

DOCKET

12-IEP-1D

DATE MAY 17 2012

RECD. MAY 17 2012

**Comments of the
Alliance for Retail Energy Markets on
2011 Integrated Energy Policy Report (“IEPR”) -
Identifying and Prioritizing Geographic Areas for
Renewable Development in California**

Docket 12-IEP-1D

May 17, 2012

Presiding Member: Commissioner Carla Peterman

Comments delivered via e-mail to docket@energy.state.ca.us
cc: email to Heather.Raitt@energy.ca.gov.

Dear Commissioner Peterman and Ms. Raitt:

The Alliance for Retail Energy Markets (“AReM”)¹ is pleased to submit these brief comments in follow-up to the California Energy Commission’s (“CEC’s”) May 10 Workshop: Identifying and Prioritizing Geographic Areas for Renewable Development in California. AReM understands that this workshop was conducted as part of the 2012 Integrated Energy Policy Report (“IEPR”), and was designed to specifically address:

- Preferred characteristics of priority areas for renewable development in California.
- Current efforts, strategies, and best practices that could be used to help identify priority areas with those preferred characteristics.
- Developing local goals to build toward the statewide goal of 12,000 megawatts of renewable distributed generation.

AReM comments herein are focused on renewable distributed generation (“DG”). AReM agrees with the statement in the Workshop Notice attachment that the goal to deploy 12,000 MW of DG by 2020 is a “major undertaking.” The workshop provided an excellent opportunity to gain a better understanding of approaches that the CEC is considering to ensure attainment of

¹ The Alliance for Retail Energy Markets (AReM) is a California mutual benefit corporation whose members are electric service providers that are active in California’s direct access market. The positions taken in this filing represent the views of AReM but not necessarily those of any individual member of AReM or the affiliates of its members with respect to the issues addressed herein.

this goal, including soft targets for DG development in each of California's counties to maximize the involvement of local agencies that are involved in siting and permitting issues for DG development. AReM also appreciates that the CEC is focused on ensuring that its programs to support DG development are intended to be technology neutral.

AReM does not at this time have any specific opinions or comments on the CEC proposed soft targets. However, AReM would like to reiterate in these written comments the observations offered by AReM's designated workshop representative, Mary Lynch of Constellation NewEnergy, Inc., during her public comments at the end of the workshop. Specifically, Ms. Lynch noted that in addition to determining the best possible geographic locations for distributed generation, it is important to recognize that the success of distributed generation depends on large part whether such investments are practical and cost effective for consumers. Whether those consumers are residential or commercial and industrial customers, it is important that they are able to see that renewable DG will allow them to meet their environmental goals and preferences, at the lowest possible cost. This is especially true in these difficult economic times.

Through Direct Access, customers are afforded the opportunity to directly manage their energy usage and energy resources in ways that are simply unavailable under bundled utility service. Specifically, the Electric Service Providers ("ESPs") that AReM represents are positioned to work with their commercial and industrial customers² to provide them with comprehensive energy solutions that can include installation of distributed generation technologies, as well demand response and energy efficiency products through the direct access

² By statutes, Direct Access service is not available to residential customers.

retail choice program, all while meeting their energy needs and renewable resource obligations.³

Direct Access customers are sophisticated about their energy management efforts and thus are particularly attractive candidates for distributed generation efforts.

Unfortunately, the Direct Access market size is currently subject to a legislative cap, and the cap is full. Further expansion of Direct Access to allow more of California's businesses and industries to make competitive supply choices requires new legislation.

As you move forward with consideration of this important topic, AReM urges you to include a discussion of role that competitive choice can play in meeting the challenge of widespread DG deployment, so that the desired economic and environmental improvements are achieved. We look forward to working with you, the other Commissioners, and staff on these important issues.

Please feel free to contact me at 916 606 0783, if you have questions.

Mary Lynch
Vice President, State Government Affairs
Constellation NewEnergy, Inc.
On behalf of the Alliance for Retail Energy Markets

³ It should also be noted that ESPs achieve these results while meeting all of the state's requirements pertaining to resource adequacy, the Renewable Portfolio Standard and greenhouse gas emissions that are applicable to all load-serving entities.