Clean Coalition
Making Clean Local Energy Accessible Now

5 November 2020
Finance and Risk Management Committee
San Diego Community Power
RE: Item 6 - Discussion and Provide Input on Proposed Feed-In Tariff Parameters

Dear Finance and Risk Management Committee,

The Clean Coalition is very excited to learn that SDCP is considering the parameters for a Feed-In Tariff (FIT) program for the region. The Clean Coalition has conducted Solar Siting Surveys and designed FITs for Community Choice Energy agencies (CCEs), utilities, and municipalities across the country — including working closely with the City of San Diego, a leader in solar that is advancing solar development within the City. The Clean Coalition performed the following work to help the City accelerate this solar deployment:

- Conducted a **Solar Siting Survey** to determine the technical siting potential for distributed solar projects of at least 1 MW within the city.
- Designed a state-of-the-art **Feed-In Tariff (FIT)** with streamlined interconnection to address the financial and economic limitations that currently exist in the market.

The design for this FIT includes three critical features:

1. **Market Responsive Pricing (MRP)**, which allows the rate paid under the FIT for both solar and storage to adjust based on market response; this ensures that the load-serving entity (LSE) pays the optimal price for clean local energy. MRP is critical to successful procurement under the FIT because it avoids these potential issues:
    a. Prices set too high will ensure rapid development of local renewable energy capacity but will result in less clean energy produced for a given budget or cause unnecessary upward impact on electricity rates.
    b. Prices set too low will not attract the market to develop the desired amount of local renewable energy capacity.
2. **Streamlined interconnection** of commercial-scale distributed energy resources, to address the financial and economic limitations that currently exist in the market. This also pertains to permitting procedures and inspections by authorities having jurisdiction (AHJs).
3. The use of **pricing adders** on top of the FIT rate to incentivize desired project characteristics. The following four pricing adders were recommended for the San Diego FIT:
    a. **Dispatchability Adder**, to make renewable energy available whenever needed instead of only when the sun is shining, or the wind is blowing.
    b. **Built environment adder**, to focus the development of local renewable energy projects within the built environment (rooftops, parking lots, and parking structures), preserving pristine spaces and minimizing the environmental impacts of these projects.
    c. **Small project adder**, to encourage a greater number and diversity of projects to come online through the FIT.
    d. **Community benefit adder**, to encourage the siting of local renewable energy projects in disadvantaged communities and on tax-except facilities, such as municipal properties, nonprofit facilities, public housing, and schools.

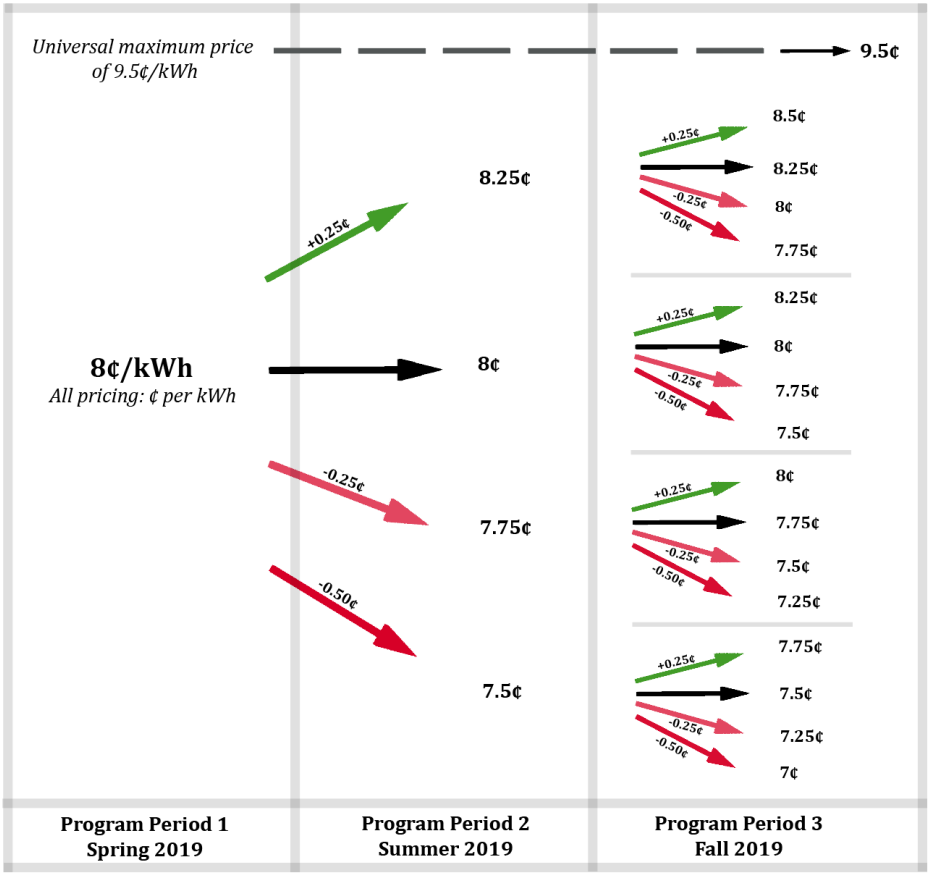

Figure 1: Market Responsive Pricing (MRP) baseline for SDCP

The City of San Diego FIT also made these recommendations for project eligibility:

- **New resource**: The generating resource should be new, meaning that it has not produced or delivered electric energy prior to the date in which the LSE receives its application.
- **Location**: The project should be located entirely within the City of San Diego.
- **Technologies**: All technologies that are compliant with California's Renewables Portfolio Standard (RPS) requirements should be eligible to participate in the FIT.
- **Project sizing**: The maximum recommended project size was set at 3 MW. This is slightly larger than the sizing in some FIT programs; however, the City of San Diego offers plenty of large project siting opportunities, and this larger size will enable lower pricing for clean local energy through increased economies of scale.

As previously noted, the Clean Coalition has designed FITs for many other municipalities, utilities, and CCEs across the country. Examples include:

- East Bay Community Energy
- City of Palo Alto
- CleanPowerSF
- Long Island Power Authority
- Fort Collins, Colorado

Finally, the Clean Coalition has spent years advocating on behalf of FIT programs at the California Public Utilities Commission (CPUC), most recently promoting the use of local renewables to decrease the amount of distribution upgrades that are needed. Since distribution costs get passed down to ratepayers, minimizing the upgrades needed results in lower costs for ratepayers. Whenever the Clean Coalition advocates for a FIT program in regulatory fillings at the CPUC, we use the FIT Design Recommendation we designed for the City of San Diego.

Thank you for your consideration.

Sincerely,

Craig Lewis, Executive Director
Clean Coalition