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Rulemaking 16-02-007
(Filed February 11, 2016)

For:
The California Community Choice Association

**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
Planning Requirements)	(Filed February 11, 2016)
)	

**REPLY COMMENTS OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION**

In accordance with Rule 14.3(d) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Community Choice Association (“CalCCA”) respectfully submits the following reply comments on the *Proposed Decision of ALJ Fitch Adopting Preferred System Portfolio and Plan For 2017-2018 Integrated Resource Plan Cycle* (“Proposed Decision” or “PD”).

I. CCAS ARE POSITIONED TO QUICKLY PROCURE NEEDED RESOURCES

Community Choice Aggregators (“CCA”), which will be responsible for approximately 90% of new procurement between now and 2030, are already engaging in large-scale procurement that conclusively demonstrates not only their *capacity* to procure the needed resources, but also their ability to procure new resources *quickly*.¹ A small handful of parties submitted comments questioning CCAs’ ability to procure needed resources, but notably none of these parties provided valid justification for this assertion.² In addition, a small number of parties asserted an immediate need for the Commission to consider procurement because of “long lead times” required for renewable procurement. Both positions are in error. As demonstrated in Appendix A to these comments CCAs are already engaged in large-scale renewable resource procurement under long-term contracts, with over 410 MW already operational, and another 1,263 MW of new generation and 95 MW of new storage resources contracted to come online in the 2019-2021 timeframe. Including open requests for offers

¹ CalCCA Opening Comments at 3-6. *See also* Appendix A.

² See NDRC/FOE/CCUE Opening Comments at 9; SDG&E Opening Comments at 12; CalWEA Opening Comments at 3.

(“RFO”) from EBCE and CPA, a subset of just 8 of California’s *CCAs are in the process of procuring between 2,263 and 2,563 MW of renewables that will come online in the 2019-2022 timeframe*. Appendix A further establishes that CCAs are capable of procuring new renewables rapidly: none of the 9 currently operational CCA projects listed in Appendix A took more than 3 years from the issuance of a RFO to reach operational status.

Particularly troubling is CalWEA’s claim that CCAs lack the creditworthiness to engage in large scale procurement.³ Not only have CCAs proven this false through the large scale procurement described above, but as public agencies CCAs have a variety of funding mechanisms available. MCE has an investment-grade credit rating from Moody’s, while PCE, SVCE, and MBCP have successfully procured over 400 MW of capacity under long-term contracts. CPA, a newly formed CCA, has already secured funding and is in the process of procuring 400-600 MW of new renewable resources.⁴

In light of the CCAs’ ability to quickly procure needed resources, SDG&E’s proposal that the Commission expand the definition of “renewable integration resources” for the explicit purpose of expanding the Commission’s jurisdiction over CCA procurement⁵ is both unnecessary and in error, as such a redefinition would contradict the legislature’s clear intent in limiting the Public Utilities Code Section 454.51⁶ process to “renewable integration resources” rather than “all renewable resources” or “all resources.”

Similarly, a number of parties err in supporting the PD’s conclusion that cost should be “co-equal” factor to be weighed in evaluating the Commission’s statewide portfolio.⁷ Section 454.51 directs the Commission to identify a reliable portfolio that achieves greenhouse gas (“GHG”) reductions but does not mention cost minimization. While cost minimization is an important goal, the Commission should not prioritize cost over other equally important goals, including preserving local choice and respecting CCAs’ authority to procure resources and set rates based on their own independent judgement regarding cost reasonableness.

II. THE PROCUREMENT TRACK SHOULD FOCUS ON REFINING THE IRP PROCESS AND IDENTIFYING THE BEST RENEWABLE RESOURCES TO DISPLACE FOSSIL GENERATION

³ CalWEA Opening Comments at 3.

⁴ See Appendix A.

⁵ SDG&E Opening Comments at 10.

⁶ All further citations to statute are to the California Public Utilities Code unless otherwise noted.

⁷ See, e.g., PG&E Opening Comments at 3.

CalCCA agrees with SDG&E and CAISO that it would be neither reasonable nor prudent for the Commission to open a track to consider ordering or authorizing concrete LSE procurement at this time, especially given the PSP's deficiencies, discussed below.⁸ A number of parties commented in favor of the PD's proposal to open a broad procurement track to consider ordering or authorizing procurement of reliability and renewable integration resources.⁹ These parties are in error. Instead, as detailed in CalCCA's opening comments, the IRP process should focus first on improving the modeling results to provide LSEs with more accurate and actionable information to inform their procurement of optimal resources.¹⁰

In particular, CalCCA strongly agrees with CEERT that achieving SB 350s goals will require phasing out gas generation and increasing the state's reliance on renewable resources for capacity and reliability services,¹¹ and with CEJA/SC that the primary focus of the procurement track should be *identifying the optimal new renewable resources to enable the phasing out of natural gas generators*.¹² This is especially true in light of the approximately 2100 MW of excess natural gas generation identified by CAISO in its PLEXOS model and the 2800 MW identified by Energy Division in the SERVVM model. The primary purpose of the procurement track should be to: 1) identify gas generators that can be most easily phased out, prioritizing inefficient, high-emissions, and disadvantaged community-located generators; and 2) identify the optimal renewable resources, including resource attributes and locations, to replace the identified gas generators. Such an approach would not jeopardize system reliability because renewable resources deployed by LSEs would be matched to the need identified in IRP to meet reliability needs. As noted by UCS/NRDC, the PD's concerns regarding potential gas reliability resource shortfalls should be addressed by the expansion of RA requirements to 3 years.¹³

III. THE COMMISSION SHOULD NOT REACH CONCLUSIONS OR CONSIDER PROCUREMENT BASED ON THE PSP

In light of the significant errors and deficiencies underlying the PD's rejection of the Hybrid Conforming Portfolio ("HCP") in favor of its recommended Preferred System Portfolio ("PSP"), the Commission should not reach conclusions regarding the adequacy of LSEs' planned procurement or consider actual procurement based on the PSP. Although a number of parties

⁸ SDG&E Opening Comments at 4, 9; CAISO Opening Comments at 4.

