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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

REPLY COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
ON PROPOSED DECISION ADOPTING PREFERRED SYSTEM PORTFOLIO
AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Southern California Edison Company (“SCE”) respectfully submits these reply comments on the *Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle* (“PD”).¹

The parties’ opening comments reflect general support for the PD. SCE strongly supports most aspects of the PD and urges the Commission to adopt the PD with very limited modifications. As provided in these reply comments: (1) the Commission should adopt the PD’s discussion of the Commission’s authority over, and expectations for, all load-serving entities’ (“LSEs”) Integrated Resource Planning (“IRP”) and reject unsupported modifications to the PD proposed by community choice aggregator (“CCA”) and electric service provider (“ESP”) parties; (2) the PD correctly resolved issues regarding the retirement of the Diablo Canyon Nuclear Power Plant (“Diablo Canyon”); and (3) SCE further clarifies that its PLEXOS modeling analysis of the Reference System Portfolio only covered the year 2030.

¹ SCE is replying to opening comments submitted by California Community Choice Association (“CalCCA”); California Independent System Operator Corporation (“CAISO”); City and County of San Francisco (“San Francisco”); Pacific Gas and Electric Company (“PG&E”); Peninsula Clean Energy Authority (“PCE”) and East Bay Community Energy (“EBCE”); and Shell Energy North America (US), LP (“Shell Energy”).

I.

THE COMMISSION SHOULD ADOPT THE PD'S DISCUSSION OF THE COMMISSION'S AUTHORITY OVER, AND EXPECTATIONS FOR, ALL LSES' IRPS

The PD appropriately recognizes that the integrity and success of the IRP process requires full, meaningful participation by all LSEs, including CCAs and ESPs; sets the expectation that all LSEs will participate in the IRP process on the Commission's timetable and follow the Commission's IRP requirements; notes that maintaining a reliable electric system is a shared responsibility of all LSEs; and reiterates the Commission's significant authority over the IRPs of all LSEs.

CalCCA argues that “[i]n light of the CalCCA and its members’ support for a robust IRP process and the CCAs’ demonstrated willingness and ability to provide the Commission [w]hat it needs for its statewide planning process and to procure the optimal resources needed to achieve [Senate Bill] 350’s goals, these assertions are unnecessary and ultimately counterproductive to the goal of a prudent and collaborative IRP process.”² SCE disagrees. Despite CalCCA’s statements, many CCAs’ IRPs did not meet that standard. Some CCAs argued that the Commission should not rely on their IRPs for statewide planning and “asserted the primacy of their voluntary plans approved by their local governing boards over the Commission’s IRP process.”³ Many CCAs and ESPs also considered certain sections of the Commission’s IRP template “inapplicable to them, stating that they do not consider the Commission to have the authority to dictate what specific actions they must take.”⁴ Moreover, the CCAs’ IRPs showed, individually and collectively, a preference for solar, wind, and energy storage, and did not include the full mix of resources needed to balance the system.⁵ The PD correctly reiterates the Commission’s authority over ESP and CCA IRPs and establishes what expectations the Commission has for all LSEs in the next IRP cycle.

The Commission should reject the requests by CalCCA and other CCA parties to remove the PD’s statement of its authority to require long-term procurement of renewable integration

² CalCCA Comments at 12.

³ PD at 17, 102-103.

⁴ *Id.* at 18.

⁵ *See id.* at 103-104.

resources by CCAs.⁶ Public Utilities Code Section 454.51(a) provides that the Commission shall “[i]dentify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.” Section 454.51(d) then states that “[i]f the commission finds this need is best met through long-term procurement commitments for resources, community choice aggregators shall also be required to make long-term commitments for resources.” As such, the PD accurately reflects the Commission’s authority to require long-term procurement of renewable integration resources by CCAs under Public Utilities Code.⁷

Similarly, San Francisco and Shell Energy incorrectly assert that the Commission does not need cost and rate information from CCAs and ESPs to fulfill its statutory obligation to ensure that LSEs’ IRPs “[m]inimize impacts on ratepayers’ bills.”⁸ The fact that the Commission does not regulate CCA and ESP rates does not mean it cannot require cost and rate information be included in CCA and ESP IRPs to determine compliance with this statutory requirement.

Finally, CalCCA and other CCA parties propose modifications to the PD’s Findings of Fact, Conclusions of Law, and Ordering Paragraphs that have no factual or legal basis. As one example, CalCCA asks for a finding that “CCA procurement requires a significantly shorter lead time than IOU procurement” based solely on its unsupported statements and examples of two Marin Clean Energy contracts.⁹ There is no record evidence that CCA procurement requires significantly less lead time than IOU procurement. Indeed, many CCAs have not even begun procurement, or are just starting to begin procurement. These and other proposed revisions to the PD suggested by CalCCA and other CCA parties should be rejected.

