

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 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 opening 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. The PD approves or certifies most of the Integrated Resource Plans (IRPs) submitted by Load Serving Entities (LSEs); requires some LSEs to resubmit their IRPs with additional information; adopts the Reference System Portfolio (RSP) with 2017 Integrated Energy Policy Report (IEPR) assumptions, an assumed 40-year life for fossil fuel generation, and the most recent transmission cost and availability estimates from the California Independent System Operator (CAISO) 2018-2019 Transmission Planning Process (TPP) as the Preferred System Portfolio (PSP); adopts the PSP to be used in the current CAISO TPP, including sensitivities for the development of in-state and out-of-state renewables; establishes a procurement track to evaluate near term resource needs; establishes requirements to address the Diablo Canyon Nuclear Power Plant retirement for certain LSEs.

II. DISCUSSION

The Public Advocates Office generally supports the PD and recommends its adoption by the Commission. The PD adopts the RSP with 2017 IEPR demand forecast estimates and 40-year life planning for natural gas generation facilities. The RSP, if adopted, would provide the basis for resource planning activities, including transmission planning, that put the LSEs participating in the IRP on a trajectory to meet the Greenhouse Gas (GHG) emissions targets adopted by the Commission in Decision 18-02-018. The Hybrid Conforming Portfolio, which is the aggregation of the individual IRPs adjusted by Commission staff for technical feasibility, does not meet the electric sector GHG emission goals by 2030. The PD recognizes that the Hybrid Conforming Portfolio may result in significantly more GHG emissions than the 2030 GHG emissions target, may be less reliable than the RSP, and may result in higher costs for ratepayers than the RSP.¹ The IRP proceeding was mandated by Senate Bill (SB) 350² to help

¹ PD, Table 2 at p. 105.

² 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.

meet statewide GHG reduction targets safely, reliably and cost-effectively.³ The Commission should adopt the RSP as the statewide portfolio that would most likely meet the goals of SB 350.

The PD emphasizes the need to balance achieving GHG emissions targets with maintaining a reliable and affordable electric system. The Public Advocates Office supports the PD's emphasis on the need for a least cost optimal portfolio to meet statewide environmental and reliability goals. The PD states that "neither reliability nor cost is an afterthought or secondary to the environmental goals. Rather, they are coequal and integral to a successful IRP process."⁴ The Public Advocates Office agrees that the Commission should consider reliability and cost as critically important in achieving GHG goals.

The PD enhances accountability among the growing number of LSEs by enforcing filing requirements, including seeking information about criteria pollutant emissions and the contractual and development status of each resource in the LSEs' individual IRPs.⁵

The PD establishes a procurement track in order to evaluate pressing issues related to the procurement of clean, reliable, and affordable resources; near-term renewable integration needs; and the role of existing natural gas generators in the LSEs' procurement plans. The Public Advocates Office supports the proposed procurement track as a good way to look at pressing needs strategically and to ensure that the LSEs stay on track to meet the State's environmental, reliability, and affordability goals.⁶

The Public Advocates Office recommends that the Commission clarify the PD to explicitly identify whether each LSE has met its GHG benchmark and to require each LSE to submit a conforming portfolio that meets its GHG benchmark.

A. The PD should clarify whether each LSE has met its GHG Benchmark.

SB 350 established the IRP process to allow California to meet its statewide GHG emissions targets safely, reliably and cost-effectively.⁷ Ensuring that each LSE meets its GHG

³ *Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements*, p. 2.

⁴ PD, p. 128.

⁵ PD, Ordering Paragraphs 5,6, and 8.

⁶ PD, Ordering Paragraph 11.

⁷ *Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements*, p. 2.

target⁸ is critical to achieving the statewide GHG goals. The PD does not explicitly indicate whether 14 of the LSEs met their GHG benchmarks.² Because the Commission is responsible for ensuring that LSE IRPs independently and collectively meet the GHG targets, the Commission should explicitly indicate whether each IRP submitted by an LSE meets its GHG benchmark.¹⁰ The Public Advocates Office recommends revising the PD so that the scorecard for each LSE¹¹ clearly states whether the LSE has achieved its GHG Benchmark.

