FILED
04/08/19
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.	Rulemaking 16-02-007 (Filed February 11, 2016)

COMMENTS OF DEFENDERS OF WILDLIFE TO R.16-02-007 PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE

Kim Delfino
California Program Director
Defenders of Wildlife
980 9th St, Suite 1730
Sacramento, CA 95814
Tel: 916-313-5800
E-mail: kdelfino@defenders.org

April 5, 2019

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement	Rulemaking 16-02-007 (Filed February 11, 2016)

COMMENTS OF DEFENDERS OF WILDLIFE TO R.16-02-007 PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE

I. Introduction

In accordance with Rule 6.2 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure ("Rules"), Defenders of Wildlife (Defenders) respectfully submits these comments to the Order Instituting Rulemaking 16-02-007 ("Rulemaking") March 18, 2019 Proposed Decision Adopting Preferred System Portfolio and Plan For 2017-2018 Integrated Resource Plan Cycle (Proposed Decision).[1]

II. Comments

Overall, Defenders is very pleased with the Proposed Decision, and in particular the following:

1. The merging of the reliability base case and policy-driven base case
2. The Commission's courage in resisting stakeholder pressure to adopt a non-compliant Preferred System Portfolio (PSP) with respect to reliability, greenhouse gas (GHG), and Renewables Portfolio Standard (RPS) requirements

[1] http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M272/K614/272614400.PDF

3. The inclusion of ecological information in the portfolio substation allocation step of base case refinement
4. The rigorous review of Load Serving Entities (LSE) submittals, and the requirement for LSEs to submit criteria pollutant information and procurement contract information, where it was found to be missing
5. The development of new implementation steps, which will strengthen the link between planning and procurement, including the proposed establishment of a new "procurement track" in the Integrated Resource Plan (IRP) proceeding

We support the Commission's efforts on this timely and important work. However, we caution that it will be essential that the proposed "procurement track" should be thoughtfully designed and implemented, to ensure that it guides the system toward the optimal mix of resources in the right locations to ensure the maximum benefit. We elaborate on these points in the sections below.

1. Merging of "reliability base case" and "policy-driven base case"

We applaud the Commission staff and consultant team for demonstrating that it is possible to achieve multiple goals in a single optimized portfolio, using the Reference System Plan (RSP) with 2017 Integrated Energy Policy Report (IEPR) assumptions to satisfy both the reliability base case and the policy-driven base case. This is a big accomplishment and it deserves recognition. Too often agencies offer a false choice between reliability, cost, and environmental goals. The RSP satisfies all of the above, and for this reason we support its adoption as the Preferred System Plan.

2. Resisting pressure to adopt the HCP, a non-compliant PSP

Congratulations to the Commission on this difficult but necessary decision. The January 11, 2019 ALJ Ruling, proposed adopting the Hybrid Conforming Portfolio (HCP) as the PSP. Defenders and other parties opposed adoption of the HCP because it did not meet GHG or RPS requirements and it was found to have lower reliability. While the HCP represented LSE preferences, the current Proposed Decision is much more consistent with the state's policy goals. We support the Commission's current Proposed Decision to adopt the RSP with 2017 IEPR

assumptions instead of the HCP, and we support the implementation steps set forth in this Proposed Decision. Contrary to comments by some Parties, the Commission does have statutory authority to require progress toward GHG targets. In fact, they are uniquely positioned for this, and this is the Commission's primary responsibility in this proceeding.[2]

We support the Commission's proposal to implement a citation program to ensure compliance as stated in the Proposed Decision.[3] This directional step is consistent with the recommendation we made in our October 4, 2016 comment letter:[4] "If LSE preferred portfolios do not meet the metrics established by the CPUC, then a mechanism should exist for the CPUC to withhold approval and require revisions." The creation of the citation program is a step in the right direction, creating an accountability mechanism which is much needed, and long overdue.

3. Ecological information included in finalizing the proposed "Base Case" PSP

In finalizing the Reference System Portfolio (RSP) updated with California Energy Commission's (CEC) Integrated Energy Policy Report (IEPR) assumptions, the agencies implemented a method which used ecological information in conjunction with transmission capacity information to allocate the portfolio's general capacity-amounts-per-zone to substations. The Commission, working together with the CEC, incorporated the San Joaquin Valley and Desert Renewable Energy Plan (DRECP) land use screens,[5] and in the process used additional new ecological information from Conservation Biology Institute (CBI). We were pleased to see this process implemented; it is an important step in the right direction, and we recommend further improvements.

