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**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.

R.16-02-007  
(Filed February 11, 2016)

**REPLY COMMENTS OF CITY AND COUNTY OF SAN FRANCISCO ON PROPOSED  
DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAN FOR 2017-2018  
INTEGRATED RESOURCE PLAN CYCLE**

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Dated: April 15, 2019

**REPLY COMMENTS OF CITY AND COUNTY OF SAN FRANCISCO ON PROPOSED  
DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAN FOR 2017-2018  
INTEGRATED RESOURCE PLAN CYCLE**

The City and County of San Francisco (“San Francisco” or “City”) respectfully submits these reply comments in response to the Proposed Decision Adopting a Preferred System Portfolio and Plan for the 2017-2018 Integrated Resource Plan Cycle (“PD”), as provided in Rule 14.3 of the Rules of Practice and Procedure.

**DISCUSSION**

The Commission is on the verge of completing the first cycle of the IRP, but the true test of success will come with the next cycle. Solana Energy Alliance aptly states that “the IRP process is still in the early stages of development and should be treated that way.”<sup>1</sup> San Diego Gas & Electric observes that this cycle “is a proof-of-concept exercise.”<sup>2</sup>

San Francisco urges the Commission to take a practical look at its process and reaffirm the process created in D.18-02-018. Introducing a parallel procurement track will only serve to overly complicate and severely disrupt an already complicated proceeding. The PD notes that “[w]ith respect to the IRP process in general, Commission staff observe that the two-year cycle has required a heavy workload and fast pace from staff and parties, which is a challenge.”<sup>3</sup> A procurement track will magnify this challenge by creating two tracks, which may operate at cross purposes in terms of timing and result.

The best path for implementing SB 350 is a consistent application of the established integrated resource planning process. D.18-02-018 set the procedure. During odd numbered years, the following activities will take place:

- Commission staff will conduct modeling and analysis to recommend a GHG emissions target for the electricity sector, identify the optimal portfolio of resources to meet the target, and calculate a GHG Planning Price for use in IRP planning and demand-side resource cost-effectiveness evaluation.

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<sup>1</sup> Solana Energy Alliance, p. 2; *see also* PD, p. 100 (“This is the first time we have had an indication of the those LSE preference that we were able to aggregate together into a total picture of the what the system would look like should those choices come to fruition by 2030.”)

<sup>2</sup> San Diego Gas & Electric (“SDG&E”), p. 9.

<sup>3</sup> PD, p. 146.

- No later than December 31, the Commission will adopt [a Reference System Plan] consisting of the items above, for use in individual LSE IRP development and the CAISO's TPP commencing in February of the even-numbered years.<sup>4</sup>

In the even numbered years, 2020 being the next, the Commission adopts a Preferred System Plan after reviewing, aggregating, and approving/disapproving individual LSE plans. Any associated procurement authorization directly derives from this process and is completed by December 31st of the even year.<sup>5</sup>

Many parties support a procurement track, but the concept is so amorphous that different parties interpret the procurement track to meet opposing agendas. For example, Calpine and NRG support focusing on natural gas resources.<sup>6</sup> In contrast, California Environmental Justice Alliance ("CEJA"), Sierra Club, and the Center for Energy Efficiency and Renewable Technologies ("CEERT") support a procurement track that identifies opportunities to replace natural gas resources.<sup>7</sup> Other parties argue that a procurement track should occur, but no procurement should result because the Preferred System Plan provides insufficient support for procurement.<sup>8</sup> No matter what the final outcome, significant work will be expended to define the procurement track process, and then additional modeling will be needed to justify procurement. Simultaneously, the proceeding will be actively working on the 2019 Reference System Plan ("RSP"), which will develop more extensive and up to date information. For example, CAISO recommends that "[t]he next IRP cycle should . . . explore more diversified portfolios, including a deep decarbonization portfolio to position the system to meet Senate Bill 100 long-term goals."<sup>9</sup>

San Francisco agrees with Solana Energy Alliance that "there is a need to continue to develop and refine the IRP process" but not to embark on an undefined procurement track.<sup>10</sup> Time and resources can be better used by improving the inputs, modeling, and results of the next RSP. This

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<sup>4</sup> D.18-02-018, p. 21.

