



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.

Filed
Public Utilities Commission
February 11, 2016
San Francisco, CA
Rulemaking 16-02-007

**REPLY 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**

Deborah Behles
Email: deborah.behles@gmail.com
2912 Diamond St, # 162,
San Francisco, CA 94131-3208
(415) 841-3304

Shana Lazerow
Email: slazerow@cbecal.org
Communities for a Better Environment
120 Broadway, Suite 2
Richmond, CA 94804
(510) 302-0430

*Representing California Environmental
Justice Alliance*

Nina Robertson
Email: nrobertson@earthjustice.org
Earthjustice
50 California Street, Suite 500
San Francisco, CA 94111
(415) 217-2000

Jessica Yarnall Loarie
Email: jessica.yarnall@sierraclub.org
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
(415) 977-5636

Representing Sierra Club

Dated: April 15, 2019

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Environmental Justice Alliance (“CEJA”) and the Sierra Club respectfully submit these reply comments on the March 18, 2019 Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle (“Proposed Decision” or “PD”).

I. INTRODUCTION AND SUMMARY

Many parties’ comments echo CEJA and Sierra Club’s overall comments that: the Commission correctly rejected the hybrid conforming plan, the Commission correctly requires load serving entities (“LSEs”) that did not evaluate criteria pollutants in their plans to complete the analysis, and the Commission is correctly initiating a procurement track in this proceeding.¹

In these reply comments, CEJA and Sierra Club focus on issues that implicate the Commission’s duty to uphold statutory requirements and its prior decisions. CEJA and Sierra Club focus on five points. First, contrary to Shell Energy’s argument, Senate Bill (“SB”) 350 requires all LSEs, not just select LSEs, to file integrated resource plans that include cost information. Second, CEJA and Sierra Club support Public Advocates’ recommendation to include information about whether LSEs meet greenhouse gas (“GHG”) requirements as

¹ See, e.g., NRDC/UCS Comments, p. 2; CEERT Comments, p. 5; Public Advocates Office Comments, p. 7.

consistent with and in furtherance of SB 350. Third, CEJA and Sierra Club support the Center for Energy Efficiency and Renewable Technologies’ (“CEERT”) request to utilize the 32 MMT sensitivity as the policy scenario. Fourth, CEJA and Sierra Club support requests for additional focus on the procurement necessary to replace Diablo Canyon. Finally, we support The Utility Reform Network’s (“TURN”) request for continued scrutiny of transactions to ensure proper GHG accounting.

II. DISCUSSION

1. All LSEs, Including ESPs, Must Comply with SB 350.

Shell Energy argues that “ESPs should not be required to provide ‘resource cost’ or ‘rate analysis’ information in their IRP filings.”² Shell Energy further argues that “[t]he Commission should not manage or control ESPs’ resource portfolios.”³ The Commission should reject these arguments because they are inconsistent with SB 350, which requires that the Commission “ensure” that *all* LSEs plans meet a number of requirements including the requirement to “minimize impacts on ratepayers’ bills.”⁴ SB 350 does not make any exception for ESPs, and the Commission should not grant them an exemption here. SB 350 further requires the Commission to ensure that all LSEs collectively meet GHG requirements.⁵ As such, the Commission must consider ESPs as part of its GHG analysis.

2. The PD Should Include Information on Compliance with the GHG Benchmark.

The Public Advocates Office requests that the PD clarify whether each LSE meets its GHG Benchmark.⁶ CEJA and Sierra Club agree and urge the Commission to include this clarification in the decision. Explicit assessments of each LSE’s compliance with the GHG

² Shell Energy Comments, pp. i, 3.

³ *Id.*, pp. i, 4.

⁴ Cal. Pub. Util. Code § 454.52(a)(1)(D) (2017).

⁵ *Id.* § 454.52(a)(1)(A).

⁶ See, e.g., Public Advocates Office Comments, pp. 2-3.

Benchmark are necessary for the public to determine whether each IRP has met its share of the GHG requirements, consistent with the Commission's duty to "ensure" that GHG requirements are met.⁷

3. The 32 MMT Scenario Should Be Used for the Policy-Driven Scenario.

CEERT recommends sending Policy Case C as the policy scenario for transmission planning.⁸ We agree with this recommendation. Due to the underestimation of GHGs observed in the RESOLVE model as well as other factors identified by CEERT,⁹ Policy Case C is a better reflection of the path that California needs take to meet SB 100 and Executive Order B-55-18. It is essential that the Commission develop plans now to meet these requirements to decarbonize the electrical system.

4. The Commission Should Consider Diablo Canyon's Replacement in the Procurement Track.

Several parties including NRDC, Friends of the Earth, and the Green Power Institute request that the Commission take additional actions to ensure that LSEs procure power to replace the GHG-free power that is currently generated by Diablo Canyon.¹⁰ We agree that the Commission should focus on the best way to replace Diablo Canyon so that GHG emissions do not increase. SB 1090 specifically requires that the Commission "ensure" that IRPs "are designed to avoid *any* increase in emissions of greenhouse gases as a result of the retirement of the Diablo Canyon Units 1 and 2 powerplant."¹¹ To ensure that no emissions increase occurs, the Commission should consider replacement power in the procurement track of this proceeding.

⁷ Cal. Pub. Util. Code § 454.52(a)(1)(A).

⁸ See, e.g., CEERT Comments, p. 3.

⁹ *Id.* (highlighting how RESOLVE underestimates GHG emissions by approximately 4.8 MMT).

¹⁰ See, e.g., Joint Parties Comments, pp. 3-11; Green Power Institute Comments, pp. 5-8.

¹¹ Cal. Pub. Util. Code § 712.7(b) (2015).

5. The Commission Should Scrutinize Transactions to Ensure Proper GHG Accounting.

In its comments, TURN states that it “suspects that significant historic hydro imports occurred as part of generic energy transactions and were not reported as ‘hydropower’ by California LSEs.”¹² And TURN correctly states that “[t]o the extent that these same import volumes are now being reclassified as ‘carbon free’ in the IRP process, the Commission should recognize that this reclassification may have little or no real-world impact and does not represent progress towards meeting GHG emissions intensity targets.”¹³ CEJA and Sierra Club request that the Commission address the concern articulated by TURN and examine the regional GHG emissions impacts associated with these transactions to ensure that GHG emissions and the impact of procurement are properly accounted for.

III. CONCLUSION

For the foregoing reasons, Sierra Club and CEJA urge the Commission to incorporate the above suggestions into the Proposed Decision.

Dated: April 15, 2019

Respectfully Submitted,

/s/ Nina Robertson

Nina Robertson

Email: nrobertson@earthjustice.org

Earthjustice

50 California Street, Suite 500

San Francisco, CA 94111

(415) 217-2000

¹² TURN Comments, p. 4.

¹³ *Id.*

Jessica Yarnall Loarie
Email: jessica.yarnall@sierraclub.org
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
(415) 977-5636

Representing Sierra Club

/s/ Deborah Behles

Deborah Behles
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Shana Lazerow
Email: slazerow@cbecal.org
Communities for a Better Environment
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