For example, the spreadsheet documenting the analysis, "CEC 2019 IRP Portfolio Allocations to Substations," contains the following method description: "[Staff] allocated the transmission planning area-level solar resources to substations based on their weight of lower

[2] See Proposed Decision, Findings of Fact #13. "The Commission's primary responsibility, in implementing the provisions of Public Utilities Code Sections 454.51 and 454.52, is to ensure an electric resource portfolio, for the aggregated LSEs within its purview, that meets the state's GHG emissions, reliability, and cost requirements, as well as other state goals."
[3] See Proposed Decision, Conclusions of Law #23. "The Commission should consider the implementation of a citation program to ensure compliance with Public Utilities Code Sections 454.51 and 454.52."
[4] Informal Comments of Defenders of Wildlife on the CPUC Staff Concept Paper on Integrated Resource Planning, October 14, 2016. Also included as appendix.
[5] See the spreadsheet documenting the analysis, "CEC 2019 IRP Portfolio Allocations to Substations," CEC Docket 17-Misc-03, Filing TN# 227311, Dated March 11, 2019. Available online at the following URL: https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=17-MISC-03

environmental implication and/or share identified as DFA or least-conflict." We support this method generally, because it guides new solar capacity buildout to locations which have been identified as low-impact in public stakeholder-driven planning initiatives such as the Development Focus Areas (DFAs) identified in the Desert Renewable Energy Conservation Plan (DRECP) and areas identified in the San Joaquin Valley Least Conflict Solar Study.

However, there are improvements that could be made to the process as it was implemented. It is clear that CEC staff identified low-environmental-implication areas, high-environmental implication areas, and proximity to substations. But it is not clear what the next step would be in instances where the amount of renewable energy selected by RESOLVE exceeds the amount of low-environmental-implication area available in a given zone. Would the excess MW assigned to a different zone? Would it be allocated to nearby substations anyway, despite their high-environmental implications? It is also not clear from the documentation how much, if any of the solar, wind, or geothermal resources would be allocated to high-environmental-implication areas.

These pieces of information should be included in the CEC Portfolio Allocation report, in order to better inform the iterative two-year IRP planning cycle going forward. If there are locations where substation allocations exceed the amount of available low-environmental-implication area, then this information could be used to guide updates to the renewable resource potential estimates, in pre-processing, before the RESOLVE model selects its next portfolio. Ideally the IRP model inputs would be refined, based on lessons learned, each year. Ideally candidate wind and solar resources in these high-environmental implication areas would not be available for selection by the model in the next 2-year IRP planning cycle. We recommend that a better link should be made between the CEC's portfolio allocation process and the CPUC's next iteration of the IRP planning cycle. If locational environmental problems are only identified after the RESOLVE portfolio selection is complete, then it may be too late in the process to correct them. Using this information to improve the next cycle will help ensure the information is not lost.

4. Rigorous review of LSE submittals

We support and appreciate the Commission's recognition that many LSEs failed to adequately account for air pollution in their plans. See Proposed Decision[6] Findings of Fact #8: "Additional information about criteria pollutants associated with serving load is a required part of the Commission's responsibility to ensure compliance with Public Utilities Code Section 454.52 (a)(1)(H)."

Clean air is a necessity for the survival and health of all species and ecosystems in addition to human populations. We support the Commission's efforts to ensure clean air, and we support the proposed action to require LSEs with deficient plans to submit complete criteria pollutant information, with this Proposed Decision.

5. Establishment of procurement track

The Commission's establishment of a procurement track is fully within the Commission's statutory authority.[7] The Commission can ensure progress toward the state's environmental, reliability, and cost goals, and must. We commend the Commission for recognizing that a "procurement track" is needed. The establishment of a "procurement track" in the IRP proceeding will greatly improve the functionality of the IRP and it will improve the likelihood that environmental, reliability, and cost targets will realistically be achieved.

The usefulness of the IRP has been hindered by the failure of parties to provide complete and accurate information. Based on the recent filings, when the LSEs were asked to propose their own solutions, the aggregated LSE plans did not result in a compliant holistic solution with the required overall greenhouse gas emission reductions for the state, and therefore corrective action is needed. The establishment of the proposed "procurement track," along with the requirement for LSEs to submit complete and accurate procurement information,[8] together fill this need for corrective action.

[6] http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M272/K614/272614400.PDF

[7] See Proposed Decision Findings of Fact 13, 25, and 35, Conclusions of Law 18 and 19.

[8] See Proposed Decision Conclusions of Law #9 "The Commission should require LSEs in their individual IRPs in the future to distinguish contractual obligations and development status of individual resource choices within their portfolios. LSEs should also be required to provide this information to Commission staff no later than June 14, 2019. Such information may be filed confidentially, subject to the Commission's confidentiality rules, if requested by the individual LSE."

We recommend that the Commission use the procurement track as an opportunity to guide the system toward the optimal mix of resources, in the right locations for maximum benefit. For example, the Commission could use the procurement track to incentivize development in the locations where additional clean resources would be particularly beneficial, from an environmental, land use, habitat and landscape perspective. As another example, the procurement track could specify general characteristics of distributed energy resources to be located in urban areas or on previously disturbed lands. We recommend the procurement track should set forth desired characteristics of the optimal portfolio, while enabling competition to ensure low cost. We look forward to further participation in this proceeding, to help flesh out the mechanics of the procurement track in the 2019-2020 IRP cycle.

