

**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)

**OPENING COMMENTS OF IMPERIAL IRRIGATION DISTRICT
ON THE PROPOSED DECISION ADOPTING
THE PREFERRED SYSTEM PORTFOLIO AND PLAN FOR
2017-18 INTEGRATED RESOURCE PLAN CYCLE**

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FOR 2017-18 INTEGRATED RESOURCE PLAN CYCLE**

Pursuant to Administrative Law Judge (ALJ) Fitch’s March 18, 2019 Decision Adopting the Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle, the Imperial Irrigation District (IID) respectfully submits these opening comments.

A. The Commission Should Confirm the Reference System Portfolio of D.18-02-018 as Adjusted by the 2017 IEPR Assumptions

The Proposed Decision (PD) makes the correct choice in returning to the 2018 Reference System Portfolio (RSP) based upon the 2017 Integrated Energy Policy Report (IEPR) prepared by the California Energy Commission (CEC). As many parties expressed, the January 2019 Hybrid Conforming Plan (HCP), which aggregated the load-serving entities’ (LSE) plans, failed to meet both reliability and policy goals. The PD correctly recognized that HCP’s failure on both fronts disqualifies it as a foundation for future planning.

IID agrees in large part with the PD’s reasoning behind returning to the 2018 RSP. The PD recognizes that establishing the correct policy imperatives –

procurement of a diverse resource mix, emphasis on in-state renewable development in disadvantaged communities, and reduction of GHG emissions across the West – within the first IRP planning cycle portfolio sets the tone going forward for encouraging effective long-term procurement decisions from the LSEs. Attempting to integrate those imperatives into a defective portfolio in subsequent planning cycles would suggest the Legislature’s policy objectives are not of the highest priority.

IID also agrees with the PD’s identification of the mix of renewable resources to be procured as a critical issue going forward. The PD’s recognition of the reality that intermittent renewables cannot be the basis of a balanced system between now and 2030 will provide LSEs a needed incentive to procure more diverse portfolios as contemplated by SB 100. Indeed, the amount of geothermal projected by the RSP would provide much-needed assurance to IID to continue pursuit of geothermal development to address the air quality public health crisis caused by the drying up of the Salton Sea and to bring economic development to some of California’s most disadvantaged communities.

B. The Commission’s Consideration of an Out-of-State Wind Reliance Scenario Must Be Viewed Through the Lens of Last Year’s Failed Push for Regionalization

IID reiterates its support of in-state renewable development and opposition to any plan that would serve as a stalking horse for reviving last year’s failed AB 813 regionalization proposal.

The PD’s transmittal to CAISO’s transmission planning process (TPP) of an in-state renewable development-centric scenario is an important step towards accomplishing SB 100’s and its predecessors’ objective of developing a robust renewable energy industry that prioritizes its benefits upon disadvantaged communities. IID agrees with the Commission’s use of the in-state renewable

development-centric scenario and suggests it should be used as a default policy benchmark going forward.

In turn, the results of any study of an out-of-state wind-centric model which includes new out-of-state transmission must be viewed with inherent skepticism. During the last legislative session, Californians had a robust debate over the merits of outsourcing the state's renewable mandates, in the form of AB 813, which was ultimately defeated.¹

The concept of linking Californian ratepayers to Wyoming and New Mexico wind farms owned by billionaire investors such as Warren Buffett and Phil Anschutz was a major driving force behind AB 813.² The uncertainty around the social consequences of outsourcing SB 350 and SB 100's renewable energy industry development mandate to other states played a major role in the failure of AB 813.³

The Legislature rejected new out-of-state transmission projects for Wyoming and New Mexico wind, and yet the Commission seeks "to understand

¹ See e.g. Jeff St. John, *Greentech Media*, "California Lawmakers Pass PG&E Wildfire Relief Bill, Let Grid Regionalization Expire", published September 4, 2018, available at <https://www.greentechmedia.com/articles/read/california-passes-pge-wildfire-relief-bill-but-grid-regionalization-fails>

² See e.g. Hudson Sangree, *RTO Insider*, "Can. Calif Go All Green Without a Western RTO?", published October 7, 2018, available at <https://www.rtoinsider.com/caiso-sb-100-western-rto-101054/>; Sammy Roth, *The Desert Sun*, "In Wyoming wind, a conservative billionaire sees California's future", last updated June 19, 2018, available at <https://www.desertsun.com/story/tech/science/energy/2017/02/01/wyoming-wind-philip-anschutz/95452488/>; See also Sammy Roth, *The Desert Sun*, "Jerry Brown and Warren Buffett want to rewire the West", last updated Sept. 13, 2017, available at <https://www.desertsun.com/story/tech/science/energy/2017/02/01/caiso-pacificorp-california-solar-wind/96201888/>

³ See e.g. "California Lawmakers Pass PG&E Wildfire Relief Bill, Let Grid Regionalization Expire", *supra*, <https://www.greentechmedia.com/articles/read/california-passes-pge-wildfire-relief-bill-but-grid-regionalization-fails>; See also Herman K. Trabish, *UtilityDive*, "As California grid expansion nears finish line, hurdles only get higher", published July 24, 2018, available at <https://www.utilitydive.com/news/as-california-grid-expansion-nears-finish-line-hurdles-only-get-higher/528328/>

the total cost tradeoffs inherent in these resource choices.”⁴ There is no reason for the Commission to deviate from the Legislature’s policy judgment on that point. As such, the in-state scenario should have been the only scenario sent to CAISO’s TPP, as the issuance of the out-of-state wind scenario lends a veneer of legitimacy to an already-rejected proposal.

C. IID Supports the Initiation of an IRP Procurement Track and Recommends the Commission Clarify its Relationship to the Central Procurement Buyer Concept

IID agrees with the PD’s conclusion that “the IRP process is not just an advisory planning exercise. Procurement is likely to be required from the IRP process in the near future.”⁵ As the HCP demonstrated, the Commission cannot rely on LSEs to each make procurement choices that collectively meet all of SB 100’s goals, especially given the disparity between what the LSEs sought to collectively procure and what the 2017-18 RSP projected for 2030. The continued fragmentation of the investor-owned utilities into CCAs creates inherent inefficiencies as to what renewable resources are procured. A guiding hand is needed.

IID therefore supports the establishment of a procurement track and agrees with the Commission’s aim of resolving joint procurement amongst multiple smaller entities for long-term renewables. The Commission should, however, provide clarification as to the relationship between the procurement track discussed here and the development of the central buyer concept expressed in the Commission’s resource adequacy proceeding R.17-09-020. For example, it is

⁴ *Administrative Law Judge (ALJ) Fitch’s Decision Adopting the Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle*, dated March 18, 2019, pg. 117.

⁵ *Id.* at 157.

unclear whether the IRP's procurement track is meant to serve as a proof of concept of the central buyer concept in the resource adequacy proceeding.

CONCLUSION

IID appreciates this opportunity to file opening comments on ALJ Fitch's Proposed Decision in furtherance of a common goal of making the Legislature's vision in SB 100 a reality.

Respectfully Submitted,

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