

May 21, 2012

California Energy Commission
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DOCKET

12-IEP-1D

DATE MAY 21 2012

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Re: Docket No. 12-IEP-1D—Interconnection of Renewable Development in California

Dear Lead Commissioner Peterman:

Silverado Power, LLC (Silverado Power) is a wholesale solar photovoltaic (PV) development company. Our mission is to provide our customers with low-cost clean energy from highly viable PV projects. In order to minimize risk and maximize capital efficiency, we site our projects in areas with minimal environmental impacts and high interconnection capacity. Silverado Power currently has mid- and late-stage PV developments in seven of the most active renewable energy markets in the United States, including 130 projects in California, which range in capacity from 1 to 400 MW.

Silverado Power attended and presented at the California Energy Commission's (Commission) May 14, 2012 workshop. The workshop focused on one prong of the Commission's five-pronged strategy to guide California as it works toward achieving the 33-percent Renewable Portfolio Standard (RPS), achieving the 12,000 MW distributed generation (DG) goal, and promoting economic recovery and job creation through investment in the clean energy sector. Specifically, the workshop focused on developing a strategy that:

minimizes interconnection costs and time, and also minimizes integration costs and requirements at the distribution level (such as use of remote telemetry and other smart grid technologies) and the transmission level (such as improved forecasting, the development of an energy imbalance market, and procurement of dispatchable renewable generation), and that strives for cost reductions and improvements to integration technologies, including storage, demand response, and the best use of the state's existing natural gas-fired power plant fleet.¹

The attachment to the workshop notice notes that in March 2012 Energy + Environmental Economics (E3) released a report titled *Technical Potential for Local Distributed Photovoltaics in California: Preliminary Assessment*, which provides some relevant guidance on developing this strategy. The report estimates the potential for local distributed PV that can be developed by 2020 at more than 15,000 MW—well over California's 12,000 MW goal.² Among its key findings, the report notes that the costs of

¹ CEC, Notice, Lead Commissioner Workshop on Interconnection of Renewable Development in California, Docket No. 12-IEP-1D, at 2 (April 27, 2012), *available at* http://www.energy.ca.gov/2012_energypolicy/notices/2012-05-14_Workshop_Notice.pdf.

² E3, *Technical Potential for Local Distributed Photovoltaics in California: Preliminary Assessment* 6-7 (March 2012), *available at* <http://www.cpuc.ca.gov/NR/rdonlyres/8A822C08-A56C-4674-A5D2-099E48B41160/0/LDPVPotentialReportMarch2012.pdf>.

distributed PV, including both system and interconnection costs, can vary widely and are heavily influenced by a looming expiration of the federal investment tax credit (ITC).³ Although the installed cost of PV systems are estimated to decline through 2016, they rise significantly in 2017 with the expiration the ITC.⁴ This “race against the expiration of the ITC” emphasizes the importance of installing distributed PV in an expeditious manner to cost-effectively meet California’s renewable energy goals, in particular the 12,000 MW DG goal.⁵

Silverado Power agrees with the importance of installing solar PV before the expiration of the ITC, and proposed several options to both improve and expedite interconnection procedures at the May 14 workshop. Of these proposed improvements, Silverado Power believes two issues are critically important in allowing California to cost-effectively achieve its DG and RPS goals: (1) the ability of developers to co-locate projects to take advantage of the efficiencies and benefits of co-location; and (2) the acceleration of current interconnection timeframes to allow developers to develop projects quickly to take advantage of the ITC.

Co-Locating Projects Benefits California.

By “the ability to co-locate projects” we mean the ability to locate projects in geographical proximity to each other to maximize siting efficiencies that can provide a number of benefits to utilities, ratepayers and PV developers alike. Specifically, co-location allows a project developer to realize economies of scale that can be passed through to utilities and ratepayers through lower costs. Co-location lowers the costs associated with environmental review and permitting, which can be undertaken more cost-effectively on a single parcel of land, rather than having to undertake separate review processes for projects at geographically dispersed sites. Similarly, co-location results in interconnection efficiencies for both cost and time because co-located projects can benefit from shared interconnection facilities and may necessitate fewer upgrades than when multiple projects are geographically dispersed. Likewise, by identifying and utilizing pockets of capacity, co-located projects may be able to make more efficient use of existing distribution infrastructure. Together, these efficiencies allow developers to develop PV capacity more quickly. Therefore, developers will be more likely to take advantage of the ITC on a greater number of projects, resulting in the more cost-effective development of distributed PV in California.

