

CALIFORNIA ENERGY COMMISSION1516 Ninth Street
Sacramento, California 95814Main website: www.energy.ca.gov

Preparation of the 2008 Integrated Energy Policy Report Update and the 2009 Integrated Energy Policy Report)	Docket 08-IEP-1
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)	
and)	
)	
Implementation of Renewables Portfolio Standard Legislation)	Docket No. 03-RPS-1078
)	RPS Proceeding

Notice of Staff Workshop: Renewable Energy “Feed-In” Tariffs

[Documents for Workshop](#)

The California Energy Commission's (Energy Commission) Renewable Energy Office will conduct a staff workshop regarding potential future policy paths for expanded feed-in tariffs in California. This staff workshop will discuss how stakeholder feedback from the June 30, 2008 staff workshop and state policy guided the development of policy path options in the draft consultant report, “*California Feed-in Tariff Design and Policy Options.*”

Two Energy Commission Committees oversee the work on this subject: the Renewables Committee with Commissioner Karen Douglas as Presiding Member and Chairman Jackalyne Pfannenstiel as Associate Member; and the Integrated Energy Policy Report (IEPR) Committee with Commissioner Jeffrey Byron as Presiding Member and Chairman Jackalyne Pfannenstiel as Associate Member. While this is a staff workshop, Commissioners from the Energy Commission may attend and participate in this workshop. Commissioners and staff from the California Public Utilities Commission may also attend and participate.

The workshop will be held:

WEDNESDAY, OCTOBER 1, 2008
10 a.m.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
First Floor, Hearing Room A
Sacramento, California
(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet. WebEx will also be available. For details on how to participate via WebEx, please see the "Participation through WebEx" section at the end of this notice.

Purpose

The *2007 Integrated Energy Policy Report (IEPR)* recommended both near-term and long-term strategies to reach the state's renewable energy goals. In addition, the IEPR recommended the Energy Commission collaborate with the California Public Utilities Commission to develop a report to examine the feasibility of establishing a feed-in tariff for projects greater than 20 MW. The issues and options for establishing such an expanded feed-in tariff were examined through an Energy Commission staff workshop on June 30, 2008. The feedback generated from this workshop helped staff develop key policy paths for feed-in tariffs. This second staff workshop will gather stakeholder input on potential policy options for implementing expanded feed-in tariffs that are discussed in the second consultant report, "*California Feed-in Tariff Design and Policy Options*," This second report a companion report to the previous issues and options report, "*Exploring Feed-in Tariffs For California*". The following policy recommendations from the *2007 IEPR* have served as guidelines in developing the report:¹

- To fully examine the impacts of a renewable feed-in tariff in California, the Energy Commission, in collaboration with the California Public Utilities Commission (CPUC) should develop an evaluation and options report investigating the use of feed-in tariffs.
 - Please note that while the CPUC is participating in the stakeholder process at the staff level, it is not participating in the development of the report through a formal collaborative process.
- The Energy Commission should begin a collaborative process with the CPUC to develop feed-in tariffs for larger projects.
- This work should be completed in 2008 for inclusion in the *2009 IEPR*.
- The report should include a range of mechanisms for determining the appropriate price to pay for renewable energy in designated renewable resource zones.
- The report should investigate the use of feed-in tariffs to incorporate the value of a diverse mix of renewables as well as the features of the most successful European feed-in tariffs.

In this workshop, Energy Commission staff seek public input regarding the policy options included in the report. This workshop will include discussion of key design and policy issues related to the expansion of feed-in tariffs in California, including:

- Define goals and objectives for a California feed-in tariff;
- Present overview of lessons learned from European use of feed-in tariffs;

¹ California Energy Commission, *2007 Integrated Energy Policy Report*, CEC-100-2007-008-CMF, p. 147.

- Review stakeholder feedback from June 30, 2008 workshop;
- Narrow feed-in tariff design options based on core characteristics and stakeholder feedback;
- Development of representative policy options based on key policy drivers and stakeholder comments;
- Review potential interaction of an expanded feed-in tariff with other programs and policies including the Renewable Portfolio Standard (RPS), climate change, and development of renewable energy zones; and
- Review next steps for continuing the development and implementation of potential policy paths for expanded feed-in tariffs in California.

The draft consultant report “*California Feed-in Tariff Design and Policy Options Report*,” Publication No. CEC-300-2008-009-D, is a companion report to the earlier prepared report, “Exploring Feed-in Tariffs for California,” Publication No. CEC-300-2008-003-D, which was the subject of the staff workshop held June 30, 2008. The new draft companion report explores a number of optional paths for future use of feed-in tariffs to foster the development of renewable generation facilities for California. The report takes into consideration issues as a result of the public input at the previous workshop and the written comments filed following the workshop. The report is available on the Energy Commission website at [\[www.energy.ca.gov/2008_energypolicy/documents\]](http://www.energy.ca.gov/2008_energypolicy/documents). Please review the report and the questions in Attachment A before the workshop and be prepared to make comments.

