ORANGE COVE IRRIGATION DISTRICT

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October 28, 2011

02-REN-1038
DOCKET
11-RPS-01
DATE Oct 28 2011
RECD. NOV 03 2011

California Energy Commission
Dockets Office, MS-4
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 11-RPS-01
and
Docket No. 02-REN-1038

A staff workshop was held on October 21, 2011 to solicit public comments on the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook)* and the *Overall Program Guidebook for the Renewable Energy Program (Overall Guidebook)*. We understand the changes are necessary to implement Senate Bill No. X1-2 (Simitian); approved by Governor Brown on April 12, 2011.

Under the current standards, hydroelectric projects are limited to a nameplate capacity of 30 MW, and two or more sets of generating equipment that share common control or maintenance and that are located within a one-mile radius of each other have been defined by the Commission as a single project.

Senate Bill X1-2 amended Section 399.12 of the Public Utilities Code to refine the definition of an "eligible renewable energy resource" in several ways, among them increasing the allowable nameplate capacity to 40 MW for a small hydroelectric generating unit operated as part of a water supply or conveyance system if the retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005. The legislation further states that a new hydroelectric facility that commences generation after December 31, 2005 is not eligible if it causes an adverse impact on instream beneficial uses or causes a change in volume or timing of streamflow.

The revised guidebooks as written, do not address all types of cases that will need to be considered. One relevant situation presently not addressed concerns the <u>addition</u> to an existing qualifying facility. Consider the following scenario:

- An existing eligible renewable energy facility, with a nameplate capacity that is less than 30 MW where energy was sold to a retail seller prior to December 31, 2005, and
- Water delivered is part of a water supply or conveyance system, and

- Changes in water delivery requirements controlled by others have resulted in a need to increase the nameplate capacity of the facility above 30 MW, to a total amount that is less than 40 MW.

We therefore suggest adding the following provision to the *RPS Guidebook* page 29, item ***a. Small Hydroelectric***, first bullet, to follow No. 3:

> *4. Additions to existing facilities are RPS eligible provided the facility in total has a nameplate of 40 MW or less, the water delivered is part of a water supply or conveyance system, and the facility does not cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.*

There was also an indication that the Energy Commission was considering eliminating the option of pre-certifying a facility that is under development and therefore not yet online. Because of the potential differences in interpretation of legislation and guidelines established by the Commission to implement such legislation, and the difference in the value of the energy produced based on RPS eligibility, we consider it essential to obtain an option regarding such eligibility prior to starting construction.

Please contact the undersigned if you have any questions or comments.

Respectfully,

Fergus Morrissey
Engineer-Manager
Orange Cove Irrigation District

cc: Bill Carlisle
General Manager
Friant Power Authority

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A staff workshop was held on October 21, 2011 to solicit public comments on the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook)* and the *Overall Program Guidebook for the Renewable Energy Program (Overall Guidebook)*. We understand the changes are necessary to implement Senate Bill No. X1-2 (Simitian); approved by Governor Brown on April 12, 2011. The way these changes are implemented will have an impact on the amount of renewable energy developed in California.

The Friant Power Authority (Authority) consists of seven irrigation districts and one municipal utility district that had the foresight to develop three small hydroelectric power plants to produce power from water being released from Friant Dam. The Authority was formed in October 1979 and began producing clean, renewable energy in 1986 from releases that the Bureau of Reclamation had for 40 years been discharging through energy dissipation valves. The powerhouses were sized based on releases associated with dam operations at that time, and included an 8 MW powerhouse for making releases to the north flowing Madera Canal, a 15 MW powerhouse for making releases to the south flowing Friant-Kern Canal and a 2 MW powerhouse for making releases to the San Joaquin River. While separated by some distance, the three powerhouses are normally controlled from a common control room at the Friant-Kern Powerhouse.

In October 2006, the San Joaquin River Settlement Agreement took effect through implementing legislation enacted by Congress and Signed by President Obama on March 31, 2009 – the San Joaquin River Settlement Act, a part of Public Law 111-11. This Act requires a series of measures to be implemented over time including significantly increased San Joaquin River releases to restore an historic salmon fishery. As a result, discharges through the powerhouses on the Madera and Friant-Kern Canals have been reduced, and now produce significantly less energy, while releases to the San Joaquin River have been greatly increased, and the 2 MW powerhouse on the San Joaquin River is now grossly undersized.

Recognizing this situation, the Authority commissioned a feasibility study to determine how best to prevent this waste of renewable power. The study showed that addition of a new 7MW facility adjacent to the existing 2 MW River Outlet Powerhouse would make best use of the resource. The Authority then completed CEQA requirements, obtained 401 certification, had PG&E complete a System Impact Study to determine upgrades necessary for connection to its distribution line, reached general agreement with Reclamation on how to proceed with design as it may impact its facilities and applied for a FERC license amendment. The FPA is presently negotiating with a power purchaser with the expectation of issuing contracts for construction in the near term such that power can be on-line in early 2014.

The remaining issue is whether the new facility would qualify under the Renewable Portfolio Standards, a critical requirement of our potential power purchaser. We understand that under present standards, hydroelectric projects are limited to a nameplate capacity of 30 MW or less, and that the Commission has interpreted this to mean that two or more sets of generating equipment that share common control or maintenance and are located within a one-mile radius of each other are defined as a single project. The existing Friant project has RPS certification as a single 25 MW project.

Senate Bill X1-2 amended Section 399.12 of the Public Utilities Code to refine the definition of an "eligible renewable energy resource," increasing the allowable nameplate capacity to 40 MW for a small hydroelectric generating unit operated as part of a water supply or conveyance system if the retail seller or local publicly owned electric utility procured the electricity from the facility as of December 31, 2005. The legislation further states that a new hydroelectric facility that commences generation after December 31, 2005 is not eligible if it causes an adverse impact on instream beneficial uses or causes a change in volume or timing of streamflow.

It is clear that if the Friant facilities had always been 32 MW, the Commission would have previously considered the project ineligible, but eligible upon implementation of SB X1-2. However, the revised guidebook is unclear how addition of 7 MW to an existing 25 MW facility would be considered. We request that language be added to the guidebook to ensure proposed additions such as that at Friant Dam would be eligible for RPS certification.

Given the economics of the project, if such language cannot be included, a new 7MW facility would likely be infeasible. Rather the Authority would only be able to install a 5 MW powerhouse (to stay at 30 MW or below), there would be a delay in obtaining a FERC license amendment (and a delay in the project on-line date) while FERC considers whether 5 MW (instead of 7 MW) would still make best use of the resource and the State of California would have 2 MW less of clean renewable power in its portfolio.

Please contact the undersigned if you have any questions or comments.

Respectfully,

Fergus Morrissey

Engineer-Manager

Orange Cove Irrigation District

cc: Bill Carlisle
General Manager
Friant Power Authority