



May 23, 2011

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 11-IEP-1G  
1516 Ninth Street  
Sacramento, CA 95814-5512

# DOCKET

11-IEP-1G

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**Re: Docket No. 11-IEP-1G**

## **Comments of the California Center for Sustainable Energy on the California Energy Commission's Integrated Energy Policy Report Committee Workshop on Renewable Localized Generation**

The California Center for Sustainable Energy appreciates the opportunity to provide comments in support of the CEC's efforts to plan for the achievement of Governor Brown's goal of 12GW of renewable distributed generation by 2020. We are gratified that this important goal is a subject of specific focus within the Integrated Energy Policy Report (IEPR) process, and look forward to supporting its realization. Certainly renewable distributed resources, here referred to as Renewable Localized Generation (RLG), of all sizes are critical for achieving a diverse and robust generation portfolio, and can bring myriad other environmental and economic benefits to our residents, businesses, communities, and state.

CCSE is a member of and an active participant in CEERT, and strongly supports its comments. Rather than reiterate points made by CEERT, CCSE focuses herein on a few specific topics related to our unique perspective as facilitator, administrator and educator in the clean energy arena in the San Diego region and around the state.

### Regional Targets

Engagement with local and regional actors is important for broad application of clean energy options. Regional RLG targets could provide motivation for developing plans based on active, creative and collaborative participation. However, targets should not conflict with reality on the ground within the regions, or with the optimal use of and investment in the existing distribution infrastructure. On the contrary, any approach within which targets are suggested or assigned should be designed to promote and support regional discussion and planning. Such goals could have an aspirational feature, for example perhaps set base goals and stretch goals; the sum of the stretch goals would be significantly more capacity than the state actually needs to reach 12GW of RLG. Achievement of the stretch goals could result in some defined, tangible

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benefit to participating stakeholders or local jurisdictions. Such positive goal-setting may best inspire the right sort of engagement by the regions.

Local jurisdictions themselves are structurally in an excellent strategic position to help make the RLG goal a reality, for example through various means, including: permitting and inspection responsibilities; local building code enhancements; bonding authority and support for structured funding pools; relationships with neighborhood and business associations and other jurisdictional entities such as school and fire districts; etc. Local governments are central to SB 375 implementation, and must develop and implement greenhouse gas emissions plans, into which RLG activities would be incorporated. To succeed in these efforts, local governments require a variety of resources to fill gaps that currently exist in the marketplace. In particular, access to capable, project-specific technical assistance and, often, procurement management support would remove key barriers to the implementation of well-conceived projects.

#### Need for program coordination in design and implementation

CA has a long history of working successfully with industry and energy users of all types to promote and enable cleaner energy technologies and practices. We feel strongly that a diverse suite of programmatic offerings is essential moving forward, as is ongoing evaluation and learning that will allow adaptation of these various offerings as the DER landscape evolves and matures. Comprehensiveness, fairness and transparency should be core elements of an inclusive approach that reflects California's innovative economy and the desires of its population. Important upcoming initiatives such as the Renewable Auction Mechanism (RAM) and Feed-in Tariff (FIT) will require careful design and implementation, mindful monitoring, and continued coordination with other existing and future efforts. For example:

- Net Energy Metering (NEM) and the current suite of NEM-based incentive programs. The California Solar Initiative (CSI), CSI-Thermal, the Emerging Renewables Program (ERP) and the Self-Generation Incentive Program (SGIP) continue to provide a foundation for small-scale RLG projects. We believe these programs should be renewed and strengthened. Their continuation is at some risk going forward and is currently in the hands of the legislative process; given their importance for long-term impacts on carbon emissions and local sustainability efforts, the IEPR should address them and recommend their extension.
- FIT. SB 32 will enable a new sector of the DER marketplace, and can complement NEM & incentive programs well, if properly designed and communicated.
- RAM. This new program for non-NEM systems will enliven a unique market with its own dynamics. To allow RAM and other similar resource procurement approaches to inform the broader DER discussion and allow for macro-level policy adjustments going forward, RAM transactions must be transparent and public. Only in this way will properly-informed decisions be possible across the DER landscape.

