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**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 THE UNION OF CONCERNED SCIENTISTS AND THE NATURAL
RESOURCES DEFENSE COUNCIL ON DECISION ADOPTING PREFERRED SYSTEM
PORTFOLIO AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE**

April 8, 2019

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I. Introduction

The Union of Concerned Scientists (UCS) and the Natural Resources Defense Council (NRDC) (collectively, “The Joint Environmental Parties”) respectfully submit these comments on the March 18, 2019 *Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle* (“Proposed Decision”). UCS is a non-profit, membership organization devoted to building a healthier environment and a safer world through the use of rigorous scientific analysis, innovative thinking and committed citizen advocacy. NRDC is a non-profit membership organization with more than 95,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California’s energy consumption.

The Joint Environmental Parties’ comments can be summarized as follows:

- A. The Joint Environmental Parties support the Commission’s new proposed Preferred System Plan.
- B. The Proposed Decision correctly rejects filings that don’t adequately address criteria pollutants.
- C. The proposed procurement track is necessary to conduct meaningful integrated resource planning; the procurement track shouldn’t focus on the lack of long-term contracts with natural gas power plants.

II. Discussion

- A. The Joint Environmental Parties Support the Commission’s New Proposed Preferred System Plan (PSP)**

The Joint Environmental Parties agree with and commend the Commission’s proposal to reject the Hybrid Conforming Portfolio (HCP) and instead adopt the Reference System Portfolio (RSP) modeled with a 40-year assumed life of fossil-fueled generation and the 2017 Integrated Energy Policy Report (IEPR) demand forecast. The Commission correctly states that there is a high degree of uncertainty in the resources identified in the HCP.¹ Moreover, as NRDC and UCS have previously pointed out, the emissions estimate from the HCP were outside the 2030 electric sector emissions range recommended by the California Air Resources Board (CARB).² The new PSP has lower 2030 emissions and is likely to be within the 30 – 53 MMT range recommended by CARB’s Scoping Plan Update.³

B. The Proposed Decision Correctly Rejects Filings that Don’t Adequately Address Criteria Pollutants

The Proposed Decision correctly rejects 19 Integrated Resource Plan (IRP) filings because these filings did not provide required information regarding criteria pollutants associated with Load Serving Entity (LSE) load. The Joint Environmental Parties support the Commission’s continued endeavor to clarify filing requirements to ensure that LSEs have adequate direction to develop usable IRP filings. We further encourage the Commission and LSEs to release as much data related to forecasts of criterial pollutants from the electric sector as possible in future IRP filings.

C. The Procurement Track is Necessary to Conduct Meaningful Integrated Resource Planning; The Procurement Track Shouldn’t Focus on the Lack of Long-Term Contracts with Natural Gas Power Plants

¹ *Proposed Decision*, 3. “One critical reason for not accepting the HCP is the high degree of uncertainty about the actual status of resources identified by the individual LSEs in their IRPs – in many cases it was impossible to distinguish in the plans between a resource for which an LSE holds an executed contract and one that is purely aspirational. A second reason is the need to highlight the importance of a statewide IRP process that produces an optimized electric resource portfolio to enable California to achieve a decarbonized electric system that also functions reliably and at least cost to ratepayers overall, something that no individual LSE can achieve on its own.”

² NRDC, *Natural Resources Defense Council Comments on Administrative Law Judge’s Ruling Seeking Comment on Proposed System Portfolio and Transmission Planning Process Recommendations* (filed 1/31/2019) Section II.A.

UCS, *Opening Comments of the Union of Concerned Scientists on the Ruling Seeking Comment on Proposed Preferred System Portfolio and Transmission Planning Process Recommendations* (filed 1/31/2019), 4-5.

³ [*California’s 2017 Climate Change Scoping Plan*](#) (CARB), pg. 31 (Table 3).

The Joint Environmental Parties agree with the Commission on the need for a procurement track in this proceeding and commend the Commission for proposing to initiate this new track. The IRP proceeding is uniquely positioned to identify system resources for procurement that may not be identified through siloed proceedings or individual LSE plans. NRDC has previously commented on the need for the IRP to provide guidance on the mix of renewable resources that should be procured through the Renewable Portfolio Standard (RPS) proceeding and identify any additional procurement requirements not identified in individual proceedings.⁴ The procurement track addresses these needs. The Joint Environmental Parties recognize that details of this new track would have to be developed and look forward to working with the Commission to ensure that this procurement track helps ensure that our state's environmental goals are met in a low-cost and reliable manner.

As the Commission starts to provide shape to this new procurement track, the Joint Environmental Parties caution against applying this proposed procurement track to address the Commission's concern over the lack of long-term contracts with natural gas resources. The Proposed Decision observes that "[t]he IOUs have made it clear in their IRPs that they do not plan to contract for natural gas resources beyond the short term... At the same time, CCA IRPs do not indicate that they intend to pick up such resources."⁵ With both the IOUs and CCAs forgoing long-term contracts with natural gas resources, the Proposed Decision finds a "need to focus 3-4 years out for the retention of necessary reliability and renewable integration resources."⁶

The Proposed Decision justifies the alleged need for longer contracts with natural gas resources by invoking reliability and referencing the desire of natural gas plant owners to "plan for the future of their assets."⁷ However, changes to the Commission's Resource Adequacy (RA) program have already been implemented to help ensure that natural gas resources that are needed in local areas are retained.⁸ As discussed in prior comments submitted by UCS,⁹ the Joint Environmental Parties believe that the RA proceeding is the appropriate venue for retaining gas

⁴ NRDC, *Comments of the Natural Resources Defense Council (NRDC) on Administrative Law Judge's Ruling Seeking Comments on Inputs and Assumptions for Development of the 2019-2020 Reference System Plan* (filed 01/04/2019), 9.

⁵ *Proposed Decision*, 134.

⁶ *Ibid.*, 135.

⁷ *Ibid.*, 135.

⁸ D.19-02-022 established a three-year forward local RA procurement requirement.

⁹ UCS, *Opening Comments of the Union of Concerned Scientists on the Ruling Seeking Comment on Policy Issues and Options Related to Reliability* (filed 12/19/2018), 3.

capacity that is necessary for reliability, and there is no looming reliability crisis that requires attention in the IRP proceeding.

Furthermore, there is a risk to locking in longer-term contracts with natural gas resources as more clean resources come online, replacing energy and reliability services currently provided by natural gas resources. While the Joint Environmental Parties agree that, “even by 2030... the need for natural gas resources to help support system reliability will not be reduced to zero,”¹⁰ the Commission has yet to conduct the thermal generation analysis that will shed light on the exact amount of gas capacity necessary to maintain reliability throughout the IRP planning horizon.¹¹ Thus, the Joint Environmental Parties believe that it is premature to consider mandating further contracting with existing natural gas resources in the procurement track of the IRP proceeding.

III. Conclusion

UCS and NRDC commend Staff for continuing to constructively manage this complex proceeding and appreciate the opportunity to provide these comments.

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Respectfully submitted,

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¹⁰ *Proposed Decision*, 133

¹¹ Attachment B in *Administrative Law Judge’s Ruling Seeking Comment on Proposed Scenarios for 2019-2020 Reference System Portfolio* (filed 2/11/2019). Commission indicates that alternatives to natural gas resources for local reliability will not be considered until the 2021 IRP.