

US EPA ARCHIVE DOCUMENT

California's Renewables Portfolio Standard: Overview of RPS Distributed Generation Programs

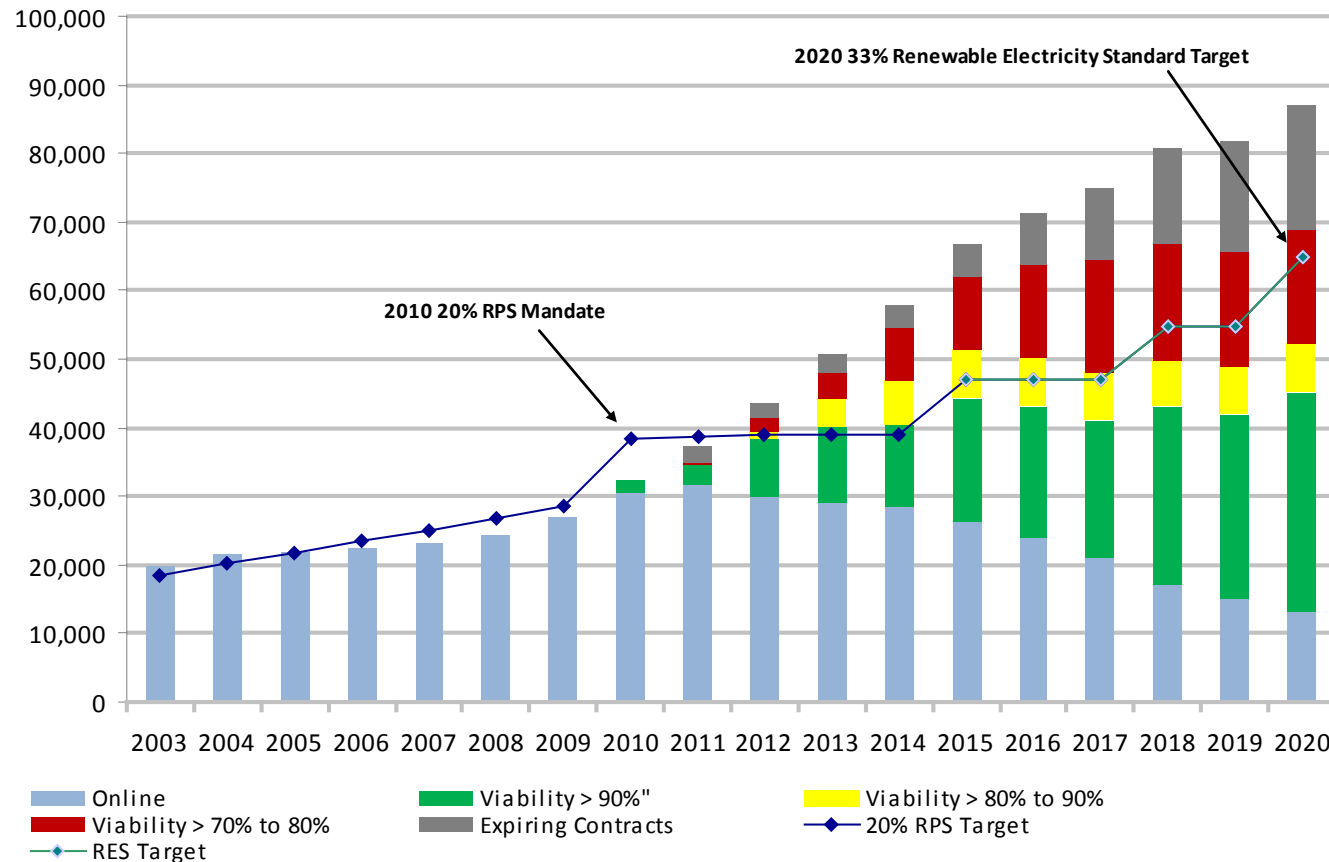
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Utilities' Contracting for 33% RPS



Source: California Public Utilities Commission, 4th Quarter 2010



Diversify RPS Procurement Strategy?



- In June 2009, CPUC staff issued an implementation assessment of the 33% by 2020 RPS goal
- Concluded that it will be challenging to permit and construct the generation and transmission needed to achieve 33% by 2020
- Noted that CA might need to diversify its current procurement strategy, which is largely dependent on large utility-scale projects

Link to report - <http://www.cpuc.ca.gov/33percent>



Why Pursue WDG Procurement Strategy?

