



California Energy Commission
Cost Allocation Guiding Principles

DOCKET

12-IEP-1D

DATE MAY 17 2012

RECD. MAY 17 2012

Clean Coalition comments on
May 10, 2012 Workshop
Identifying and Prioritizing Geographic Areas
for Renewables

Kenneth Sahm White
Director, Economic & Policy Analysis Programs
Clean Coalition
2 Palo Alto Square
3000 El Camino Real, Suite 500
Palo Alto, CA 94306

May 17th, 2012

*The Clean Coalition submits the following brief comments on May 10, 2012 Workshop
Identifying and Prioritizing Geographic Areas for Renewables*

The Clean Coalition greatly appreciates and supports the Energy Commission in its ongoing work guiding California forward. We commend staff for putting forward a thorough and well-developed approach balancing multiple state goals and we strongly support the staff's updated approach toward locational deployment goals for distributed generation (DG). While the prior approach largely extrapolated established trends, the new approach provides direction based upon clear goals of meeting electric demand with local generation and widely delivering the associated economic benefits, weighting both to they are most needed.

The proposed approach is methodologically sound and properly incorporates the goals of the 12,000 MW Clean Energy Jobs Plan against the cost effective opportunities for deployment. The Clean Coalition supports the regional targets based on E3's analysis of both cost effectiveness and as limited to local DG capacity without inducing backflow. We note that 12,000 MW represents roughly 20% of aggregate peak demand served by the distribution system, clearly demonstrating the weight given in E3's analysis to economic, siting, and other factors beyond just avoided backflow. We are currently developing five substation level demonstration projects with utilities across the U.S. to deploy very high penetrations of DG in combination with Intelligent Grid (IG) systems integrating local storage and demand response. The purpose of such deployments is to demonstrate the capability and requirements for achieving very high DG penetrations on a modern grid without compromising electrical quality or reliability, showing a clear path to clean local energy that need not be as limited as envisioned in the E3 analysis.

There is always room for improvement in even the best analysis; for example, in the E3 study it was not apparent that projected increases in electric load related to projections of electric vehicle adoption were included in the load modeling, and inclusion would be appropriate. In addition, increased levels of cost effective DG penetration should be anticipated as the distribution system is modernized and Intelligent Grid technologies adopted, and we recommend review of the commercial rooftop solar pricing, which appears to overestimated relative to residential installations. However, while adjustments may be made in the modeling and weighting, such adjustments are unlikely to very substantially alter the 12,000 MW distribution allocations. As such, the staff's approach is entirely appropriate for defining soft targets for the IEPR and provides clear guidance to both utilities and county jurisdictions for planning purposes to move forward without delay.

We wish to emphasize the critical importance of supporting the Clean Energy Jobs Plan goals and targets with effective policies in order for them to have any actual influence on market activity. Actual investment and development will follow regulatory signals that impact the bottom line, both in the predictability of project timing and costs, and the relative ultimate return on investment. The Energy Commission must actively work to see that these soft targets are supported and reflected in regulatory action at the state and local level, and address barriers to their achievement.

California has not done well in meeting interim RPS targets since the law was adopted, frequently missing annual targets and limiting procurement planning as if the targets were capped at that level rather than establishing minimum floors. Reasonably anticipated further steps toward meeting goals through at least 2050 should be incorporated throughout the planning process.

To improve performance, achieve targets and bring the state back on to trajectory, we suggest that the IEPR recommend policy changes, implementation plans and the adoption of deadlines at all jurisdictional levels. CEC level initiatives, such as model

land use codes and permitting, coordinated Distribution System investment planning, and simplified procurement mechanisms such as CLEAN programs/Feed-in Tariffs, continue to present opportunities for statewide planning that can be jurisdictionally adopted and configured to meet local circumstances. DOE's Sun Shot Rooftop Solar Challenge envisions precisely such coordinated planning to reduce the challenges local jurisdictions face in updating planning and that the market faces when working with inconsistent standards. Two substantial initiatives are already underway in California under these grants, involving numerous local governments, utilities, and organizations including the Clean Coalition. Independently we have produced a freely available comprehensive guide to assist local jurisdictions with design of procurement programs¹.

DG projects are generally less controversial and faster to permit, interconnect, and develop while providing substantially greater employment and economic benefits than other generation, as detailed in a study by U.C. Berkeley². The 12,000 MW target would meet roughly 8% of California's annual electric demand, representing a modest but substantial contribution toward the state's renewable energy goals, including the immediate minimum RPS requirements and longer-term goals beyond 2020. It should be recognized, however, that while the planned 12,000 MW of DG development contributes to the RPS (either through wholesale generation or through reduced net retail consumption), the goals are in no way restricted to supporting minimum RPS compliance and extend well beyond that narrow topic to aim squarely at the broader social, economic, and air quality interests of the state.

DG goals should be referenced as the base case for planning at the state and local level. Serving at least the local loads with DG is an appropriate interim basis for planning geographic development and coordinating related policies as California transitions to greater use of locally produced renewable energy for a sustainable

¹ http://www.clean-coalition.org/local_clean_program_guide/

² <http://www.clean-coalition.org/economic-benefits-of-a-fit/>

future and invests in our aging electrical grid. This is aligned with the “High DG” alternative incorporated in the planning scenarios for the ISO’s Transmission Planning Process and the CPUC’s Long Term Planning and Procurement proceedings, and should be adopted as a base case if the goals are to be achieved. In addition, a public Distribution Planning Process is sorely needed, also incorporating the same planning scenario.

We appreciate this opportunity to comment.

Sincerely,

Kenneth Sahm White
Director, Economic & Policy Analysis Programs
Clean Coalition