



## Presentation Summary

- Workshop goals
- Review reasons for having an expanded tariff
- Energy Commission policy drivers
- Review policy paths & stakeholder support
- Report recommendations
- 2008 IEPR feed-in tariff policy direction
- Feed-in tariff policy interactions
- Implementation issues
- Next Steps

**03-RPS-1078**

**DOCKET**

**09-IEP-1G**

DATE DEC 01 2008

RECD. DEC 02 2008



# Workshop Goals:

- Review developments in Europe and the US
- Summarize changes to reports:
  - Feed-in Tariff Issues and Options report
  - Feed-in Tariff Policy Options report
    - Including staff recommendation
- Summarize implementation issues
- Take stakeholder comments on report recommendations and implementation issues



## Why Have an Expanded Feed-in Tariff?

- Support achieving RPS objectives
- Help alleviate RPS contract failure
  - Tariff provides another funding strategy
    - Tariff provides greater transparency and certainty
- Support attaining GHG reduction requirement
- Reduce dependence on fossil fuels



# Energy Commission Tariff Policy Drivers

- Based on Renewables Committee direction and feedback from stakeholders six feed-in tariff policy drivers were identified:
  1. Quantity (High Priority)
  2. Financial Security (High Priority)
  3. Diversity-A (Medium Priority)
  4. Sustainable Renewable Energy (Medium Priority)
  5. Price Stabilization (Medium Priority)
  6. Diversity-B (Low Priority)



# Stakeholder Support for Feed-in Tariff

- Significant support amongst Renewables Developers & Environmental Groups for Option 6
  - Fills policy gap for projects between 1.5 and 20 MW in size
  - < 20 MW, cost-based, differentiated by technology & size
- IOUs feedback was mixed:
  - PG&E does not support an expanded tariff
    - Gain more experience with current < 1.5 MW program
    - Support continued voluntary offering of tariffs by individual utilities
  - SDG&E had no comment
  - SCE
    - Supports a tariff for up to 20MW
    - Have included a standard offer contract in their 2009 procurement plan



## Report Recommendations

- Develop a cost-based, feed-in tariff for projects up to 20 MW that would be:
  - Technology-specific
  - Differentiated by project size.
- Potential for projects greater than 20 MW in future



## 2008 IEPR Recommendations for Feed-in Tariffs

1. The CPUC should immediately implement a feed-in tariff program for all RPS-eligible generating facilities up to 20 MW in size. Such a program should include must-take provisions as well as cost-based technology-specific prices that generally decline over time and are not linked to the CPUC's market price referent.
2. The Energy Commission and CPUC should continue to evaluate feed-in tariffs for renewable projects larger than 20 MW using the information in the Energy Commission's report on feed-in tariffs expected to be completed in early 2009.



## Feed-in Tariff and Other Policy Interaction

- Executive Order S-14-08 – Establishes RPS target for California
  - All retail sellers of electricity shall serve 33 % of their load with RE by 2020
  - State agencies shall take all appropriate actions to implement this target in regulatory proceedings, including siting, permitting, and procurement for RE power plants and transmission lines.
  - See order re: all customers....





# Feed-in Tariff and Other Policy Interaction

- RPS Solicitation and Interaction
  - The feed-in tariff offers another means to the solicitation process for procurement of RPS eligible energy
  - It is not designed to eliminate the solicitations
  - It is designed to create a market that increases RPS eligible energy
- AB 32 Legislation - 33 % renewables by 2020 key for attaining GHG reductions



## Feed-in Tariff and Other Policy Interaction (cont.)

- CREZs and RETI process
  - 2008 IEPR Update recommendation supports small generators (< 20 MW) that can be infused in present grid
  - Keeps the door open to larger projects (> 20 MW) as transmission is built out to CREZs in the RETI process



## Implementation Issues

- IEPR process consider several issues related to feed-in tariffs including:
  - How to establish initial feed-in tariff prices?
  - How, when and how often to adjust feed-in tariff prices?
  - How to design feed-in tariffs for efficient transmission, distribution and power supply planning?
- What potential legislative issues may be involved?



# Next Steps

- Revise reports as necessary
  - Renewables Committee direction
  - Public testimony and written comments
- Publish final reports
  - January, 2009
- Shift to implementation phase in 2009 based on additional policy direction:
  - Energy Commission IEPR Process
  - Legislation



# End of Staff Presentation

Questions?