III. Discussion of Sensitivity Analyses #1 and #2

While we were pleased with the outcomes of this Proposed Decision, we do believe that Sensitivities #1 and #2 raise questions which have yet to be addressed, and we hope they will be addressed in the 2019-2020 IRP cycle.

Sensitivity #1 (allows out-of-state new build on existing transmission only) includes about 1,570 MW of additional solar capacity in the Westlands Super CREZ. We tend to support solar in the San Joaquin Valley because it presents a significant opportunity for least-conflict solar which could be developed on previously disturbed agricultural lands. Furthermore, solar in this area could provide beneficial alternatives to agriculture in locations where groundwater basin overdraft conditions exist, per the Sustainable Groundwater Management Act of 2014.

Sensitivity #1 also includes an additional 1,342 MW of pumped hydro energy storage. While we support energy storage projects because they can provide a grid benefit by complementing intermittent renewable resources such as wind and solar, we do oppose one specific, controversial, and environmentally damaging pumped storage hydro project in the California desert: The Eagle Crest Pumped Storage Project. The Eagle Crest Pumped Storage Project (Project), located adjacent to Joshua Tree National Park, is a massive 1300 MW hydroelectric storage facility that proposes to pump enormous amounts of groundwater from the Chuckwalla aquifer in an area renowned for its resources and history. In fact, the National Park Service has determined this landscape of such important wildlife habitat and rich mining history that it is worthy of inclusion in Joshua Tree National Park. This Eagle Crest Project threatens

surrounding lands and wildlife. Groundwater studies commissioned by the National Park Service concluded that contrary to what the project proponents claim, this project would overdraft the desert aquifer underlying Joshua Tree National Park.[9] The Park Service concluded that Eagle Crest "would cause damaging overdraft conditions" by pumping thousands of acre feet of water from an already over-drafted desert aquifer. It is not clear whether the pumped hydro energy storage resource in Sensitivity #1 is intended to represent Eagle Crest, but we urge caution. The Commission should consider all aspects of potential environmental impacts, before incentivizing any one particular project through the IRP process.

Because the in-state sensitivity minimizes electricity imports from out-of-state, it therefore reduces the risk of resource shuffling from a GHG perspective. Reducing imports from other states also reduces the risk that those states would then backfill their own needs with dirtier power sources (e.g. coal). The in-state sensitivity also minimizes the additional new transmission buildout. However, because Sensitivity #1 also includes a lower greenhouse gas target, the total footprint is likely to be about twice that of the base case (18,383 MW for Sensitivity #1 compared to 9,862 MW for the proposed base case). We support the consideration of more ambitious greenhouse gas targets, and we also caution that the land use impacts are likely to be significant at these deeper decarbonization levels. This highlights the importance of thoughtful planning, to ensure the system expansion is designed to avoid and minimize impacts to the terrestrial environment as well as impacts to the atmosphere. Deep decarbonization should not come at the expense of sensitive habitats and intact landscapes. It is possible, and in fact necessary, to preserve both terrestrial and atmospheric values. This will not happen on its own. Thoughtful planning is required.

Sensitivity #2 (allows up to 4,250 MW of out of state wind on new transmission) appears to have a footprint which is about 1.7 times the size of the footprint of the base case (16,823 MW for Sensitivity #2 compared to 9,862 MW for the base case). The Commission should investigate potential impacts to sensitive habitats and intact landscapes compared to the base case due to the significantly higher total MW new capacity buildout in Sensitivities #1 and #2. These impacts are likely to be more difficult to control, minimize, or mitigate, when they occur outside of state boundaries.

[9] See Protest of CDCA Plan Amendment for Eagle Crest Energy Gen-Tie and Water Pipeline, filed by Stanford Environmental Law Clinic June 1, 2017.

The Commission should investigate methods to minimize land use impacts in conjunction with exploring the deeper decarbonization scenarios represented in Sensitivities #1 and #2. The CPUC has a responsibility to reflect the decisions of sister agencies in its planning assumptions. We recommend that the Commission should revisit the out-of-state wind resource potential data, and explore whether it needs to be updated to reflect the planning decisions that have happened in the last ten years in the Western U.S.[10]

IV. Conclusion

Defenders of Wildlife supports the Proposed Decision, with the additional recommendation that the lessons learned from 2017-2018 should be leveraged to inform the 2019-2020 planning cycle. The CEC portfolio allocation findings should be used to inform the renewable resource potential update for 2019-2020. We support the establishment of a procurement track and we recommend that the procurement track should be used to: 1) provide a better link between planning and procurement, and 2) guide development toward least-conflict locations identified by agencies and in public, agency adopted stakeholder processes. Defenders of Wildlife appreciates the opportunity to provide comments and looks forward to continued collaboration on this important topic.

Dated: April 7, 2019

Respectfully submitted,

Kim Delfino
California Program Director
Defenders of Wildlife
Tel: 916-313-5800
E-mail: kdelfino@defenders.org

[10] See BLM West-wide Wind Mapping project, accessed online at the following URL: http://wwmp.anl.gov/