Discussion at the workshop will inform development of the final “*California Feed-in Tariff Design and Policy Options Report*” and assist California’s energy policy makers in determining the appropriate role of expanded feed-in tariffs to support development of RPS-eligible generation.

The information from this workshop will also be part of the analysis done for the *2008 IEPR Update* and the *2009 IEPR* concerning changes to California’s electricity system required to support higher levels of renewable electricity generation.

Background

Public Resources Code Section 25300, et seq., directs the Energy Commission to develop the IEPR every two years, with updates in the intermediate years, and directs state government entities to carry out their energy-related duties and responsibilities using the information and analyses contained in the adopted IEPR reports.

California currently has a mandate to achieve 20 percent of retail electricity sales from renewable resources by 2010, and the Governor and the state’s energy agencies have identified a further goal of 33 percent renewable by 2020. This higher goal is a key strategy for meeting the state’s greenhouse gas emission reduction targets.

The IEPR Committee issued its Committee Scoping Order for the *2008 IEPR Update* on May 15, 2008. One of the topics identified in that order is to identify how the 2020 electricity system could be structured to accommodate higher levels of renewables. Analysis and evaluation on this topic will continue in the *2009 IEPR* as well.

California has some experience implementing feed-in tariffs. In response to Assembly Bill 1969 (Yee, Chapter 731, Statutes of 2006), the CPUC is implementing a program through Decision 07-07-027 that requires electrical corporations to offer a standard tariff for the purchase of renewable energy output produced by a renewable electric generation facility owned by a public water or wastewater agency within the service territory of the electrical corporations. The CPUC's implementation of the program is designed to make a cumulative total of 250 megawatts (MW) of small-sized renewable projects operated by a public water or wastewater agencies (including municipal wastewater treatment facilities and dairy digesters) eligible for feed-in tariffs. The tariff is set at the applicable market price referent (MPR), the proxy price for a long-term contract to build and operate a combined cycle natural gas facility. The projects must be RPS-eligible and may be up to 1.5 MW in size with contracts for 10, 15, and 20-year terms. Under CPUC Resolution E-4137, effective February 14, 2008, the CPUC approved tariffs for the following electric corporations: Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), PacifiCorp, Sierra Pacific Power Company, Mountain Utilities, and Golden State Water Company (operating as Bear Valley Electric Service). Customers in the service territories of PG&E, SDG&E, and SCE have the option to select a contract to sell only the excess energy produced at the facility that is not used on-site, or to sell all energy generated and to buy energy from the utility to serve the customer's load.

In addition, the CPUC adopted a program for SCE and PG&E to offer the tariff to other customers who install RPS-eligible facilities up to 1.5 MW in size, until a cumulative total of 228 MW sign up for the program. The tariff for customers other than water and wastewater customers is also set at the MPR.

SCE also offers standard contracts for biogas and biomass generators less than 20 MW priced at the 2006 MPR of approximately \$0.08/kilowatt hour (kWh). The expiration date for SCE's Standard Contract for Biomass is 12/31/2008 or 250 MW, whichever comes first. As of early June 2008, SCE has 11 MW under contract, 23 MW in negotiation, and 22 MW of inquiries. If SCE does not reach 250 MW by 12/31/2008, SCE may consider continuing to offer the contracts in 2009.

Written Comments

Written comments responding to the questions and workshop must be submitted by 5 p.m. on Friday, October 10, 2008. Include the docket numbers **No. 08-IEP-1 and No. 03-RPS-1078** and indicate **2009 IEPR – Feed-in Tariffs** in the subject line or first paragraph of your comments. Please hand-deliver or mail an original.

If the original is more than 20 pages, please also provide 35 paper copies to:

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 08-IEP-1 and No. 03-RPS-1078
1516 Ninth Street
Sacramento, CA 95814-5512

The Energy Commission encourages comments by e-mail. Please include your name or organization in the name of the file. Those submitting comments by electronic mail should provide them in either Microsoft Word format or as a Portable Document File (PDF) to [\[docket@energy.state.ca.us\]](mailto:docket@energy.state.ca.us). **One paper copy** must also be sent to the Energy Commission's Docket Unit.

All written materials relating to this workshop will be filed with the Dockets Unit and become part of the public record in this proceeding.

Public Participation

The Energy Commission's Public Adviser, Elena Miller, provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by fax at (916) 654-4493, or by e-mail at [\[pao@energy.state.ca.us\]](mailto:pao@energy.state.ca.us). If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

Please direct all news media inquiries to the Media Office at (916) 654-4989 or by e-mail at [\[mediaoffice@energy.state.ca.us\]](mailto:mediaoffice@energy.state.ca.us). For technical questions regarding the subject matter of this workshop, please contact Drake Johnson by phone at (916) 651-0312, or by e-mail at [\[djohnson@energy.state.ca.us\]](mailto:djohnson@energy.state.ca.us). For general questions regarding the IEPR proceeding, please contact Suzanne Korosec, Assistant Director of Policy Development, by phone at (916) 654-4516 or by e-mail at [\[skorosec@energy.state.ca.us\]](mailto:skorosec@energy.state.ca.us).

