



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

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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?