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California Energy Commission
Dockets Office, MS-4
Re: Docket Nos. 09-IEP-IG and 03-RPS-1078
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: California Energy Commission (Energy Commission) Docket No. 09-IEP-IG and No. 03-RPS-1078: 2009 IEPR-Feed-in Tariffs

Southern California Edison Company (SCE) respectfully submits comments on the changes made to the second draft consultant report, "California Feed-in Tariff Design and Policy Options Report," discussed during the December 1, 2008 workshop on this topic. SCE specifically comments on the following three points:

- Cost Allocation
- Performance Requirements
- Transmission Constraints

First, although the report considers various elements of a feed-in tariff program, it does not address cost allocation at a level commensurate with the importance of the issue. Any feed-in tariff program for California must ensure that the program's cost is spread equally to all electric users who benefit from the policies being advanced by the tariff. Such a cost-spreading feature is seen in the German feed-in tariff program, where costs are spread nationally, and in Michigan's proposed tariff where a nonbypassable surcharge would be paid by all electric customers (every customer of an alternative electric supplier, cooperative electric utility, electric utility, or municipal utility).

Second, performance obligations are an essential part of any consideration of a feed-in tariff for California. Such requirements protect buyers and their customers against nonperformance and ensure that power is delivered as expected. .If the goal of a feed-in tariff is to reduce risk to ratepayers and help California meet its Renewable Portfolio Standard (RPS) and greenhouse gas (GHG) goals then customer-funded feed-in tariffs should include specific performance requirements to assure generators continue to produce and don't abandon renewable projects – a problem that occurred in the 1980s in California. For example, specific credit and collateral requirements that serve as assurances for continued performance and good maintenance practices, and delivery obligations that require a commitment on the part of the seller to deliver a minimum percent of annual net energy production. These requirements should increase as the size of the generating unit increases. From a planning and scheduling perspective, there needs to be assurances these resources will be available to meet customer electric needs. If the requirements of a tariff are "must-take" for the buyer, then the generator should also be committed and held responsible for ensuring the power is delivered. Our experience is that developers of even the smallest projects can commit to performance standards.

Lastly, any consideration of a feed-in tariff must acknowledge that such a tariff will not solve the major hurdle faced by the State's RPS program-transmission constraints. If the siting and permitting necessary for transmission upgrades is not addressed, a feed-in tariff that successfully encourages renewable development will not further the State's RPS.

SCE appreciates the opportunity to submit these comments and participate in the IEPR process. If you have any questions or need additional information about SCE's recommendations in these written comments, please contact me at (916) 441-2369

Very truly yours,

/s/ Manuel Alvarez__________
Manuel Alvarez

cc: Mike Hoover

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