices have fallen by 67% over the last five years. Four of the five largest solar plants installed in the United States are located in California.

California's policies promoting the orderly and sustainable procurement of increasing quantities of solar energy has been an important driver of the reduced solar costs and broadening societal benefits. A similar opportunity is now available for California to increase the integration of complementary technologies including energy storage, electric vehicles and more sophisticated demand management that will further increase the value of solar energy while supporting the efficient, reliable and cost-effective operation of the grid.

Your Commissions have recognized that technological advances in solar and other technologies have created opportunities for distributed energy resources (DERs) to provide grid services, which can lower the cost of delivering power through the state's electric transmission and distribution system. In 2014, AB 327 was enacted which

kicked off a multi-year CPUC proceeding to develop processes and share information that will enable distribution utilities and technology providers to use DERs more effectively.

One of the processes that has been initiated is the refinement of locational pricing through a stakeholder group working on Locational Net Benefits Analysis. Vote Solar believes it is important for the Commissions to continue to advance this important work as it will create more customer choices and more efficient energy markets, consistent with the Commission's goal of animating markets for DERs.

One of the greatest barriers to the widespread adoption of DERs is the continuation of the traditional cost of service regulatory model that encourages utilities to increase investment in traditional capital assets at the expense of third-party and customer owned DERs. The CPUC needs to look at alternative ways to provide the right set of incentives and mechanisms to ensure that the state's distribution utilities and technology providers make investments that maintain and improve the quality and reliability of electric service while reducing GHG emissions in a cost-effective manner.

Vote Solar believes that changing utility business models needs to take precedence over considerations of retail choice. Without reforms to the existing regulatory framework, there exists a misalignment of the investor owned utilities' financial imperatives and the State's policy goals. This misalignment inhibits development of a sustainable market for DERs and could lead to utility over-investment in the grid and the potential for significant stranded investment.

Vote Solar supports making the reduction of GHG emissions the central metric in state energy policy. It is an essential commitment to future generations. As the white paper acknowledges, California energy policy has focused on leveraging California IOUs' and POU's responsibility for resource procurement to implement the State's renewable portfolio standard. This model has been very effective to date.

The white paper acknowledges the fact that Community Choice Aggregators (CCAs) have recently emerged as an alternative way of managing resource procurement. These local and regional entities are relatively new at this task and have different risk profiles and creditworthiness than do traditional electric utilities. Your Commissions need to make sure that CCAs meet and sustain the State's commitments to procuring new resources that reduce GHG emissions.

SB 350 established a new Integrated Resource Planning (IRP) framework that enables the CPUC and CEC to continue to provide oversight responsibilities while acknowledging the changing landscape regarding resource procurement. How this oversight

responsibility is carried out with non-IOU load serving entities needs to be worked through over the next 18 months or so in the first iteration of the new IRP process.

As the white paper also acknowledges, it is essential that there be consistency and coordination between state requirements for resource adequacy and environmental compliance as CCAs develop and implement their plans. Vote Solar believes that until these more complex processes are implemented through the SB 350 IRP process that it is premature to consider further retail choice. The SB 350 IRP process should continue uninterrupted to enable stakeholders to better understand how the State's ambitious climate goals can be implemented with more parties assuming responsibility for resource procurement.

Vote Solar appreciates the opportunity to offer these comments. We understand that drivers of change to the California electric system are accelerating. We encourage your Commissions to address the evolving regulatory framework as a first priority. By doing this your Commissions can build on the progress you have made in promoting consumer choice and decarbonizing electricity production and the economy.

Sincerely,

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