

**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)

**COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO AND
PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE**

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***On behalf of the California Wind
Energy Association***

April 8, 2019

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Pursuant to the March 18, 2019, Proposed Decision of Administrative Law Judge (“ALJ”) Fitch and accompanying letter of Chief ALJ Simon, the California Wind Energy Association (“CalWEA”) submits these comments on the Proposed Decision (“Proposed Decision” or “PD”) Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle.

CalWEA supports the Proposed Decision because it correctly:

- establishes integrated resource planning as a mandatory process aimed at securing an optimal overall portfolio;
- recognizes the importance of existing resources and the need for near-term, long-term procurement to secure those resources to achieve an optimal 2030 portfolio; and
- identifies a number of other concerns that should be addressed in planning, including more closely analyzing hydro resources and developing shared responsibility for reliability and integration resources.

1. The PD Correctly Establishes IRP as a Mandatory Process Aimed at Securing an Optimal Overall Portfolio

The PD represents a badly needed course-correction in the Integrated Resource Planning (“IRP”) process to date. CalWEA has been critical of staff’s previous analyses of the aggregated

plans of the load-serving entities (“LSEs”)¹ because they were limited to evaluating whether minimum reliability standards were met and did not evaluate the aggregated plan in terms of whether it met other statutory requirements² relating to IRP. Namely, in addition to ensuring system reliability, the IRP process is required to identify “optimal portfolios of resources” to meet the state’s greenhouse gas (“GHG”) and renewable energy targets while minimizing impacts on ratepayer’s bills, among other goals.³ Moreover, as the PD found, staff’s proposed Hybrid Conforming Portfolio (“HCP”) would be less reliable than the updated Reference System Plan (“RSP”) that the PD would adopt as the preferred system plan for 2019, and would not meet the 60% Renewables Portfolio Standard (“RPS”) requirement or the Commission’s GHG emissions target for the electric sector in 2030.⁴

The PD also correctly recognizes that the IRP process will be ineffective if full participation by all LSEs is not mandatory. We agree that the IRP proceeding is the “only venue where the Commission comprehensively examines environmental, reliability, and cost issues for all LSEs”⁵ and that full participation by all LSEs should be required.⁶ The Commission should also develop and enforce meaningful consequences for LSEs that fail to comply with IRP requirements.

2. The PD Correctly Recognizes the Importance of Existing Resources and the Need for Long-Term Procurement to Achieve an Optimal 2030 Portfolio

The PD appropriately acknowledges the need to focus on existing, as well as new, resources and to evaluate, in a new procurement track, the need for long-term procurement of diverse renewable resources in the near term at levels sufficient to achieve the 2030 optimized portfolio.⁷ The PD found that the HCP indicated a decreasing reliance on existing baseload

¹ See, e.g., in this proceeding, CalWEA Comments on Production Cost Modeling at p. 2 (October 10, 2018).

² Pub. Util. Code Sections 454.52(a)(1)(A)-(H).

³ CPUC Energy Division, “Proposed Reference System Plan,” slide 6 (September 18, 2017).

⁴ PD at p. 92 and Findings of Fact (“FOF”) 14-16.

⁵ PD at FOF 28.

⁶ PD at p. 147 and Conclusion of Law (“COL”) 23.

⁷ PD at pp. 88, 129 and 133, FOF 27, COL 16, COL 19 and Ordering Paragraph 11.

renewable and non-renewable resources over time.⁸ While the PD states that existing wind resources appear to be fully utilized throughout the period to 2030 based on LSE IRPs,⁹ CalWEA has repeatedly called attention to the fact that many existing, aging wind resources require long-term contractual commitments in order to make much needed capital improvements and to repower with new technology.¹⁰ While LSEs' plans may indicate that current levels of wind generation will be retained, achievement of that goal is not assured. CalWEA agrees with the PD that it will be a "serious challenge" for Community Choice Aggregators ("CCAs") to meet the long-term procurement requirements that lie ahead,¹¹ given limited procurements to date and the fact that most CCAs currently lack creditworthiness. Thus, we also agree that a new IRP procurement track is warranted to ensure that IRP goals, including maintenance of existing levels of resource diversity, will be achieved with costs and responsibilities appropriately shared.

Given the PD's recognition of the importance of preserving the existing diversity of resources to achieve IRP environmental, cost and reliability goals in 2030 and its recognition that natural gas plants should not be presumed to operate beyond a 40-year life, CalWEA calls attention to the fact that the 2017-18 RSP *assumed* the continued operation of many renewable resources built during the 1980s or earlier when, as explained above, the continued operation of these existing renewables is not assured. Staff should not continue to make this dubious assumption in the 2019-20 IRP process. Instead, in the procurement track, staff should study the impact on IRP goals of some 3,000 MW of existing, aging biomass, geothermal and wind resources retiring if they do not receive long-term contracts in the near term. The results should inform the Commission's IRP-related procurement requirements.

Lastly, we note that any procurement requirements coming out of the procurement track should be aimed at ensuring achievement of IRP goals and should not extend to fulfilling LSEs' RPS-compliance obligations (except where fulfilling IRP goals serves that dual purpose). Rather, the Commission should leave RPS procurement decisions to LSEs, imposing non-

⁸ PD at pp. 88, 92 and 107 and Table 4. Table 4 shows significantly decreasing planned reliance by LSEs on biogas, biomass and geothermal resources.

⁹ PD at p. 88.

¹⁰ *See, e.g.*, CalWEA's past comments in this proceeding on Proposed Decision Setting Requirements for Load Serving Entities Filing Integrated Resource Plans (January 17, 2018) and on Inputs and Assumptions for Development of the 2019-2020 Reference System Plan (January 4, 2019).

¹¹ PD at p. 131.

compliance penalties if and when necessary. In addition, system integration costs should be allocated to LSEs in proportion to the need for such resources that is created by their resource portfolios to ensure that LSEs are considering total system costs in their procurement decisions.¹²

3. The PD Correctly Identifies Other Concerns

The PD correctly identifies a number of other concerns that should be addressed in the IRP and possibly other proceedings. These include:

- **Improving the analysis of hydroelectric resources**, including revisiting import assumptions, requiring LSEs to provide a description in their IRPs of plans to address drought risk, revising the CNS calculator to more clearly distinguish between in-state and imported hydro resources, and developing more specific filing requirements to enable analysis and monitoring of the potential for resource shuffling.¹³
- **Fair sharing of responsibility for gas-fired reliability and integration resources among all LSEs.** As the Commission noted, “It will not be sufficient or appropriate for new CCAs to lean on these resources procured by IOUs, and provide the public with messages about their cleaner resource mix, while focusing their resource procurement efforts only on renewable and storage resources.”¹⁴ Rather, LSEs should procure balanced portfolios that meet their individual loads, or be responsible for covering the cost of resources procured by other means to meet that purpose, disclosing to the public the fuel mix actually relied upon to serve their customers.

For these reasons, CalWEA urges the Commission to adopt the Proposed Decision.

Respectfully submitted,

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¹² See, e.g., CalWEA’s comments in R.17-09-020 (Resource Adequacy) on Track 3 Workshop and Proposals (March 22, 2019).

¹³ PD at pp. 90 and 130.

¹⁴ PD at p. 133.

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Comments of the California Wind Energy Association on Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 8, 2019, at Berkeley, California.

/s/ Nancy Rader
Nancy Rader
Executive Director
California Wind Energy Association