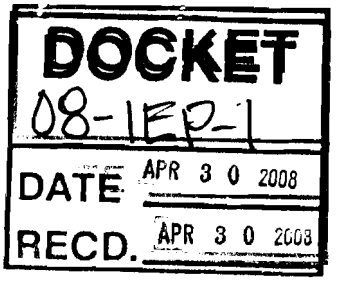
BEFORE THE CALIFORNIA ENERGY COMMISSION

Preparation of the 2008 Integrated Energy Policy Report Update and the 2009 Integrated Energy Policy Report	Docket No. 08-IEP-1



Comments of the
Center for Energy Efficiency and Renewable Technologies on
the 2009 Integrated Energy Policy Report Scope

April 30, 2008

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Introduction

The Center for Energy Efficiency and Renewable Technologies (CEERT) appreciates the opportunity to submit these comments to the California Energy Commission on the 2009 Integrated Energy Policy Report (IEPR) Scope. CEERT's focus in this proceeding relate to the portions of the IEPR that focus on increasing the percentage of electric power from renewable resources to 33% by 2020, and steadily increasing thereafter. All in all, CEERT strongly supports the list of issues that the Energy Commission proposes to examine in its 2008 IEPR Update and 2009 IEPR, and offers the following comments to hone in on specific points.

Achieving a 33% Renewable Portfolio Standard

CEERT is encouraged by the Energy Commission's focus on achieving the 33% RPS target in a proactive way, correctly pointing out in the Proposed Scope that this target is indeed already a matter of state policy. Many studies have been conducted over the past few years that examine the feasibility of a 33% renewable penetration by 2020. The time has long passed for yet again examining the feasibility of a 33% RPS as a ***precondition*** to acceptance and advancement of the policy. It is time to move forward.

Integration of Renewables

For the first topic in the proposed scope of 2008 IEPR update, "*Analysis of physical, operational and market changes necessary for California's electric system to support a minimum of 33 percent renewables by 2020*," CEERT is encouraged by the Energy Commission's continued focus on higher renewable targets and renewable integration, and particularly its focus on 2050.

There exists a lack of understanding and agreement among decision-makers on how to approach integration of renewables onto the grid, thus creating

a level of paralysis in moving forward toward proactive planning for increased penetrations of renewable energy resources. A lot can be done with our existing system, if certain policies are adjusted, and with the aid of supportive technologies: flexible gas generation, storage, spatial planning for renewable resource development, and others. There is not yet a policy venue for evaluating grid dynamics and operation, and making grid investments to support a cleaner, low-carbon energy system (more renewables, demand response, energy efficiency, etcetera).

CEC Siting Rules

One specific issue within the CEC's jurisdiction is the declining flexibility of gas-fired generation in the state. Generators have changed the configurations of gas-fired units to meet the NOx requirements adopted by the CEC Siting Division. They now emit less NOx pollution, but are physically unable to start quickly, or ramp up and down quickly, and thus unable to assist in integrating more variable output renewables onto the system. The Energy Commission should revisit these policies and adjust NOx requirements for a sufficient amount of gas generation in order to accommodate more renewables. Doing so will result in a certain amount of increased NOx from those generating units, though the overall system emissions will be lower over time because of increased renewable generation. Such policy adjustment should be done with a focus on minimizing local air quality impacts to the greatest extent possible.

Energy Planning for Greenhouse Gas Emissions Reduction

It is CEERT's understanding that the California Public Utilities Commission's (CPUC) 2008 long-term procurement plan (LTPP) will be closely coordinated with the development of the 2008 IEPR Update and 2009 IEPR. The following three topics are directly related to the development of those plans.

2009 IEPR Scope – Loading Order

The proposed scope lists: "(E)xamination of the long-term procurement processes to better understand how the state's loading order is being addressed in the procurement framework, and how to ensure at the same time a competitive market that allows independent producers to complete", as a main topic for the 2009 IEPR.

With the sole exception of energy efficiency, our current electricity procurement policies have nothing to do with the loading order. Renewable energy resources are second priority in the loading order, yet we've only brought several hundred new megawatts of renewables on-line since the inception of the RPS nearly six years ago, and all of the same obstacles remain. If these obstacles continue, and if the loading order is not enforced by the agencies, then the potential exists to effectively "crowd out" some potential for renewable resources with new conventional generation.

In addition to procurement policy, CEERT strongly urges the Energy Commission to examine, as a part of the IEPR, the relationship between the loading order for electric energy resources and its siting approval process for thermal power plants. It is crucial that these two be linked. The Energy Commission should also develop specific policy recommendations and a plan to act on those recommendations.

Resource Adequacy

Examination of resource adequacy policies is within the scope of the CPUC's LTPP proceeding and while it is a CPUC policy, CEERT urges the Energy Commission to also look at the impact of existing resource adequacy

policies on the ability to integrate more renewables and other low or zero-carbon resources into California, and propose modifications to those policies.

Energy-Based Planning

Specifically, CEERT supports an examination by the Energy Commission as to the interaction between current resource adequacy policies and resultant capacity based energy planning and achievement of greenhouse gas targets, for 2020 and 2050.

Maximizing the utilization of zero-carbon energy resources on the electricity system, while meeting reliability and locational capacity requirements, is imperative in a post-AB 32 world. To achieve this, utilities could transition to energy planning and procurement more strongly focused on energy and associated CO2e emissions, than on capacity as is currently the case, as emissions are a function of energy generation. To calculate the potential carbon emissions reductions available from building supply around energy resources, the Energy Commission could invest in economic research and modeling and demonstration projects to establish the applicability and scope of such a new approach.

Unbundled Tradable Renewable Energy Credits

This topic is not in the proposed scope for the 2008 IEPR Update or 2009 IEPR, but a number of parties did bring up this issue at the Scoping Hearing held on April 28th. CEERT fully supports and strongly urges both commissions to complete certification of the Western Regional Energy Generation Information System (WREGIS), and allow for tradeable renewable energy credits (TRECs) to be used for RPS compliance.

Conclusion

Thank you for considering these comments. CEERT looks forward to working with the Energy Commission in developing the 2008 IEPR Update and 2009 IEPR.

Respectfully submitted,

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CEERT