

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)

**REPLY COMMENTS OF THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO
AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: April 15, 2019

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The Center for Energy Efficiency and Renewable Technologies respectfully submits these Reply Comments on the Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan (IRP) Cycle mailed in this proceeding on March 18, 2019. These Reply Comments are timely filed and served pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**I.
NUMEROUS PARTIES, INCLUDING CEERT, AGREE THAT THE PROPOSED
DECISION CORRECTLY REJECTED THE HYBRID CONFORMING PORTFOLIO AS
THE PREFERRED SYSTEM PLAN**

Numerous parties, including CEERT, agree that the Proposed Decision made the correct determination that the Hybrid Conforming Portfolio (HCP) should not be adopted as the Preferred System Plan (PSP).¹ CEERT agrees with Defenders of Wildlife, Southern California Edison (SCE), and The Utility Reform Network (TURN) that the HCP did not meet State policy objectives; specifically it did not meet State greenhouse gas (GHG) or renewables portfolio

¹ Opening Comments of CEERT, at p. 1. *See, also, e.g.* Opening Comments of Defenders of Wildlife, at p. 3; Opening Comments of the Solar Energy Industries Association, at p. 2; Opening Comments of the Imperial Irrigation District, at p. 1; Opening Comments of The Utility Reform Network, at p. 2; Opening Comments of the Union of Concerned Scientists and the Natural Resources Defense Council, at pp. 1-2; and Opening Comments of Southern California Edison, at p. 2.

standard (RPS) goals.² CEERT agrees with the Union of Concerned Scientists and the Natural Resources Defense Council (the Joint Environmental Parties) that “[t]he Commission correctly states that there is a high degree of uncertainty in the resources identified in the HCP.”³

While CEERT agrees with parties that the Proposed Decision is correct in rejecting the HCP as the PSP, CEERT has concerns about the Reference System Plan (RSP) being submitted to the California Independent System Operator (CAISO) Transmission Planning Process (TPP) as the reliability and policy portfolio.⁴ CEERT again reiterates its position that the Policy Case C be transmitted as the policy base case to the CAISO TPP because it is more consistent with State policy goals.⁵

II.

THERE ARE ISSUES WITH THE HEAVY DEPENDENCE ON ENERGY ONLY RESOURCES IN THE RSP AND THE PROPOSED DECISION SHOULD BE MODIFIED TO INCLUDE TRANSMISSION AS A RESOURCE OPTION IN THE IRP

In its Opening Comments, CEERT raised concerns about the reliance of energy only (EO) resources in the RSP because transmission upgrades and expansion may be more cost-effective than solely relying on EO resources.⁶ As such, CEERT agrees with First Solar that the EO assumptions in the PSP create problems such as drastically underestimating “the total cost of the portfolio to consumers” and that the PSP should “consider the transmission upgrades that will be needed to meet GHG emission reduction goals.”⁷

First Solar and the Solar Energy Industries Association (SEIA) also correctly note that EO projects are difficult to finance and may not be financially viable because there is no existing

² Opening Comments of CEERT, at p. 1; Opening Comments of Defenders of Wildlife, at p. 3; Opening Comments of SCE, at p. 2; and Opening Comments of TURN, at p. 1.

³ Opening Comments of the Joint Environmental Parties, at p. 2.

⁴ Opening Comments of CEERT, at p. 3.

⁵ *Id.*, at p. 4.

⁶ *Id.*, at pp. 2-3.

⁷ Opening Comments of First Solar, at pp. 4-5.

market for EO projects in California.⁸ Lastly, CEERT concurs with the Large-Scale Solar Association (LSA) that transmission should explicitly be “included as a resource option in the IRP.”⁹

III. THE PROCUREMENT TRACK SHOULD BE USED TO INTEGRATE THE IRP WITH RESOURCE ADEQUACY BUT THE IRP IS NOT THE APPROPRIATE VENUE TO MAKE DECISIONS ABOUT GAS CAPACITY

