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California Energy Commission
1516 Ninth Street
First Floor, Hearing Room A
Sacramento, California

Re: Feed-In Tariffs for California, Docket No. 09-IEP-1G and No. 03-RPS-1078

Dear Commissioners,

GreenVolts has participated in the CEC's Feed-In Tariff (FIT) Workshops since June 2008, and we commend the CEC's outstanding leadership regarding a comprehensive FIT for California. It is almost surreal that to date other policymaking bodies in California have largely ignored what has proven to be the most effective policy mechanism in the world for bringing renewable energy online; and in a timely manner. Fortunately, the CEC is taking solid steps to help assure that the tremendous benefits of a comprehensive FIT will soon be reaped by the State of California.

Given that the CEC has recommended immediate implementation of a comprehensive must-take, cost-based, technology-differentiated, 20MW-and-under FIT; and since GreenVolts has considered many details regarding FIT implementation in California, we want to share several FIT features that we feel are vital to include in the final implementation. These features are as follows:

1) Standard Must-Take Contract. This will level the playing field for all players; maximize process transparency, predictability and associated project funding; and minimize deal risk and parasitic transaction costs involved with proposing, negotiating, and contracting 20MW-and-under renewable energy PPAs.

2) Differentiated, cost-based pricing. Cost-based pricing should be differentiated on several dimensions, but certainly based on technology and stage of technology development. For example, mature wind technology today is likely to justify a price in the low teens (cents per kWh), or possibly lower, while mature solar PV technology is likely to justify a price in the low 20s. Emerging variations of key renewable technologies, on the other hand, would justify higher pricing due to their relative immaturity, lower volumes, and higher manufacturing costs. Such pricing differentiation will not only attract steady levels of renewable energy development to California, but also assure that emerging technologies are encouraged to be a part of the renewable energy mix and a big part of California's new energy economy. GreenVolts anticipates that initial FIT pricing will range from about 10 cents per kWh on the low-side to roughly 30 cents per kWh on the high. An excellent cost-based pricing methodology can be found in Congressman Inslee's national FIT bill introduced in June 2008: The Renewable Energy Jobs and Security Act (HR6401).

3) 20-year contract durations. While multiple contract durations could be available to developers, it is vital that a 20-year contract duration be an option for all FIT projects. 20 years has become a de facto standard that has served all renewable energy technologies well.

4) Dedicated meters for FIT facilities. In order to avoid confusion with behind-the-meter programs like CSI & SGIP, and to avoid the complexities of ascertaining whether a specific electron should be net metered or paid under a FIT, all FIT facilities should have a dedicated meter. A dedicated meter provides an exceedingly simple and cost-effective solution to an otherwise unwieldy collision of conflicting interests and associated debate.

5) Performance assurances are unnecessary. CAISO requires all wholesale projects of at least 1MW to schedule energy deliveries, and given that there are significant penalties for imbalances, no additional assurances are required and would simply act as barriers to developing renewable energy projects. CAISO has significant experience with scheduling renewable energy generation and has established the Participating Intermittent Resource Program (PIRP) to deal with wind and solar generation (wind is already covered by PIRP and solar will become active upon the introduction of MRTU). Furthermore, since FIT projects are supported by Standard Must-Take Contracts, there is no need to have an assurance on the project construction -- projects will simply be interconnected once they are built.

6) A reservation queuing mechanism will be used similar to the one in the CSI program. Developers will have one year from the date the reservation is established to the date the project is ready for interconnection. Any project delayed outside of the one-year window will be removed from the queue.

7) Renewable attributes of power will belong to the purchasing utility. This will allow the FIT program to help utilities fulfill their RPS obligations.

8) Gen-tie expenses will be the responsibility of the developers while system upgrade costs will be utility rate-based expenditures.

Again, GreenVolts commends the CEC's outstanding leadership regarding a comprehensive FIT for California, and we look forward to helping bring it to fruition!

Best regards,

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