CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

August 4, 2015

Michael Picker, President
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Proposed Decision Revising The Greenhouse Gas Emission Factor to Determine Eligibility to Participate in the Self-Generation Incentive Program

President Picker:

As you know, we are working with Governor Brown and our colleagues in the Legislature to establish long-term targets and measures to reduce greenhouse gas emissions, including specific measures to increase renewable energy and reduce emissions from the electricity and natural gas sectors. As a primary regulator of the electricity and natural gas sectors, the Public Utilities Commission plays an integral role in this effort, and the Commission's commitment to use its authority to achieve greenhouse gas emission reductions is essential to address climate change.

Last year, the Legislature reauthorized the Self-Generation Incentive Program (SGIP) until 2021, which represents a commitment of an additional $415 million in ratepayer funds to support the installation of new distributed energy resources which are expected to be in operation through 2030 and beyond.

Prior to including the reauthorization of SGIP in SB 861, the Legislature held multiple hearings and reviewed the performance of the program. Among other things, we found that the program was delivering minimal greenhouse gas emission benefits at extremely high costs, representing a poor value for ratepayers and not meeting the intent of prior SGIP reauthorization legislation. One of the reasons for the program's lackluster performance has been a greenhouse gas emission factor based on irrelevant and outdated emissions data and assumptions.

For these reasons, SB 861 included a series of SGIP "reforms," including requiring the Commission to update the greenhouse gas emission factor "based on the most recent data available to the State Air Resources Board for greenhouse gas emissions from electricity sales in the self-generation incentive program administrators' service areas as well as current estimates of greenhouse gas emissions over the useful life of the distributed energy resource, including consideration of the effects of the California Renewables Portfolio Standard."

In light of all this, we are deeply disappointed with your proposed decision, which meets neither the letter nor the spirit of the statute. Rather than updating SGIP with an eye toward achieving direct GHG emission reductions from the $415 million investment, as well as supporting innovations that will produce additional reductions and other public benefits, the decision requires a paltry five percent reduction in GHG emissions compared to the existing standard which is outdated and ineffective. In fact, the decision appears to be skewed to maintain eligibility for existing technologies operating on 100 percent conventional natural gas. We don't think this is consistent with the state's long term climate and energy goals.

We also note that existing natural gas technologies could meet a more stringent standard and produce significant greenhouse gas emission reductions, even with no improvements in efficiency, if they were required to use renewable directed biogas from in-state sources.

Not only does the result not meet the Legislature's intent, your process has apparently disregarded the plain requirements of the statute. Based on a review of the record, as well as reports of Commission and ARB staff, the Commission has not meaningfully consulted with ARB, has not requested the most recent data available to ARB, even though ARB has confirmed its availability, and has not adjusted the standard according to emissions in each SGIP administrator's service area.

If your decision is adopted, SGIP will continue the increasingly absurd practice of subsidizing natural gas consumption, supporting existing technologies that have already taken hundreds of millions of dollars from SGIP and other public subsidies without producing substantial efficiency improvements, cost reductions, or general benefits to ratepayers, squandering the $415 million ratepayer investment authorized by SB 861 and undermining our collective efforts to clean the grid and transition away from fossil fuels.

Let's do better for our ratepayers and our climate. We urge you reconsider your proposed decision and lead the Commission to adopt a stronger standard.

Sincerely,

Assemblymember Das Williams
Chair, Natural Resources Committee

Assemblymember Anthony Rendon
Chair, Utilities and Commerce Committee

Assemblymember Richard Bloom
Chair, Budget Subcommittee on Resources
And Transportation

Cc: Commissioners
Lynn Sadler, Director, Office of Governmental Affairs