

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

Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine Long-
Term Procurement Planning Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

(Not Consolidated)

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 COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON REPORT AND NEXT STEPS FOR DEVELOPMENT OF
RENEWABLES INTEGRATION COST ADDER**

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***On behalf of the California Wind
Energy Association***

June 17, 2016

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Pursuant to the Joint Administrative Law Judges' Ruling Seeking Input on Report and Next Steps for Development of Integration Cost Adder ("Ruling") issued by Administrative Law Judges Fitch, Simon and Mason on May 11, 2016, the California Wind Energy Association ("CalWEA") provides these reply comments in response to the parties' opening comments regarding Southern California Edison's ("SCE") April 4, 2016, Renewable Integration Cost Adder ("RICA") Report ("SCE Report").

CalWEA is troubled at the confusion surrounding the SCE report, as reflected in various parties' comments. It is not clear to us why the utilities were unable to produce acceptable integration cost results since the implementation problems observed during the production simulation study were not unique to this study and should have been resolved. CalWEA believes that acceptable results could still be produced in time for the 2016 procurement cycle, either by addressing the problems and re-running the model or, as Calpine suggested, through a greatly simplified approach previously recommended by both Calpine and CalWEA.¹ However, the Commission should proceed down one of those paths only if it can be done without jeopardizing the investigation and resolution of higher-priority elements of the least-cost, best-fit ("LCBF") bid evaluation process, namely curtailment costs and ELCC capacity values, in time for the 2016

¹ Calpine Corporation comments at p. 3-4.

procurement process. As Calpine noted,² these elements of LCBF are potentially significantly larger than the RICA (particularly if it includes only variable integration costs), will vary more across renewable technologies, and thus will have a far greater impact on the total cost (net market value) of renewable resources -- the ultimate objective of the LCBF process contemplated by statute.³

Meanwhile, the RICA should be set at zero for all technologies. Parties that suggested, in their opening comments, that the interim values be retained pending the development of California-specific values did so with little or no attempt to justify their validity for application to California.⁴ The Commission adopted the interim values for the limited purpose of the 2014 RFO with the expectation that the values would soon be updated.⁵ CalWEA supported the use of the interim values for that limited purpose and with that same expectation. The studies underlying the interim variable RICA values have never been evaluated in this proceeding, and the circumstances of the California grid and renewable technology penetration levels are entirely different than the surrounding states for which these studies were performed. As CalWEA pointed out in the discussion leading up to the use of the interim values, the figures in the studies underlying those values vary by nearly a factor of 20. RICA values reflecting the CAISO system could be anywhere within that range, or outside of it; therefore, the interim values are entirely arbitrary for use in California.⁶ Indeed, it is ironic that the Commission is using a blend of inapplicable RICA values calculated by various other entities in the West for their own use, but California somehow cannot accomplish the task for itself. Until the Commission can get its job done, it must use a zero value rather than one that is arbitrary and inapplicable to the circumstances in this state.

² *Id.* at p. 1-2.

³ See Pub. Util. Code § 399.13(a)(4) (“The commission shall adopt, by rulemaking, all of the following...(A) A process that provides criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources to comply with the California [RPS] Program obligations on a total cost basis. ...” (Emphasis added)).

⁴ See, e.g., CAISO comments at p. 6; Calpine comments at p. 8; SCE at p. 5; SDG&E at p.6.

⁵ See R. 11-05-005, Decision Conditionally Accepting 2014 Renewables Portfolio Standard Procurement Plans and an Off-Year Supplement to 2013 Integrated Resource Plan (11/24/2014) at p. 64.

⁶ See R. 11-05-005 Reply Comments Of The California Wind Energy Association On Draft 2014 RPS Procurement Plans and Related Questions In Assigned Commissioner’s Ruling (July 30, 2014) at p. 3.

Respectfully submitted,

/s/ Nancy Rader

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***On behalf of the California Wind Energy
Association***

June 17, 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 Comments of the California Wind Energy Association on Report and Next Steps for Development of Renewables Integration Cost Adder” 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 17, 2016, at Berkeley, California.

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association