II.

THE PD CORRECTLY RESOLVES ISSUES RELATED TO DIABLO CANYON

SCE supports the PD’s reasonable approach to issues related to the retirement of Diablo Canyon, including its determinations not to allocate specific replacement capacity to each LSE

⁶ See CalCCA Comments at 12-14, Appendix A at 1-2; PCE/EBCE Comments at 5-6, Appendix A at 1; San Francisco Comments at 3-4, 10.

⁷ See PG&E Comments at 4-5.

⁸ Cal. Pub. Util. Code § 454.52(a)(1)(D).

⁹ CalCCA Comments at 5-6, Appendix A at 2.

and that the requirement that LSEs include a section in their next IRP filings explicitly discussing their plans to address the retirement of Diablo Canyon is limited to LSEs in PG&E's territory.¹⁰

The Commission should not adopt PG&E's recommendation to expand the requirement that LSEs' IRPs address their plans for Diablo Canyon retirement to all LSEs within the CAISO balancing authority area.¹¹ PG&E argues that all LSEs throughout the CAISO system should be responsible for planning for the resources needed to meet California's 2030 GHG emissions goal with Diablo Canyon's retirement because it is a CAISO system resource that is able to provide energy south of Path 26.¹² SCE agrees that all LSEs should plan for meeting the state's 2030 GHG reduction target assuming a CAISO system where the Diablo Canyon units retire in 2024 and 2025, and account for their own needs and GHG emissions targets given this retirement assumption. As the PD recognizes, this will already happen by "[i]ncluding an assumption of the retirement date for Diablo Canyon in the analysis for each IRP cycle [that] will allow the LSEs collectively to plan for the purchase of power in an orderly fashion to serve the load that was previously served by Diablo Canyon output" and requiring each LSE "to plan to serve their portion of that load in general, regardless of the planned retirement of any particular power plant."¹³ PG&E has not demonstrated why LSEs outside of its territory should also be required to describe their plans to address the Diablo Canyon retirement in their IRPs or what purpose such a requirement would serve. As such, PG&E's proposed modifications to the PD on this issue should be rejected.

III.

SCE'S PLEXOS MODELING ANALYSIS OF THE REFERENCE SYSTEM PORTFOLIO ONLY COVERED THE YEAR 2030

The PD infers that a study of the Reference System Portfolio with 2017 Integrated Energy Policy Report ("IEPR") assumptions and a 40-year life assumption for fossil-fueled resources "would yield acceptable system reliability results" based on Commission staff's SERVM modeling results and SCE's PLEXOS model assessment of operational and system

¹⁰ See PD at 145, Conclusion of Law 22, Ordering Paragraph 12.

¹¹ See PG&E Comments at 7-8, Attachment A at A-2-A-3.

¹² See *id.* at 7.

¹³ PD at 145.

reliability, which the PD notes “demonstrat[es] that this system would be operable and reliable at the system level.”¹⁴ The CAISO cites SCE’s testimony at a March 19, 2019 Senate Energy Information Hearing stating that SCE’s recent analyses show reliability concerns as early as 2021, and requests that the Commission “seek to reconcile the recent statements with SCE’s prior results by vetting the analysis during the 2019-2020 IRP cycle.”¹⁵

As SCE’s stated in its opening comments, SCE’s PLEXOS modeling of the Reference System Portfolio with 2017 IEPR assumptions and a 40-year life assumption for fossil-fueled resources used assumptions provided by Energy Division, only modeled the year 2030, and did not model years between now and 2030.¹⁶ Based on this, SCE found that the system was operationally reliable with the Energy Division assumptions in 2030. SCE proposed a clarification to the PD’s Finding of Fact 21 to make clear that its modeling was limited to 2030.¹⁷ Because SCE’s PLEXOS modeling of the Reference System Portfolio did not evaluate any of the intermediate years prior to 2030, there is no need for the Commission to reconcile that analysis with SCE’s recent statements regarding analyses showing reliability concerns as early as 2021.

Respectfully submitted,
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¹⁴ *Id.* at 107.

¹⁵ CAISO Comments at 3-4.

¹⁶ See SCE Comments at 5 n.16. See also *Comments of Southern California Edison Company (U 338-E) on Administrative Law Judge's Ruling Seeking Comment on Proposed Preferred System Portfolio and Transmission Planning Process Recommendations*, R.16-02-007, January 31, 2019, Appendix A at 6 (stating SCE’s PLEXOS zonal simulation of the Reference System Portfolio was for year 2030).

¹⁷ See SCE Comments, Appendix A at A-1.