



California Energy Commission

2007 Integrated Energy Policy Report

Committee Workshop on the Draft 2006 Integrated Energy Policy Report Update

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California Energy Commission
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Announcements

- Facilities and Logistics

- Call-in Participation
 - Call-in number: 888-390-5183
 - Passcode: IEPR
 - Call Leader: Lorraine White
 - Follow along on the Webcast: www.energy.ca.gov

- In-person Participation
 - Blue Cards



Today's Agenda

- Opening Remarks
- Overview of the IEPR Proceeding
- Mid-course review of the RPS
- Public Comments
- Relationship Between Energy and Land Use
- Public Comments
- Closing Remarks



2007 IEPR Proceeding

- 2006 IEPR Update
 - Midcourse Review of the Renewable Portfolio Standard
 - The Relationship between Energy and Land Use
- 2007 IEPR
 - Data Gathering
 - Forecasts and Assessments
 - Evaluation of Policy Issues
 - Policy and Program Recommendations



2006 IEPR Update Schedule

- Initiated Update Process May 1, 2006
- Committee Draft Published November 17, 2006
- Committee Workshop, December 7, 2006
- Comments Due December 12, 2006
- Revised Committee Draft, late December 2006
- Adopt 2006 IEPR Update, January 2007



2007 Proceeding

- Issued Scoping Order: August 1, 2006
- Data Collection: October 2006-February 2007
- Preliminary analyses and results: February – April 2007
- Publication of major staff issue papers: April – July 2007
- Workshops and Hearings: Throughout proceeding
- Committee issues draft *2007 IEPR*: September 2007
- Committee holds hearings on draft report: September 2007
- Committee issues final *2007 IEPR*: October 2007
- Commission adopts final *2007 IEPR*: October 24, 2007
- ***2007 IEPR* transmitted to Governor and Legislature: November 1, 2007**



Proceeding Information

- Energy Commission's Website:
http://www.energy.ca.gov/2007_energypolicy/index.html
- General information: Lorraine White
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Midcourse Review of the Renewable Portfolio Standard

Heather Raitt



Midcourse Review of the Renewable Portfolio Standard

- Evaluate Challenges to Progress on the Renewable Portfolio Standard
- Findings
 - Complexity and lack of transparency in the RPS program
 - Inadequate transmission infrastructure to connect remotely located renewable resources
 - Insufficient attention to contract failure and delay,
 - Uncertainty regarding the financeability of SEP awards.
 - Lack of progress in repowering aging wind facilities



Recommendations

- **Complexity and Lack Transparency in the RPS Program**
 - Enforce penalties for IOU non-compliance.
 - Clarify least-cost, best-fit criteria and application in project selection.
 - Use consistent natural gas price forecasts in all decisions; IOU time of delivery factors should be standardized.
 - Move to a portfolio approach for the Market Price Referent (MPR).
 - Explicitly recognize the important value of renewables as a hedge against future natural gas price volatility in the MPR.
 - Require IOUs either to accept all RPS offers under the MPR or document why such offers were not accepted.
 - Evaluate the ramifications of a higher rate of return for renewable energy facilities to make them more financially attractive.



Recommendations (cont.)

- **Transmission Barriers to Renewable Development**
 - Expedite processing of Certification of Public Convenience and Necessity applications for renewable transmission projects.
 - Compel SCE to meet the 2010 schedule in the Cal-ISO Plan of Service for full build-out of the Tehachapi region or allow other transmission developers to step in and complete transmission projects.
 - Actively support the Cal-ISO's proposal to the FERC to develop a third category of transmission projects to accommodate renewable resource development.



Recommendations (cont.)

- **Contract Failure Risk and Timely Project Completion**
 - Require utilities to procure a contract risk reserve margin of 30 percent, and more clearly define how penalties will be applied.
 - Adopt project milestones consistent with those required for SEP applications and require the IOUs to conduct comprehensive reporting.
 - Provide project assistance for renewable developers consistent with the “Green Team” approach established during the electricity crisis.
 - Conduct further analysis on altering the SEP structure to make awards financeable.



Recommendations (cont.)

- **Lack of Progress in Wind Repowering**
 - Evaluate possible incentives targeted to prime sites that reduce avian impacts.

- **Further Investigation**
 - The relationship between renewable energy, renewable energy certificates and carbon emission trading as part of AB 32 implementation.
 - Alternative structures to meet 2020 RPS goals, including revised system benefit charge mechanisms for renewables and feed-in tariff approaches.



**Public Comments
on the Mid-Course Review of the
Renewable Portfolio Standard**



The Relationship Between Energy and Land Use

Suzanne Phinney



Energy and Land Use

- Investigate the nexus between land use planning and decision-making and energy
 - Examine existing information on sustainable land use planning
 - Consult with Office of Planning and Research and other parties
- Major Findings
 - Current land use practices do not address energy
 - Smart growth can link energy savings and better land use decisions
 - Smart growth can be a major factor in meeting state energy and greenhouse gas reduction goals (e.g., AB 32, RPS)
 - Local governments are key to both sound land use decisions, energy savings and GHG reductions



Recommendations

- Broaden definition of smart growth to include all energy saving and planning strategies
- Require that local governments prepare GHG reduction plans
- Involve utilities in land use decisions
- Expand tools needed by local governments



Recommendations cont.

- Conduct research on fundamental aspects of land use and energy
- Educate stakeholders and policymakers on energy links to smart growth
- Identify/promote funding options to expand smart land use
- Develop land use/energy partnerships



**Public Comments
on the Relationship Between
Energy and Land Use**