

DOCKETED

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CALSEIA Comments on Aliso Canyon Action Plan for Winter

Additional submitted attachment is included below.

September 7, 2016

The Honorable Robert B. Weisenmiller, Chair
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 – Natural Gas; IEPR 2016-08-26 Workshop
Public Comments

**RE: Comments of the California Solar Energy Industries Association on the Aliso Canyon
Gas and Electric Reliability Winter Action Plan**

Dear Chair Weisenmiller:

The California Solar Energy Industries Association (CALSEIA) appreciates the opportunity to comment on the Aliso Canyon Gas and Electric Reliability Winter Action Plan prepared by the staff of the California Public Utilities Commission (CPUC), California Energy Commission (CEC), the California Independent System Operator (CAISO), and the Los Angeles Department of Water and Power (LADWP).

Rooftop solar technologies, both photovoltaic (PV) and thermal, play an important role as part of the ongoing response to the leak at Aliso Canyon. CALSEIA supports the mitigation measures outlined by the agencies in the Action Plan to reduce natural gas and electricity use in the summer and winter. Specifically, CALSEIA supports the measure currently “underway” to “reprioritize solar thermal program spending to fund projects for summer and by the end of 2017”¹ which has resulted in natural gas savings since its implementation.² As mentioned in our earlier comments to this docket, there are additional roles for rooftop solar in reducing natural gas use for electricity generation as well as on-site use of natural gas in the Los Angeles basin addressing the challenges raised by the leak at Aliso Canyon, including further streamlined

¹ “Aliso Canyon Gas and Electric Reliability Winter Action Plan,” prepared by the Staff of the CPUC, CEC, CAISO, and LADWP, August 22, 2016 (“August 22 presentation”), p. 24.

² “Aliso Canyon and Winter Reliability,” Joint staff presentation, August 26, 2016 (“August 26 presentation”), Slide 18, available at http://docketpublic.energy.ca.gov/PublicDocuments/16-IEPR-02/TN212929_20160824T143024_Presentation_Aliso_Canyon_and_Winter_Reliability.pdf.

permitting and interconnection in the Los Angeles area and allowing power purchase agreements (PPAs) in LADWP territory, all of which should still be considered.³

According to the Joint Staff Presentation on the Winter Action Plan, the expanded rebates in the SoCalGas territory of the California Solar Initiative – Thermal Program is expected to save 86.6 MMBtu by the end of 2016, with most of the natural gas savings coming from the commercial pools rebate and some from the single-family home rebate.⁴ At the time of the report, the market rate commercial sector showed no increased level of savings due to the expanded rebates. This lack of activity is to be expected given the mismatch of the business cycle for these larger projects and the short timeframe of the program, set to expire December 31, 2016. Given the long business cycle for the commercial sector, coupled with the dissemination of examples of successful projects under the new rebate program, it is very likely that these numbers reflect the early stage in the adoption of this program. In addition, given the short timeframe implemented by the CPUC to only December 31, 2016, the program is already running up against the deadline for projects to be completed by the end of 2016. Without an extension of the installation deadline, this boost will likely result in few if any commercial solar thermal projects being developed.

Therefore, CALSEIA recommends extending this expanded rebate program at the current budget level through December 31, 2017, as was originally laid out in the first Aliso Canyon Action Plan⁵ and included again in the Winter Action Plan.⁶ This would provide sufficient time for project development, planning, and completion of commercial projects under this program, and most importantly, the natural gas savings that will be achieved across the Los Angeles area to address the challenges around Aliso Canyon.

We have heard from companies in the solar thermal industry that the 25% increase in the commercial rebates is the brightest spot of the CSI – Thermal rebate expansion, and one that could result in not only substantial projects during the boost, but beneficial to the ongoing strength of the solar thermal market and continued installation of projects that can reduce natural gas use in the LA area after the temporary expansion is completed. We hear that the 25% increase is very attractive to many owners who were on the fence previously. However, because the solar thermal system must be commissioned by the end of 2016, the rebate increase is ineffective for this market segment. The joint task force should address this mismatch between the implementation of this rebate expansion and the goals of the Aliso Canyon Action Plan. To make this an effective program for the commercial sector, once the new rebate level becomes

³ “CALSEIA Comments on Aliso Canyon Action Plan,” submitted to Docket Number 16-IEPR-02 on April 22, 2016.

⁴ August 26 presentation, Slide 18.

⁵ “Aliso Canyon Action Plan to Preserve Gas and Electric Reliability for the Los Angeles Basin,” prepared by the Staff of the CPUC, CEC, CAISO, and LADWP, April 5, 2016.

⁶ August 22 presentation, p. 24.

known to potential customers there needs to be at least a full year to negotiate and complete projects before the end of the program, minimizing the risk that the expected price could change if not completed in time.

Solar thermal is an effective technology that can be quickly deployed to reduce natural gas use in the Los Angeles basin, especially when the market is given appropriate signals for expansion. Therefore, CALSEIA supports the continuation of the CSI-Thermal rebate expansion as an important mitigation measure, and recommends that the timeline of its enactment be set to the end of 2017 at the current budget level.

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

Respectfully,

A handwritten signature in cursive script that reads "Kelly Knutsen".

Kelly Knutsen
Policy Advisor