B. The PD should require each LSE to submit a conforming portfolio that meets the LSE’s GHG Benchmark in the next IRP cycle.

Decision (D.)18-02-018,¹² Conclusion of Law 27 states, “[a]n LSE should be required to create a conforming portfolio to the RSP by utilizing either the GHG Planning Price or their GHG Emissions Benchmark...”¹³ The PD approves or certifies three LSEs’ Individual IRP filings¹⁴ that did not include a conforming portfolio that either utilized the GHG Planning Price or met the LSE’s GHG Benchmark. While two of these LSEs ¹⁵ submitted alternative portfolios that met their GHG Benchmarks, D.18-02-018 clearly states that each LSE shall submit a

⁸ Each LSE has the option of either meeting its GHG Benchmark or using the GHG Planning Price in designing its portfolio. No LSE chose to use the GHG Planning Price.

² Fourteen of the PD’s 39 score cards do not explicitly address the LSE’s ability to meet its GHG Benchmark: Clean Power SF, Constellation, Marin Clean Energy, Monterey Bay Community Power, Pacific Gas & Electric, Peninsula Clean Energy Authority, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Rancho Mirage, San Jacinto, Silicon Valley Clean Energy, Sonoma Clean Power Authority, Southern California Edison, Valley Clean Energy Alliance.

¹⁰ 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

¹¹ See e.g., PD pp. 23-78.

¹² D.18-02-018, *Decision Setting Requirements for Load Serving Entities Filing Integrated Resource Plans*, February 13, 2018.

¹³ D.18-02-018, Ordering Paragraph 27, p. 168.

¹⁴ Desert Community Energy, EDF Industrial Power Services, and Solana Energy Alliance’s conforming portfolios did not meet their respective GHG Benchmarks. PD, pp. 33-34, 67-68, 75-67. All three LSEs’ individual IRP plans were approved/ certified. PD, Table 1. Summary of Disposition of Individual LSE 2018 IRP Filings, pp. 21-22.

¹⁵ Desert Community Energy and EDF Industrial Power Services. PD, pp. 33, 67-68.

conforming portfolio that either utilizes the GHG Planning Price or meets the LSE's GHG Benchmark.¹⁶ The PD should be revised so that the "Guidance for LSE Plan development in the next IRP cycle" section of the scorecard for each LSE requires each LSE to comply with Conclusion of Law 27 and Ordering Paragraph 12 or 14 of D.18-02-018 in the next IRP cycle by submitting a conforming portfolio that either utilizes the GHG Planning Price or meets the LSE's GHG Benchmark.

III. CONCLUSION

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

Respectfully submitted,

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¹⁶ D.18-02-018, OP 12 requires LSEs with load forecasts greater than or equal to 700 GWh/ year to file Standard Plans utilizing Attachment A of the Decision, which states, "Each LSE must produce at least one portfolio, deemed the 'Conforming Portfolio,' that uses the assigned load forecast and is demonstrated to be consistent with the Reference System Portfolio according to the following criteria: Use of either the GHG Planning Prices in Table A or the LSE-Specific 2030 GHG Emissions Benchmark in Table B..." D.18-02-018, OP 14 requires LSEs with load forecasts less than 700 GWh/ year to file Alternative Plans, including "A description of how planned future procurement is consistent with the Greenhouse Gas Planning Price or its individual Greenhouse Gas Benchmark."

Appendix A

Recommended Changes to the Findings of Fact and Conclusions of Law

Findings of Fact

26a. D.18-02-018 required LSEs to create a conforming portfolio to the RSP by utilizing either the GHG Planning Price or their GHG Emissions Benchmark.

Conclusions of Law

15a. The Commission should require each LSE to comply with Conclusion of Law 27 and Ordering Paragraphs 12 or 14 of D.18-02-018 in the next IRP cycle by submitting a conforming portfolio that either utilizes the GHG Planning Price or meets the LSE's GHG Benchmark.