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04/08/19
04:59 PM

**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)

**Wellhead Power Solutions, LLC's Comments on Administrative Law Judge
Fitch's Proposed Decision Adopting Preferred System Portfolio and Plan For
2017-2018 Integrated Resource Plan Cycle**

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April 8, 2019

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Pursuant to Rule 14.3 of the California Public Utilities Commission’s (the “Commission”) Rules of Practice and Procedure, Wellhead Power Solutions, LLC (“Wellhead”) respectfully submits the following comments on Administrative Law Judge Fitch’s Proposed Decision Adopting the Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle (the “PD”) dated March 18, 2019.

I. Introduction.

Wellhead appreciates the efforts of the Commission thus far in the IRP process and is supportive of the PD. The Commission’s recognition of the value of hybrid resources, such as hybrid gas-storage, is a positive development that will lead to a more reliable and efficient grid with reduced GHG emissions. Hybrid gas-storage is an optimal resource because it provides, as discussed below, many benefits in the near, medium and long term. Just as importantly, hybrid gas-storage can continue to adapt to the ever-evolving needs of the grid and may eventually (in a cost-efficient manner) be converted to stand-alone storage.¹ The PD takes a valuable step forward in

¹ With a gas-storage hybrid, the key (and expensive) infra-structure is in place (site control, permits, substation, interconnection), therefore the energy storage portion can be efficiently expanded over time and eventually replace the gas facilities in their entirety.

unlocking the benefits of hybrid technologies. However, to ensure directional clarity in the Procurement Track, Wellhead is recommending some minor changes to the PD as follows:

- The “Findings of Fact”, “Conclusions of Law”, and “Order” should be adjusted to accurately reflect the benefits and priority of hybrid resources, as established elsewhere in the PD; and
- The Commission should include consideration for compliance with SB1136 in the “Findings of Fact”, “Conclusions of Law”, and “Order” to ensure the prioritization in the procurement of “clean RA” resources as prescribed by SB 1136 (“Clean RA Resources”).

II. The “Findings of Fact”, “Conclusions of Law”, and “Order” should be adjusted to accurately reflect the benefits and priority of hybrid resources, as established elsewhere in the PD.

As acknowledged in the PD, some “renewable resources and hybridized technologies (such as combined natural gas and storage or combined renewables and storage) can provide more reliability value than [had been previously assumed]”.² These Clean RA hybrids, which are consistent with SB1136, can provide (i) value (including GHG savings) in the near term (i.e. in a 3 to 4 year time frame), (ii) additional ramping and load following services, which are needed to decrease renewable integration challenges, and (iii) ancillary services requirements at the system level. Additionally, hybridizing gas with storage can provide a strategy for reducing local criteria pollutants while maintaining local reliability in the medium term as the electric system transitions to a fossil free future. The current multi-year RA program may be sufficient to retain any required existing gas plants in the market over the next several years. But, modifying existing gas to a hybrid configuration will require a longer-term contracting commitment. Thus, the Commission should authorize near term procurement for hybridizing existing gas technologies. To facilitate this process the PD should be modified (as described in Appendix A) to provide for their appropriate evaluation and procurement.

2 Administrative Law Judge Fitch’s Proposed Decision Adopting the Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle dated March 18, 2019, p. 135

III. The Commission should include considerations for compliance with SB1136 in the “Findings of Fact”, “Conclusions of Law”, and “Order” to ensure the prioritization in the procurement of Clean RA resources as prescribed by SB 1136.

The procurement track should guide the procurement of least cost-best fit-no regrets resources. Procurement considerations which do not consider the SB1136 guidance for Clean RA resources fail to meet that standard.³ To ensure compliance with the Clean RA requirement, the Commission should prioritize the procurement of Clean RA resources, including hybrid gas-storage.

IV. Conclusion.

The hybridization of existing gas resources is a “no regrets” procurement that is (i) economic, (ii) lowers emissions, and (iii) increases reliability. The changes proposed in Appendix A will ensure that resources procured through the procurement track would include the hybridization of existing gas resources.

Wellhead respectfully submits these comments and looks forward to its continued participation in this proceeding.

Dated April 8, 2019

Respectfully submitted,

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³ Section 380 of the public utilities code, as amended by SB1136 states that “[i]n establishing resource adequacy requirements, the commission shall ensure the reliability of electrical service in California while *advancing, to the extent possible, the state’s goals for clean energy, reducing air pollution, and reducing emissions of greenhouse gases (emphasis added).*”

Appendix A

PROPOSED CHANGES TO THE PROPOSED DECISION

Revisions to Findings of Fact.

34. Renewable resources and hybrid ~~resources~~ technologies may be able to provide additional ramping, ~~and~~ load following and ancillary services to decrease renewable integration and reliability challenges at the system level while advancing the clean resource adequacy goals of SB1136.

Revisions to Conclusions of Law.

17. The Commission should continue to explore the ability and facilitate the development of new generating, non-generating, and hybrid capacity as prescribed by SB1136 ~~renewable resources and hybrid technologies~~ to provide clean resource adequacy, ramping, ~~and~~ load following, hourly or intra-hour renewable integration, and ancillary services to decrease renewable integration and other reliability challenges.

19. The Commission should focus a procurement track of the IRP proceeding on the following types of SB1136 compliant resources: diverse renewable resources in the near term at levels sufficient to reach the 2030 optimized portfolio, in coordination with the RPS program; near-term resources with ramping, load following, ~~and~~ hourly or intra-hour renewable integration and ~~or ancillary services~~ capabilities; hybridization of existing natural gas resources; and long-duration (8 hour) storage resources.

Revisions to Orders.

11. The Commission hereby institutes a procurement track, alongside the planning activities in this proceeding, in order to evaluate the need for the following types of SB1136 compliant resources: diverse renewable resources in the near term at levels sufficient to reach the 2030 optimized portfolio, in coordination with the RPS program; near-term resources with ramping, load following, ~~and~~ hourly or intra-hour renewable integration, and ancillary services capabilities; hybridization of existing natural gas resources ; and long-duration (eight hour) storage resources.