LINDSAY-STRATHMORE IRRIGATION DISTRICT

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October 28, 2011

02-REN-1038

DOCKET

11-RPS-01

DATE Oct. 28 2011

RECD. Oct. 28 2011

California Energy Commission
Dockets Office, MS-4
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 11-RPS-01
and
Docket No. 02-REN-1038

A staff workshop was held on October 21, 2011 to solicit public comments on the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook)* and the *Overall Program Guidebook for the Renewable Energy Program (Overall Guidebook)*. We understand the changes are necessary to implement Senate Bill No. X1-2 (Simitian) approved by the Governor April 12, 2011.

Under present standards, hydroelectric projects are limited to a nameplate capacity of 30 MW or less, and two or more sets of generating equipment that share common control or maintenance and located within a one-mile radius of each other have been defined by the Commission as a single project.

Senate Bill X1-2 amended Section 399.12 of the Public Utilities Code to refine the definition of an "eligible renewable energy resource" in several ways, among them increasing the allowable nameplate capacity to 40 MW for a small hydroelectric generating unit operated as part of a water supply or conveyance system if the retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005. The legislation further states that a new hydroelectric facility that commences generation after December 31, 2005 is not eligible if it causes an adverse impact on instream beneficial uses or cause a change in volume or timing of streamflow.

The revised guidebooks at present do not address all types of cases that will need to be considered. One such situation consists of an addition to an existing facility. Consider the following by way of background.

Lindsay-Strathmore Irrigation District, along with 7 other water agencies, comprise the Friant Power Authority. The Friant Power Authority has been in existence since 1983 and has been operating three power plants on the face of Friant Dam east of Fresno, CA. since 1985. The combined nameplate rating for the three plants is 25 MW and the project is, therefore, defined under existing law as renewable. The water which passes through the power plants is controlled by the US Bureau of Reclamation and is diverted to the Friant-Kern Canal, Madera Canal and the San Joaquin River. A power plant is located on each of these outlets. Since the construction of Friant Dam in the mid-1940's, a nominal amount of water was released to the San Joaquin

River to satisfy downstream users to a point approximately 35 miles west of the Dam at Gravelly Ford. The average annual release totaled 117,000 acre-feet. The vast majority of the water was diverted to the Friant-Kern Canal and the Madera Canal to satisfy irrigation contracts to 26 water agencies and totals approximately 2.2 million acre-feet annually.

However, in the late 1980's, the US Bureau of Reclamation was sued by environmental interests alleging the diversion of virtually the entire annual runoff to irrigators violated California Fish and Game laws that require releases through a dam to sustain historic fisheries below. The court battle lasted 18 years until the parties settled the matter in what is known as the San Joaquin River Restoration Plan (SJRRP). The SJRRP requires substantially more water to be released into the San Joaquin River to maintain a natural anadromous salmon fishery. This water is water normally diverted to the Madera and Friant-Kern Canals and, thus, through the Madera and Friant-Kern power plants. The existing Friant Power Authority power plant located on the river outlet from the dam is unable to handle this increased flow.

Therefore, a new power plant is being designed to capture the lost generation capability from the water being diverted to the San Joaquin River instead of into the Madera and Friant-Kern Canals. Because the generation potential is greater at the river outlet due to the difference in elevation between the river and the outlets to both the Madera and Friant-Kern Canals, a 7 MW plant can be constructed adjacent to the existing river outlet plant to capture this generation potential. The new river outlet plant will be attached to existing infrastructure and will not entail any new dams, canals or outlets. The following bullet points summarize the situation.

- An existing eligible renewable energy facility, with capacity less than 30 MW where energy was sold to a retail seller prior to December 31, 2005. This is the existing Friant Power Authority power plants consisting of a total of 25 MW.
- Water delivered is part of a water supply or conveyance system. All power plants are attached to an existing facility.
- Changes in water delivery requirements controlled by others have resulted in a need to increase the capacity of the facility above 30 MW, but less than 40 MW. This is the result of the SJRRP, controlled by the United States.

If the new power plant is not defined as renewable because the 30 MW threshold is exceeded, the ability to market the power generated is severely curtailed and may put the feasibility of the entire project in jeopardy. The Friant Power Authority firmly believes a new power plant of 7 MW located on existing facilities is the very essence of renewable energy. To be penalized for trying to recapture lost generation, which would result in having to import more power into the State to satisfy demand is, we believe, not only unfair but unjustified. We therefore suggest adding the following to the *RPS Guidebook* page 29, item a Small Hydroelectric, first bullet, to follow No. 3:

> *4. Additions to existing facilities are RPS eligible provided the facility in total has a nameplate of 40 MW or less, the water delivered is part of a water supply or conveyance*

system, and the facility does not cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

There was also an indication that the Energy Commission was considering eliminating the option of pre-certifying a facility that is in development and not yet online. Because of the potential differences in interpretation of legislation and guidelines established by the Commission to implement such legislation, and the difference in the value of the energy produced based on RPS eligibility, we consider it essential to obtain an option regarding such eligibility prior to starting construction.

Please contact the undersigned if you have any questions or comments.

Respectfully,

Scott A. Edwards, Manager

Lindsay-Strathmore Irrigation District

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