Date Mailed: September XX, 2008

Mail Lists: 5507 RPS, 5504 New. E-mail list-serves: IEPR, Renewables

Note: California Energy Commission's formal name is State Energy Resources Conservation and Development Commission.

Participation through WebEx, the Energy Commission's On-Line Meeting Service

Computer Logon with a Direct Phone Number:

- Please go to [<https://energy.webex.com>] and enter the unique meeting number: 921 340 240.
- When prompted, enter your information and the following meeting password: meeting@10.
- After you login, a prompt will appear on-screen for you to provide your phone number. In the Number box, type your area code and phone number and click OK to receive a call back on your phone for the audio of the meeting. International callers can use the "Country/Region" button to help make their connection.

Computer Logon for Callers with an Extension Phone Number, etc:

- Please go to [<https://energy.webex.com>] and enter the unique meeting number: 921 340 240.
- When prompted, enter your information and the following meeting password: meeting@10
- After you login, a prompt will ask for your phone number. **CLICK CANCEL.** Instead call 1-866-469-3239 (toll-free in the U.S. and Canada). When prompted, enter the meeting number above and your unique Attendee ID number which is listed in the top left area of your screen after you login. International callers can dial in using the "Show all global call-in numbers" link (also in the top left area).

Telephone Only (No Computer Access):

1. Call 1-866-469-3239 (toll-free in the U.S. and Canada) and when prompted enter the unique meeting number above. International callers can select their number from [<https://energy.webex.com/energy/globalcallin.php>].

If you have difficulty joining the meeting, please call the WebEx Technical Support number at 1-866-229-3239. Please be aware that the meeting's WebEx audio and on-screen activity may be recorded.

ATTACHMENT A

Questions for October 1, 2008 Staff Workshop on Feed-In Tariffs for Renewable Energy

In this workshop, the staff of the Energy Commission seek public input to further inform consideration of the design and policy options for the use of feed-in tariffs in California to help further discussion on this topic. KEMA, a consulting firm under contract with the Energy Commission, has prepared a draft report, "California Feed-In Tariff Design and Policy Options." This report provides an assessment of drivers and several optional paths for the future implementation of feed-in tariffs for renewable energy development in California. The draft consultant report, "*California Feed-in Tariff Design and Policy Options Report*," Publication No. CEC-300-2008-009-D, is available on the Energy Commission website at [www.energy.ca.gov/2008_energypolicy/documents]. Please review the draft consultant report before the workshop.

To assist in developing the draft final report, staff seek public input on the following questions. Please address the following questions in verbal and/or written comments for this workshop:

- A. Representative Policy Paths.** In the draft consultant report, a series of six representative potential policy paths are posed to stimulate reaction.
1. Of the representative policy paths described in the draft report, which are most appealing? Least appealing? Why?
 2. Which policy paths are most appropriate for implementing in the near-term, mid-term and long-term?
 3. Does the California Public Utilities Commission have authority to implement an expanded feed-in tariff through the proposed paths?
 4. If no, then what additional statutory and/or regulatory authority, or policy direction, is needed or recommended to implement any particular path?
 5. What are the pros and cons of implementing pilot-scale feed-in tariffs in the near term? What type of pilot programs might be desirable – single-utility, single-generation-type, limited size, limited scale (maximum MW/facility), within Competitive Renewable Energy Zones (CREZ) only?
 6. What are the pros and cons of automatically conditioning implementation of expanded feed-in tariffs on a future triggering milestone, such as failure of RPS solicitations to meet a specified target?
 7. What changes could be made to the representative policy paths; or what alternative paths, or combination of policy paths, could be proposed to help achieve RPS renewable energy objectives?

B. Interactions between Policy Paths. The draft consultant report discusses potential interactions between representative policy paths, or ways in which one policy path could lead to or transition to another.

1. What are the pros and cons of the illustrative policy interactions shown in Figure 3 of the draft consultants report?
2. What other transitions from one policy path to another might be worth considering?

C. Interaction with RPS & other policies.

1. What are the primary attributes of feed-in tariffs and can they help to facilitate achieving the California Renewable Portfolio Standard (RPS) goal of 33 percent renewable generation by 2020?
2. Which policy paths are best suited to coexist with the current RPS solicitation process? Which are the most problematic?
3. What types of problems might the implementation of each policy path impose on the current RPS solicitation regime? How could they be mitigated?
4. How could expanded feed-in tariffs be used to maximize the use of CREZ transmission?
5. How does a Feed-in Tariff process work with an Market Price Referent process? Is it conflicting? Competing? Independent? Complimentary?