Many parties, such as CEERT, support the initiation of an IRP procurement track.¹⁰ CEERT agrees with SCE that there must be closer coordination between the IRP and resource adequacy (RA) proceedings and that the Procurement Track is an opportunity for evaluating and integrating these two processes.¹¹ SCE correctly notes that the Procurement Track should “ensure that shorter term RA incentives support the procurement of the resources need to meet longer term policy and reliability objectives in the IRP proceeding” and that it should not be limited to specific type of resources instead and instead should “focus on the needed attributes and consider any resources that meet the need.”¹²

CEERT supports the California Environmental Justice Alliance (CEJA) and Sierra Club contention that the Procurement Track must focus on phasing-out reliance on fossil fuels.¹³ However, CEERT cautioned in its Opening Comments against making determinations about gas capacity in the IRP proceeding instead of the RA proceeding.¹⁴ Furthermore, CEERT concurs with the Joint Environmental Parties that the RA proceeding, and not the IRP proceeding, is “the

⁸ Opening Comments of First Solar, at p. 5 and Opening Comments of SEIA, at p. 4.

⁹ Opening Comments of LSA, at p. 4.

¹⁰ Opening Comments of CEERT, at p. 5. *See, also, e.g.* Opening Comments of Imperial Irrigation District, at p. 4; Opening Comments of SCE, at p. 8; Opening Comments of the Joint Environmental Parties, at pp. 3-4; and Opening Comments of California Environmental Justice Alliance and Sierra Club, at p. 6.

¹¹ Opening Comments of CEERT, at pp. 5-6 and Opening Comments of SCE, at p. 8.

¹² Opening Comments of SCE, at p. 8.

¹³ Opening Comments of CEJA and Sierra Club, at p. 5.

¹⁴ Opening Comments of CEERT, at p. 6.

appropriate venue for retaining gas capacity that is necessary for reliability, and there is no looming reliability crisis that requires attention in the IRP proceeding.”¹⁵ Lastly, CEERT agrees with the Joint Environmental Parties “that it is premature to consider mandating further contracting with existing natural gas resources in the procurement track of the IRP proceeding.”¹⁶

IV. THE PROPOSED DECISION MUST BE MODIFIED TO MANDATE PROCUREMENT TO REPLACE DIABLO CANYON WITH GHG-FREE RESOURCES

In the IRP proceeding and the Diablo Canyon proceeding (Application (A.) 16-08-006), CEERT has long advocated that the Commission require mandatory procurement to replace Diablo Canyon with GHG-free power.¹⁷ As such, CEERT supports the Joint Parties, which is made up of Friends of the Earth, the Natural Resources Defense Council and California Unions for Reliable Energy, that “the proposed new procurement track in this IRP Proceeding, the Commission include a mandatory Diablo Canyon replacement procurement effort by all load serving entities in [Pacific Gas and Electric Company’s (PG&E’s)] PG&E’s electric service territory.”¹⁸ It is imperative that this mandatory procurement program include GHG-free resources and “prevent any increase in GHG emissions when the Diablo Canyon generators are retired.”¹⁹ CEERT once again urges the Commission to act quickly and revise the Proposed Decision to initiate this mandatory Diablo Canyon GHG-free replacement procurement.

¹⁵ Opening Comments of the Joint Environmental Parties, at pp. 3-4.

¹⁶ *Id.*, at p. 4.

¹⁷ *See, e.g.*, Opening Comments of CEERT on the Proposed Decision of ALJ Allen in A.16-08-008, dated November 29, 2017, at pp. 9-12; Opening Comments of CEERT on Proposed Decision of Commissioner Randolph in R.16-02-007, dated January 17, 2018, at p. 2; Comments of CEERT on the IRPs in R.16-02-007, dated September 12, 2018, at pp. 1 and 3.

¹⁸ Opening Comments of the Joint Parties, at pp. 6-7.

¹⁹ *Id.*, at p. 11.

**V.
CONCLUSION**

CEERT respectfully requests that the Commission modify the Proposed Decision as detailed above and in CEERT's Opening Comments. Those recommendations are further embodied in CEERT's Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs in Appendix A to its Opening Comments.

Respectfully submitted,

April 15, 2019

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