

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue  
Implementation and Administration, and Consider  
Further Development, of California Renewables  
Portfolio Standard Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**REPLY OF THE CALIFORNIA BIOMASS ENERGY ALLIANCE, CALIFORNIA  
WIND ENERGY ASSOCIATION, CALPINE CORPORATION, GEOTHERMAL  
ENERGY ASSOCIATION AND ORMAT NEVADA, INC., TO  
JOINT RESPONSE OF PACIFIC GAS AND ELECTRIC COMPANY,  
SOUTHERN CALIFORNIA EDISON COMPANY, AND SAN DIEGO GAS &  
ELECTRIC COMPANY TO MOTION TO AMEND ASSIGNED  
COMMISSIONER AND ASSIGNED ADMINISTRATIVE LAW JUDGE'S RULING**

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June 22, 2016

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**I. INTRODUCTION AND SUMMARY**

Pursuant to Rule 11.1(f) of the California Public Utilities Commission's ("Commission's") Rules of Practice and Procedure, and the permission granted by Administrative Law Judge Mason by email communication on June 20, 2016, the California Biomass Energy Alliance, California Wind Energy Association, Calpine Corporation, Geothermal Energy Association and Ormat Nevada, Inc. ("Joint Parties") reply to the June 16, 2016, Joint Response of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company ("IOUs") to the Joint Parties' June 1, 2016, Motion to Amend Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard ("RPS") Procurement Plans ("IOU Response").

While the IOU Response correctly restates the Joint Parties' motion ("Motion") as seeking for the 2016 RPS Procurement Plans to "to specifically address: (1) how [the utilities] propose to address the projected direct and indirect costs of energy curtailments in the least-cost, best-fit bid evaluation process, and (2) how they plan to make use of their contractual economic curtailment rights with respect to potential overgeneration conditions," the IOU Response nevertheless goes on to mischaracterize the Motion and inappropriately leaps ahead to discuss issues that may, or may not, arise following consideration of the information that the Joint

Parties' are requesting be included in the Procurement Plans. We address each of the IOUs' arguments in turn.

## **II. REPLIES**

### **A. The Joint Parties Are Not Requesting LCBF “Reform”**

The IOUs characterize the Joint Parties' request to include additional information on the topic of curtailment in the 2016 Procurement Plans as a LCBF “reform” issue that is better suited to a forthcoming LCBF reform process.<sup>1</sup> First, while the Motion does seek information about how the IOUs factor curtailment into their LCBF analyses, the request for information will not, in and of itself, involve any requested change to the LCBF process. In view of the requested information, and parties' comments on it, the Commission can decide if it should defer the matter to the LCBF reform process or take it up in connection with the 2016 RPS procurement plans. The LCBF reform process is (as of this writing) yet to be announced and can be expected to be broad and lengthy, whereas curtailment is a specific issue that could significantly affect the energy value component already present in the utilities' 2016 LCBF bid evaluation analyses. Second, the Joint Parties also request information related to how the IOUs interpret and implement curtailment provisions of their existing contracts. This request, as discussed below, is important to inform the Commission and other parties as to whether the language in the 2016 proposed contracts needs to be changed. This has nothing to do with LCBF reform.

### **B. Contract Administration May Inform RPS Pro Forma Contract Terms**

The IOUs characterize the Joint Parties' request for information about contract administration as “not necessary for effective review of the ... IOUs' RPS Procurement Plans” and as more appropriately addressed in the IOUs' Energy Resource Recovery Account Compliance proceedings.<sup>2</sup> In fact, knowing whether and how the utilities utilize the economic curtailment rights provided under their existing contracts (for which the utilities must pay generators) to avoid reliability-related curtailment (for which the utilize need not pay generators), is necessary to understand whether changes in the RPS pro forma contract (included as part of the Procurement Plan) may be necessary. In particular, as the Joint Parties discussed in their Motion, the administration of economic curtailment rights will determine whether

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<sup>1</sup> IOU Response at p. 2.

<sup>2</sup> *Id.* at pp. 3-4.

overgeneration costs accrue to the utility and their ratepayers or are shifted onto operating generators.<sup>3</sup> This, in turn, is important to knowing whether the allocation of risks and benefits under the contracts are inefficient and warrant change.

**C. The Motion's Requests Can Be Extended to Other LSEs**

The IOUs argue that, if the Commission grants the Motion, all Load-Serving Entities (including Community Choice Aggregators and Direct Access providers) should be subject to its requirements.<sup>4</sup> The Joint Parties do not oppose the Commission extending the information requests encompassed in the Motion to the other LSEs. However, the Motion, which only seeks information, should not be rejected simply because it focused on the IOUs.

**D. The IOUs Are Free to Make Cost-Allocation Proposals as Part of Their Procurement Plans**

The IOUs argue that, if they are the only LSEs that have to factor marginal curtailment into the bidding process, it could have the unfair result of the IOUs' bundled customers being solely responsible for paying the higher costs of alternative renewable resources to improve system reliability.<sup>5</sup> Therefore, they argue that, if the Commission grants the Motion, appropriate cost allocation would be necessary to spread those costs to CCAs and DA providers. Once again, however, the Motion seeks only information on how the utilities are handling potential curtailment issues; it does not request that the Commission direct any specific treatment of curtailment costs. The Joint Parties agree that proposals to change the ways in which IOUs treat marginal curtailment impacts in the LCBF process could raise cost-allocation issues. The IOUs are free to flag those issues for consideration in their procurement plans, and/or to include cost-allocation proposals in their plans, which the parties can then comment upon and the Commission can rule upon. However, the Motion does not require those actions; it seeks only to inform the discussion of curtailment-related issues. The Joint Parties note that it would be irresponsible to ignore a major potential inefficiency in the handling of curtailment issues out of

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<sup>3</sup> Motion of the Joint Parties to Amend Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard (June 1, 2016) at p. 6.

<sup>4</sup> *Supra* note 2 at p. 4.

<sup>5</sup> *Id.* at p. 5.

a concern that addressing that inefficiency may warrant associated costs to be appropriately allocated.

**E. Granting the Motion Would Require Limited, if Any, Delays**

Finally, the IOUs argue that the “requested changes to the Least-Cost, Best-Fit methodology in the IOUs' 2016 RPS Procurement Plans and appropriate cost allocation recommendations” would require a delay in the filing of the 2016 procurement plans. Again, however, the Motion, if granted, would require only that the IOUs report on their treatment of curtailment in their plans. If addressing these issues requires more time, the Joint Parties would not oppose a short, two- to four-week, extension to provide that information. However, if, in providing and responding to the requested information, the IOUs or the parties, respectively, believe that LCBF and/or cost-allocation changes are needed, they can request additional time, and the Commission can consider those requests at that time.

**III. CONCLUSION**

For the foregoing reasons, the Joint Parties respectfully request that the Commission grant the Motion.

Respectfully submitted,

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June 22, 2016

## VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Reply of the California Biomass Energy Alliance, California Wind Energy Association, Calpine Corporation, Geothermal Energy Association and Ormat Nevada, Inc., to Joint Response of Pacific Gas And Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Motion to Amend Assigned Commissioner and Assigned Administrative Law Judge's Ruling” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 22, 2016, at Berkeley, California.

/s/ Nancy Rader

Nancy Rader  
Executive Director  
California Wind Energy Association