

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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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)

**REPLY COMMENTS OF THE PUBLIC ADVOCATES OFFICE
ON PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO
AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules), the Public Advocates Office (Cal Advocates) submits these reply comments on the proposed *Decision Adopting Preferred System Portfolio and Plan For 2017-2018 Integrated Resource Plan* (PD), issued March 18, 2019 in Rulemaking (R.)16-02-007. Having thoroughly read and reviewed parties opening comments, the Public Advocates Office continues to support the PD and offers these comments in response.

II. DISCUSSION

A. The Commission Should Not Delay Implementation of the Proposed Procurement Track.

East Bay Community Energy (EBCE) and Peninsula Clean Energy (PCE), filing jointly, claim that the PD's plan to implement a procurement track is premature, and that only at the end of the next procurement cycle "will the Commission have a reasonable sense of how effectively the Commission and LSEs jointly can respond to needs identified in the planning process."¹ EBCE and PCE express their concern that the PD would fail to allow an iterative collaboration between state agencies and local governments that ensures procurement needs are successfully met by immediately establishing a procurement track in the next IRP cycle. EBCE and PCE state that "by immediately establishing a procurement track in the next IRP cycle, the Proposed Decision fails to allow such an iterative approach appropriate for the IRP process."²

The Public Advocates Office disagrees that the Commission should delay implementation of the procurement track. Immediate establishment of a procurement track will provide a venue for clarifying the role and authority of the Commission and local governments, facilitate collaboration where needed, and timely develop the framework to procure residual resource needs. Moreover, in addition to the "critical questions" identified by the PD for resolution within the proposed procurement track,³ the opening comments of other parties point out other important issues that should be resolved before the end of the next procurement cycle.

¹ *Opening Comments of Peninsula Clean Energy Authority and East Bay Community Energy on the Proposed Decision*, April 8, 2019 (Opening Comments of PCE and EBCE), p. 3.

² PCE and EBCE Opening Comments, p. 4.

³ PD, pp. 136-137.

For example, The Utility Reform Network (TURN) recommends that the procurement track first consider a backstop procurement process to meet any resource deficiencies that arise.⁴ The Public Advocates Office agrees that developing the approach to backstop procurement before a deficiency arises, including the allocation of costs and benefits from any authorized procurement, will allow the Commission to respond promptly in the event of a deficiency.

The California Environmental Justice Alliance (CEJA) and the Sierra Club, filing jointly, point out that starting the procurement track sooner rather than later will allow adequate time to make procurement decisions that “maintain reliability, facilitate renewable integration, and account for air quality and disadvantaged community impacts”⁵ while at the same time ensuring long-term cost effectiveness by planning to procure preferred resources in optimal locations.⁶ The Public Advocates Office agrees that promptly starting the procurement track will allow the Commission and parties to achieve the goals of Senate Bill (SB) 350,⁷ while also allowing public input.⁸

For these reasons, the Public Advocates Office recommends the Commission reject the EBCE and PCE proposal to delay the procurement track. Any delays in resolving the issues identified by the PD could needlessly expose electric customers to reliability risks and excessive costs. If the Public Advocates Office correctly understands EBCE and PCE’s concern, the disadvantage to opening the procurement track now appears to be the lack of information regarding how the state and local governments can cooperatively respond to procurement planning needs, but this is precisely the type of concern, among others, that the PD intends to resolve by establishing the procurement track.⁹

⁴ *Opening Comments of The Utility Reform Network on the Proposed Decision of ALJ Fitch Adopting Preferred System Portfolio and Plan For 2017-2018 Integrated Resource Plan Cycle*, April 8, 2019 (Opening Comments of TURN), pp. 2-3.

⁵ Public Utilities Code Sections 454.51 (a) and 454.52(a)(1)(D), (E) and (H).

⁶ *Comments of California Environmental Justice Alliance and Sierra Club on the March 18, 2019 Proposed Decision Adopting Preferred System Portfolio and Plan for the 2017-2018 Integrated Resource Plan Cycle*, April 8, 2019, (Opening Comments of CEJA/Sierra Club), pp. 6-7.

⁷ Senate Bill 350, De León, Clean Energy and Pollution Reduction Act of 2015, IRP requirements codified as Public Utilities Code Sections 454.51 and 454.52.

⁸ Opening Comments of CEJA/Sierra Club, p. 6.

⁹ See e.g. PD, pp. 136, Fourth bullet point “How will we handle the potential need for joint procurement among multiple smaller entities, for large resources? What procurement implementation ideas can we draw from the upcoming workshops to be held in the resource adequacy rulemaking?”

B. The Commission Should Not Adopt Southern California Edison Company's Proposed Trigger Mechanism

In its opening comments, Southern California Edison Company (SCE) reiterates its recommendation that the Commission adopt its proposed reliability threshold mechanism in order “to provide a process for expedited procurement and deployment of flexible energy storage resources to address reliability concerns on the electric grid should they arise before the resolution of the next IRP cycle.”¹⁰ The Commission should not adopt SCE’s proposal to expedite procurement approval through an advice letter (AL) process. As an initial matter, the AL process is designed for the “quick and simplified review” of utility requests that are not expected to be controversial or raise important policy questions.¹¹ Critical reliability procurement matters are likely to be controversial and raise important policy questions. It is essential that parties have a meaningful opportunity to evaluate and present evidence regarding any proposed procurement.

The AL process does not provide these opportunities. The Commission should not authorize an AL process for expedited procurement to address reliability concerns. Such a process is inappropriate and serves only to invite abuses of process, because General Order 96 B provides no opportunity to respond to new information that a utility raises in its response to protests to an AL.¹² Rather than granting SCE’s requested trigger mechanism, the Commission should address reliability issues that require prompt resolution in the procurement track.

The Public Advocates Office recommends that within the proposed procurement track the Commission and parties consider and develop an expedited reliability procurement process that balances the need for prompt action with a process that allows parties to conduct discovery and

¹⁰ *Comments of Southern California Edison Company (U 338-E) on Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle*, April 8, 2019, p. 10. SCE’s originally proposed its reliability threshold mechanism its *Integrated Resource Plan of Southern California Edison Company (U 338-E)*, August 1, 2018, pp. 20 and 120-125.

¹¹ General Order (GO) 96-B, General Rule 5.1.

¹² GO 96 B General Rule 7.4.3. For example, Pacific Gas and Electric Company (PG&E) submitted four energy storage contracts via AL 5322-E (Energy Storage Contracts Resulting from PG&E’s Local Sub-Area Request for Offers Per Resolution E-4909, June 29, 2018.) PG&E’s reply to protests included new information, but protestants had no meaningful opportunity to respond.

present evidence regarding the procurement need and any proposed solutions. The process should be coordinated with the Commission's resource adequacy proceeding.¹³

III. CONCLUSION

The Public Advocates Office recommends the Commission adopt the PD with the clarifications identified in its opening comments.

Respectfully submitted,

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¹³ *Comments of the California Independent System Operator Corporation*, April 8, 2019, p. 5 (recommending coordination of the procurement track with the Commission's resource adequacy proceeding; Opening Comments of TURN, p. 2 (recommending that the Commission coordinate development of a backstop procurement mechanism with the development of a central buyer for Resource Adequacy authorized in D.19-02-022).