Given these many benefits of co-location, Silverado Power proposes that California DG program eligibility should be based on independent interconnection applications rather than any specific geographic restrictions. This is a salient issue for California DG program design. For example, the California Public Utilities Commission (CPUC) recently issued a Proposed Decision that would revise the existing feed-in tariff program and would require developers to attest that a project—required to be three MW or smaller—“represents the only project being developed by the seller on any single or contiguous piece of property.”⁶ In addition, the Proposed Decision would provide utilities the authority to reject a

³ *Id.* at 11.

⁴ *Id.* at 12.

⁵ *Id.*

⁶ CPUC, *Proposed Decision Revising Feed-In tariff Program, Implementing Amendments to Public Utilities Code Section 399.20 Enacted by Senate Bill 380, Senate Bill 32, and Senate Bill 2 IX and*

project if it “appears to be part of a larger overall installation by the same company or consortium in the same general location.”⁷ If the CPUC pursues this approach, California investor-owned utilities, ratepayers and developers will lose the important benefits of co-location described above. Silverado Power urges the Commission to consider this critical issue carefully and to acknowledge the importance of co-location of PV projects.

Interconnection Timeframes Need to Be Accelerated.

As Silverado pointed out in its workshop presentation, and as many stakeholders have emphasized at this Commission and at the CPUC, there are significant problems associated with current interconnection timelines in California. Delays are all too common, and the current process, which typically lasts 500 days or more, means that new interconnection applicants will not receive interconnection agreements until 2015. Assuming a 24-month build time for a PV project following the completion of the interconnection process, no new projects will meet the ITC deadline. Clearly, the interconnection process must be accelerated to avoid a major, negative impact on distributed PV projects’ cost-effectiveness. It is critical that California accelerate its interconnection timeframes so developers can take advantage of the ITC and provide low-cost renewable power to Californians.

Silverado Power has two specific proposals to accelerate interconnection timeframes.

- 1. Developers should site in optimal locations. To enable this, utilities should:**
 - a. Post completed interconnection study results online.
 - b. Release their loading, transformer and line capacity information.
 - c. Provide notice if costs deviate from published or typical per-unit costs, along with an explanation of the reason for such deviation.

- 2. The overall speed of the interconnection process must be improved. To accomplish this, Silverado Power recommends that:**
 - a. The Fast Track process should be reformed so that solar PV projects are screened based on 100 percent of minimum daytime load.
 - b. Utilities should have a faster study turnaround time.
 - c. Developers should have more and faster deadlines to discourage overly speculative behavior.
 - d. Utilities should use standard forms and agreements, which require less individualized review, and provide draft studies to the developer prior to final review.
 - e. Utilities should provide developers with frequent status updates, which in turn would allow developers to withdraw earlier if necessary.
 - f. Queue reform should strengthen requirements for existing projects so that interconnection queues are not clogged with unviable projects.

Silverado Power recognizes that several of its interconnection reform proposals are addressed in the proposed revisions to the investor-owned utilities’ Rule 21 tariffs, which the CPUC is currently

Denying Petitions for Modification of Decision 07-07-027 by Sustainable Conservation and Solutions for Utilities, Inc., Docket R.11-05-005, at 58-59 (March 30, 2012), available at <http://docs.cpuc.ca.gov/efile/PD/162134.pdf>.

⁷ *Id.*

considering.⁸ However, more needs to be done with regard to our first proposal. In particular, more information needs to be provided to developers to help direct developers to optimal locations. In addition, the modifications incorporated into the proposed Rule 21 tariff, in particular the use of minimum daytime load, are not in the utilities' Federal Energy Regulatory Commission (FERC)-jurisdictional interconnection tariffs, so further improvements could be made in this respect, as well. We note that the Solar Electric Industries Association (SEIA) has already made a proposal at FERC to introduce the use of minimum daytime load into the FERC-jurisdictional procedures and Silverado Power supports that result.

In sum, Silverado Power supports the Commission's efforts to achieve California's renewable energy goals, and in particular its interconnection-focused strategy emphasized at the May 14 workshop. We believe that maximizing cost-effective distributed PV installations in California requires two specific elements: (1) the ability of developers to co-locate projects to take advantage of the efficiencies and benefits of co-location; and (2) the acceleration of current interconnection timeframes to allow developers to develop projects quickly and to take advantage of the ITC.

Sincerely,

/s/ Hans Isern

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⁸ More detail on the revisions to the Rule 21 tariff can be found at the CPUC in docket R.11-09-011.