- In between the RPS program and the customer-side DG programs (e.g., California Solar Initiative) is the untapped WDG market.
- Potential benefits of the WDG market segment include:
 - Quick project development timelines
 - Avoidance of new transmission
 - Lower environmental impact
 - Declining technology prices (i.e., solar PV)
 - Insurance for riskier, large-scale renewable projects



RPS WDG Procurement Options

- AB 1969 Feed-in Tariff – started 2008
 - 1.5 MW – up to 3 MW when SB 32 is implemented
 - Standard contract and fixed price
- Utility Solar PV Programs – started 2010
 - Solar PV, 1- 20 or 1 -2 MW in size – program specific
 - Standard contract and pay as bid
- SCE Voluntary Program – started 2007 and cancelled 2010
 - All technologies, 1 – 20 MW in size
 - Standard contract and pay as bid
- Renewable Auction Mechanism (RAM) – start in Q4 2011
 - All technologies, 0 - 20 MW in size
 - Standard contract and pay as bid
- RPS Annual Solicitations and Bilateral Contracts - ongoing
 - All technologies, min size 1 MW
 - Negotiate price and contract terms and conditions



Existing Renewable Feed-in Tariff Program

- Available for RPS-eligible technologies up to 1.5 MW, price is the market price referent (about \$100 - \$120/MWh)
- 75 projects under contract and 20 are online and operating
- Program capped at 500 MW

FIT Contracts by Utility

IOU	Contracts	Capacity (MW)
PG&E	68	63.8
SCE	3	3.4
SDG&E	4	6.0
Total	75	73.2

FIT Contracts by Technology

Technology	Contracts	Capacity (MW)	Online
Biogas	3	1.3	2
Biomass	2	2.3	1
Landfill Gas	11	16.6	6
Geothermal	1	1.5	
Solar Thermal	3	4.0	
Solar PV	42	41	2
Small Hydro	11	6.5	9
Total	75	73.2	20



Changes to Renewable FIT Program

- SB 32 (Negrete McLoad, 2009) and SB 2 (1x) (Simitian, 2011) amended Public Utilities Code 399.20, the statute governing the Renewable FIT
 - Raises program cap to 3 MW
 - Changes the price mechanism
 - Allows programs that received incentives under CSI or SGIP to refund the incentives and apply for the FIT
- CPUC is implementing the amended statute and expects to issue a proposed decision by the end of the year
- Parties have proposed various methods to determine the price
 - Market Price Referent (MPR) with no adders
 - MPR with adders for projects that avoid ratepayer costs and provide locational benefits
 - Average contract bid price resulting from RAM
 - Market Index (such as the price used for the Net Surplus Compensation Program)



Aligning Procurement with Interconnection

- Interconnection procedures were **not designed for large quantities** of small projects seeking interconnection in the same time period
 - CAISO and the IOUs are **backlogged** in processing interconnection applications and interconnection **studies are delayed**
- Existing cluster studies take nearly 2 years from start to finish
- Interconnection is a critical **project viability screen** in the WDG programs
 - Since WDG programs pay as bid, knowing interconnection costs is critical
- **End result:** CAISO and IOUs are overwhelmed with requests, and developers will not be able to participate in procurement until they reach certain interconnection milestones, creating uncertainty and delay.



Current Interconnection Reform Processes

- Transmission System Interconnection
 - In December of 2010, the CAISO combined the study process for small and large generators into one cluster study called the Generator Interconnector Procedures (GIP)
 - Fast Track is allowed for projects up to 5 MW
- Distribution System Interconnection
 - In 2011 SCE and PG&E combined the study process for small and large generators into one cluster study process that is aligned with the CAISO's GIP
 - Fast Track:
 - Projects up to 5 MW are eligible in PG&E's service territory
 - Projects up to 2 MW are eligible in SCE and SDG&E's service territory
 - Rule 21: In August of 2011, the CPUC started the Distribution Interconnection Settlement in order to:
 - Create one set of interconnection rules for generators interconnecting to the distribution system
 - Resolve contested interconnection issues
 - Agree to a settlement by the end of the year



More Information

CPUC RPS Website:

- www.cpuc.ca.gov/renewables

WDG Web pages:

- <http://www.cpuc.ca.gov/RAM>
- <http://www.cpuc.ca.gov/feedintariff>

Questions:

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