An expanded and increasingly diverse clean energy “ecosystem” requires careful attention in order to reap the maximum harvest: as these markets grow, evolve and specialize, both existing practices and new approaches will be needed to nurture the various distinct segments. The IEPR process is a unique opportunity to highlight the strengths of each program and approach, develop recommendations and set policy directions that, together, will ensure that the appropriate distributed resources are deployed where they provide highest public benefit and most effectively utilize public and/or ratepayer resources.

### Customer support

Much of the 12GW RLG goal will be met by projects on existing buildings and in populated areas. The energy customer is a key participant, and needs capable support--whether the customer is a local government or other public jurisdiction, business or homeowner. Such support is particularly needed for NEM projects, the decision for which is wholly within the customer’s balance sheet. The decision to deploy renewable generation is often linked to a variety of other priorities within the facility, business or home. Ideally, the customer would understand the self-generation project along with the available energy efficiency options. Supporting resources would provide context-specific information for that customer efficiently and in a manner that facilitates, rather than hinders, decision and deployment.

Similarly, access to affordable financing on acceptable terms is a barrier for scaling up small-scale NEM installations. PACE may reemerge, but the timing is uncertain. Thus, development and promotion of a portfolio of alternative financing offerings deserves special focus. We note that Energy Upgrade California is developing informational infrastructure that generally fits with a distributed, customer-based approach to project scoping, due diligence and execution; leveraging that effort would make sense for the small end of the renewable marketplace, and would complement regional on-the-ground efforts.

### Research, Development and Deployment

RD&D should be intentionally targeted towards acknowledged issues and barriers in the marketplace, and be tangibly informed by program experience and policy goals, for example: solving interconnection issues with small- and medium-scale renewables; examining issues around permitting, code and inspection for retrofit applications; enhancing understanding of customer segmentation, targeting and adoption response; etc. RD&D should be explicitly enlisted to help solve such practical problems.

Administration of RD&D should be both knowledgeable and impartial. The potential range of topics is continually evolving, and expanding across disciplines, such that funding decisions may often require specialized knowledge--whether the particular proposal/topic is mainly technical, demonstrative, primarily in the social sciences, business-model-related etc. Responsible and engaged oversight of these efforts is paramount. Finally, results of RD&D projects should be as public and transparent as possible, and subject to broad review and dissemination.

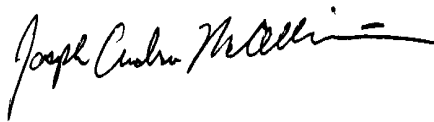
Applicability of the European model

The background information provided in the KEMA reports on the lessons from Europe is informative and relevant, particularly for the larger end of the spectrum of projects that can be characterized as renewable DER. The reality in the US is somewhat more complex in comparison. Certainly the age and non-uniformity of regional and local distribution systems must be considered, and strategic investments will be required as a matter of course; the IEPR can provide insight on the scale and foci of such investments.

On the policy front, California's history and current legislative and regulatory structures typically include a more diverse set of viewpoints than in Europe, and tend towards solutions that seek to balance a relatively wide variety of stakeholders. As a result, FIT discussions in the US have been more contentious and focused more explicitly from the start on ratepayer impacts—indeed this discussion is very much ongoing in California. We fully support the FIT and believe that SB 32 implementation should be among the highest priorities for the CPUC and for the POU's. At the same time we in no way see SB 32 implementation as diluting the relevance of NEM and behind-the-meter incentive programs on the one hand, or with the RAM and related initiatives on the other. There is no one-size-fits-all solution; rather, the best overall approach for California to expand deployment of renewable DER will be a suite of coordinated, complementary initiatives.

Thank you once again for the opportunity to comment on this exciting effort.

Sincerely,



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