



# Presentation Summary

- Direction from 2007 IEPR
- Review Workshop Goals
- Summarize Feedback from June Workshop
- Review Policy Drivers
  - As listed in the California Feed-in Tariff Design and Options Report
- Summarize Policy Paths
- Summarize Conclusions to Date



## 2007 IEPR Recommendations for Feed-in Tariffs

- CPUC immediately implement a feed-in tariff
  - Set initially at MPR
  - For all RPS-eligible renewables up to 20 MW
- Energy Commission/CPUC collaborate to develop feed-in tariffs for larger projects over 20 MW
  - Working with the CPUC through this stakeholder process



# Workshop Goals:

- Our goal today is to identify which feed-in tariff policy path(s) make most sense for California
  - Review policy paths and generate stakeholder dialogue through
    - KEMA team presentations
    - Updates from CPUC and CAISO
    - Panel Discussion
    - Public Comments and Q&A
- **Identify policy path(s) that stakeholders will support or at least not oppose**



# June 30 Workshop Summary of Stakeholder Comments

## Expanded Feed-in Tariff for California?

- Oppose:
  - Existing solicitation working
  - Would conflict with RPS
  - Want more experience with existing program first
  - Would not address other key barriers
- Support:
  - State not on track to meet RPS objectives
  - Start with under 20 MW
  - Help smaller projects obtain financing
  - Effective in increasing renewable energy in Europe



## June 30 Workshop Summary of Stakeholder Comments (Cont.)

### Costs:

- Not market based/would increase ratepayer costs
- Stifle innovation

### Benefits:

- Increase distributed generation
- Reduce contracting costs
- Better enable developers to secure financing
- Lower costs over time



## June 30 Workshop Summary of Stakeholder Comments (Cont.)

Should a Feed-in Tariff Replace the MPR?

- Different opinions on this question:
  - Should not replace the MPR
  - Tariff should be cost or value based independent of the MPR
- Allow eligible projects to participate in either process



# Tariff Policy Drivers

- Based on IEPR direction and feedback from stakeholders six feed-in tariff policy drivers identified:
  1. Quantity (High Priority)
  2. Financial Security (High Priority)
  3. Diversity-A (Medium Priority)
  4. Sustainable Renewable Energy (Medium Priority)
  5. Price Stabilization (Medium Priority)
  6. Diversity-B (Low Priority)



## Rationale for High Priority Drivers

1. Quantity – Increase pace of development of renewable energy to meet RPS objectives
2. Financial Security – Provide increased market certainty and financial security to help developers bring new projects online



## Rationale for Medium Priority Drivers

3. Diversity “A” – Promote a diverse mix of renewable energy resources
  - A diverse mix of resources will help to increase system reliability and meet desired operational characteristics
4. Sustainable Renewable Energy – Develop a self-sustaining renewable energy industry
  - Rates designed to increase market penetration, but ratcheted down over time as facilities become able to compete effectively in the market



## Rationale for Medium Priority Drivers (cont.)

5. Price stabilization – Help stabilize cost of generation
  - Cost of generation can be insulated from fluctuations in the price for natural gas by creating a diverse mix of resources



## Rationale for Low Priority Driver

6. Diversity “B” – Help meet other policy objectives
  - IEPR encourages sustainable use of biomass by investor owned utilities
    - Consistent with Executive Order (S-06-06)
    - Energy derived from biomass technologies would help to increase system mix and reliability



## Development of Policy Paths

- Feedback from June 30 Workshop shaped development of policy paths
  - Includes a range of paths, not limited to > 20 MW
    - Pilot scale to full market implementation
  - Representative paths, others are possible
  - Paths are not mutually exclusive
  - Included one scenario depicting possible policy path interaction
- Detailed discussion of policy paths upcoming in KEMA team's presentation



# Conclusions to Date

- State not on track to meet RPS objectives
- Existing RPS solicitation experiencing a high rate of contract failure
- Increased renewable energy needed to help attain mandatory green house gas reductions
  - Must reduce emissions to 1990 levels by 2020
- Increased renewable energy will help reduce California's dependence on fossil fuels



# Conclusions to Date (cont.)

- Feed-in tariffs have been successful in increasing quantity of renewable energy in Europe
- An expanded feed-in tariff for California could work in parallel with existing RPS solicitation
- An expanded feed-in tariff offers the potential to have an additional funding mechanism for renewable energy developers that will help California meet its RPS objectives



California Energy Commission

# End of Energy Commission Staff Presentation

Any Questions??