⁹ See, e.g., SCE Opening Comments at 3; TURN Opening Comments at 2; CLECA Opening Comments at 4; CalWEA Opening Comments at 3; and AWEA CA Caucus Opening Comments at 2.

¹⁰ CalCCA Opening Comments at 2, 11.

¹¹ CEERT Opening Comments at 5.

¹² CEJA/SC Opening Comments at 2, 5.

support adoption of the PSP, this support is based almost exclusively on either: 1) unexamined reliance on the PD's conclusion that only the PSP is reliable, least-cost, and meets GHG reduction goals;¹⁴ or 2) the fact that the PSP favors their preferred resources.¹⁵ These parties err in ignoring the PSP's significant errors and deficiencies.

Parties that support the PSP err in ignoring the PSP's *reliability deficiency*. Although SB 350 requires that the Commission adopt a *reliable* portfolio,¹⁶ as both CAISO and PG&E have noted, *the Proposed PSP was not adequately vetted to establish that it would result in a reliable system*.¹⁷ PG&E correctly concludes that without a record that includes reliability modeling of the PSP it is not possible to determine whether the PSP is reliable.¹⁸ No such reliability modeling has occurred: the PD acknowledges that the Commission did not conduct any production cost modeling of the Proposed PSP, and can only "infer" that it is reliable;¹⁹ and as CAISO notes, Commission's late publication of the detailed PSP prevented parties from independently assessing the PSP's reliability.²⁰

Parties that support the PSP err in ignoring the PSP's failure to meet the *Commission's GHG target*. Based on SCE's PLEXOS modeling, the PD claims that the PSP would result in lower GHG emissions than the HCP.²¹ This claim is highly problematic: the PD rejects the HCP based on its GHG emissions results in SERVVM modeling, while adopting the Proposed PSP based primarily on GHG emissions results from SCE's PLEXOS modeling (the Proposed PSP was not modeled in SERVVM).²² An "apples to apples" comparison was never done, but comparison of PLEXOS models, albeit with different assumptions by different institutions, only shows a negligible difference between the two portfolios.²³ If the Commission is going to reject the HCP based on the SERVVM model results (rather than the range of CAISO PLEXOS results), it

¹³ UCS/NRDC Opening Comments at 3.

¹⁴ See, e.g., CalPA Opening Comments at 1-2; CEJA/SC Opening Comments at 1-2. Gridliance West Opening Comments at 1-2; SDG&E Opening Comments at 4.

¹⁵ See, CESA Opening Comments at 2-3; IID Opening Comments at 2.

¹⁶ Pub. Util. Code Section 454.52(a)(1)(E).

¹⁷ CAISO Opening Comments at 3-4; PG&E Opening Comments at 8.

¹⁸ PG&E Opening Comments at 8.

¹⁹ PD at 107.

²⁰ CAISO Opening Comments at 4.

²¹ PD at 105.

²² PD at 105-113.

²³ The PSP results in 33.5 MMT in SCE's PLEXOS with gas retirements or 34.2 without retirements, while the HCP results 35.09 MMT in CAISO's PLEXOS model without retirements and better import assumptions, a difference of 2.6%, both slightly over the 34 MMT target for the CAISO areas.

should require that the PSP to first be modeled in SERVVM also, or alternatively recognize that both portfolios approximately meet the Commission's GHG targets when modeled in PLEXOS.²⁴ When judged on an even playing field with the HCP, it appears both portfolios miss the state's GHG targets by comparable degrees, but neither by more than a marginal amount.

Parties that support the PSP err in ignoring overwhelming evidence that the PSP's reliance on outdated inputs and assumptions from the 2017 IEPR has led to highly inaccurate results in this initial trial run of the IRP process. In particular, POC demonstrated that the PSP's price assumptions for solar and battery storage resources are *extremely inaccurate*, and significantly overestimate the price of these resources in 2030.²⁵ These inaccuracies call into question the entire PSP portfolio that was developed using these assumptions.

Parties that support the PSP err in ignoring the procedural and due process deficiencies that underlie its adoption.²⁶ As CAISO notes, parties weren't provided with details of the Proposed PSP until April 2019,²⁷ meaning that parties had no meaningful opportunity to interpedently assess or provide input on the PSP. In addition, as noted by EBCE/PCE, the PD fails to satisfy the requirements of D.18-02-018 by: 1) relying on computer models that have not been vetted; 2) using inconsistent assumptions; and 3) using RESOLVE instead of the required SERVVM model to develop the PSP.²⁸

IV. CONCLUSION

CalCCA thanks the Commission for its consideration of these reply comments.

Dated: April 15, 2019

Respectfully submitted,

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²⁴ CEERT Opening Comments at 3.

²⁵ POC Opening Comments at 2-5.

²⁶ See, CalCCA Opening Comments at 9-10.

²⁷ CAISO Opening Comments at 3.

²⁸ EBCE/PCE Opening Comments at 13-15. In addition, CalCCA notes that the PD relies on significant amounts of material that are not part of this proceeding's record.