<sup>5</sup> D.18-02-018, p. 22.

<sup>6</sup> Calpine, pp. 1-2, 3; NRG, p. 5.

<sup>7</sup> CEJA & Sierra Club, pp. 2, 3-4; CEERT, p. 6,

<sup>8</sup> CAISO, p. 4; Pacific Gas & Electric ("PG&E"), pp. 5-6; SDG&E, p. 9.

<sup>9</sup> CAISO, p. 4.

<sup>10</sup> Solana Energy Alliance, p. 4.

should include coordination with the Resource Adequacy proceeding.<sup>11</sup> A more robust RSP will lead to a new round of load serving entities' IRPs. This new aggregated Hybrid Conforming Plan ("HCP") will be the real world snapshot of actual procurement upon which any additional procurement decisions can be made, if necessary. San Francisco agrees with SDG&E that the Commission should commit to adopting the HCP in subsequent IRP cycles because the HCP will best reflect the system,<sup>12</sup> and this approach will provide much needed consistency in the process.

When the legislature expressly authorized the formation and development of Community Choice Aggregators ("CCAs"), it created a decentralized electricity system. San Francisco recognizes the Commission must evaluate more than forty entities' SB 350 compliance,<sup>13</sup> but this obligation does not authorize the Commission to remake the regulation of the electricity system into a top down command and control system.<sup>14</sup> SB 350 explicitly recognized the unique relationship between CCAs and the Commission.<sup>15</sup> The Commission should reject SDG&E's request that the Commission define renewable integration so broadly as to include most if not all CCA procurement.<sup>16</sup> Similarly, the Commission should reject calls for creating a central buyer.<sup>17</sup> It contradicts statutory authority allowing CCAs to do their own procurement.<sup>18</sup>

The top down approach is not beneficial to ratepayers. CCAs by necessity have a close relationship to their customers and can provide localized services that better meet their needs. San Francisco agrees with Shell Energy that "[c]ustomer choice' means that the customer, not the

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<sup>11</sup> See, e.g., CAISO, pp 2-3, 5; Southern California Edison, p. 8; PG&E, p. 6.

<sup>12</sup> SDG&E, pp. 4-5; see also PG&E, p. 8 ("Staff should work to . . . set up the 2019-20 IRP process to ensure that LSE IRPs can be aggregated into a PSP that meets the state's GHG goals and maintains reliability with minimum cost impacts"); CESA, p.11.

<sup>13</sup> PD, p. 103.

<sup>14</sup> See Shell Energy North America (US), L.P., p. 4 ("the PD seeks to subvert individual customer choice in favor of a 'command and control' approach to resource procurement.")

<sup>15</sup> Public Utilities Code §§ 454.51(d); 454.52(b)(3) & (c); D.18-02-018, p. 26

<sup>16</sup> SDG&E, p. 10; see also PD, p 133 (the PD defines renewable integration broadly). Cf. CalCCA, p. 14 (arguing that renewable integration should not be defined to include all procurement.)

<sup>17</sup> See, e.g., PG&E, p. 6; SDG&E, pp. 7-8.

<sup>18</sup> Public Utilities Code § 366.2(a)(5); D.18-02-018, p. 26 (CCAs have procurement authority except in limited circumstances.)

Commission, decides the optimal mix of resources to meet the customer's requirements.”<sup>19</sup> We are in a different world where the Commission is not just reviewing procurement for investor owned utilities in separate territories; the IRP process should recognize this new reality and provide the tools for the LSEs to build compliant portfolios from the ground up.

Dated: April 15, 2019

Respectfully submitted,

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<sup>19</sup> Shell Energy North America (US), L.P., p. 5.