

**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 IMPERIAL IRRIGATION DISTRICT
ON THE PROPOSED DECISION ADOPTING
THE PREFERRED SYSTEM PORTFOLIO AND PLAN FOR
2017-18 INTEGRATED RESOURCE PLAN CYCLE**

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Pursuant to Administrative Law Judge (ALJ) Fitch’s March 18, 2019 Decision Adopting the Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle, the Imperial Irrigation District (IID) respectfully submits these reply comments.

A. The Commission’s Prioritization of In-State Renewable Development Should Remain the Default Assumption – It is Unclear What Costs the Construction of New Out-of-State Transmission Lines Would Impose Upon Californian Ratepayers

Under the guise of ratepayer justice, parties advocating for development of out-of-state renewables have written to demand the Commission advance their interests.

The people of California have already prioritized in-state development while rejecting a reorganization of CAISO¹ that would have outsourced renewable

¹ Jeff St. John, *Greentech Media*, “California Lawmakers Pass PG&E Wildfire Relief Bill, Let Grid Regionalization Expire”, published September 4, 2018, available at

development to Wyoming and New Mexico.² IID's previous filings have made that point through extensive citations to contemporaneous news articles and relevant publications, but in any event, it bears repeating: there is no reason for the Commission to disturb the Legislature's determination as to where the benefits of SB 100's renewable development ought to be directed first.³ The determination, as evidenced by the Commission's default modeling assumptions, is in California's disadvantaged communities.

Moreover, any claim that the out-of-state wind development scenario results in a \$315 million savings to ratepayers⁴ is misleading because said scenario *does not include the billions of dollars that new multi-state transmission projects would likely cost*. Said scenario necessarily contemplates use of existing, not new, transmission lines. Indeed, Commission staff has stated the upcoming IRP cycle would attempt to model the cost of *new* transmission projects to aid future discussions of out-of-state wind procurement.⁵

While IID does not agree in principle with the continued inclusion of out-of-state wind development scenarios, IID recognizes the Commission may find it helpful for future modeling efforts to determine precisely how many billions *will* be passed onto California's ratepayers. Nearly all costs of these lines will be

<https://www.greentechmedia.com/articles/read/california-passes-pge-wildfire-relief-bill-but-grid-regionalization-fails>

² Sammy Roth, *The Desert Sun*, "Jerry Brown and Warren Buffett Want to Rewire the West", published Feb. 1, 2017, available at

<https://www.desertsun.com/story/tech/science/energy/2017/02/01/caiso-pacificcorp-california-solar-wind/96201888/>

³ See e.g. *Reply Comments of the IID on the Proposed Scenarios for 2019-2020 Reference System Portfolio*, dated March 5, 2019.

⁴ See e.g. *Comments of the American Wind Energy Association (AWEA) California Caucus on Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 IRP Cycle*, pages 5-7.

⁵ Attachment A, to Ruling Seeking Comment on the Proposed Scenarios for 2019-20 Reference System Plan Portfolio, dated February 11, 2019, proceeding R.16-02-007, pages 9-10.

passed onto California ratepayers, as it is Californians who will make use of the energy transmitted through these lines.

The Commission already has at its disposal the cost estimates needed to get a sense of how many billions may in fact be passed on. The CEC's 2017 Renewable Energy Transmission Initiative report identifies at least one 3,000 MW transmission line from CAISO's eastern border to Wyoming at the cost of approximately \$3.21 billion.⁶ The CEC report also identifies similarly priced high capacity transmission lines to New Mexico.⁷

In summary, the default scenario prioritizing in-state renewable development must remain the default; the arguments presented by a subset of parties to this proceeding in favor of making out-of-state wind the default instead are not supported by evidence and disregard already-made Legislative determinations.

B. As Several Parties Have Expressed, The Inclusion of a Procurement Track in the IRP is Reasonable, but the Commission Should Provide a Clearer Statement of What the Procurement Track Entails

IID agrees with the many parties who have expressed generalized agreement with the CPUC's inclusion of a procurement track in the IRP to ensure system reliability, although it is unclear yet what form the procurement track should take to accomplish the Legislature's stated policies.

As Southern California Edison (SCE) proffers, the IRP procurement track should explicitly acknowledge the possibility of procuring "both policy-driven and reliability resources," which include "resources procured to meet the state's GHG emissions or RPS goals that are not procured for the purpose of meeting an electric

⁶ See RETI 2.0 Final Plenary Report, California Energy Commission, dated February 23, 2017, proceeding 15-RETI-02, page 46.

⁷ *Id.*

system reliability need.”⁸ The Utility Reform Network (TURN) acknowledges the need for the Commission to “promptly clarify its enforcement authority” over the IRP process.⁹

Indeed, a procurement track would ensure renewables with long lead times and renewables that are most cost-effective when purchased through long-term contracts continue to fulfill the critical function of smoothing out the early evening peak demand curve in a market where investor-owned utilities (IOUs) are gradually being displaced by community choice aggregators (CCAs). A procurement track would also provide the Commission a means to enforce the Legislature’s mandate of policy-driven renewable development in disadvantaged communities. In other words, a procurement track is a reasonable tool to ensure the Commission fulfills the legislative intent of SB 100.

As the Green Power Institute points out, the CCAs’ procurement plans are “more aspirational than rooted in real contracts or solicitations for resources.”¹⁰ After all, “the formation of CCAs shifts the responsibility for the procurement of new energy resources from the IOUs to the CCAs, but the loads served by the IOUs distribution systems are not affected by the formation of CCAs.”¹¹ Indeed, although the energy needs of Californians did not significantly change since the development of the CCAs, the CCAs’ aggregated procurement plans produced very different results from the Commission’s portfolio. A guiding hand, however slight and in whatever form, is necessary for the IRP proceeding to produce the desired result.

⁸ *Comments of SCE Company (U 338-E) on Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 IRP Cycle*, page 7, fn. 25.

⁹ *Opening Comments of TURN on the Proposed Decision of ALJ Fitch Adopting Preferred System Portfolio and Plan for 2017-2018 IRP Cycle*, page 5.

¹⁰ *Comments of the Green Power Institute on the Proposed Decision of ALJ Fitch*, page 3.

¹¹ *Id.*

To accelerate discussion of the PD's proposed procurement track, the Commission should clarify the relationship between the Resource Adequacy proceeding (R.17-09-020) central buyer concept in development and the IRP procurement track; other parties seek the same clarification.¹² The final decision to be adopted by the Commission therefore ought to include a more developed statement of *how* development of the procurement track will proceed.

CONCLUSION

IID appreciates this opportunity to file reply comments in furtherance of the robust in-state renewable energy development sought by the Legislature through SB 100. The Proposed Decision takes many important steps in that direction, and it appears a strong majority of parties agree.

Respectfully Submitted,

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¹² See e.g. *Comments of San Diego Gas & Electric (U 902-E) on Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-18 IRP Cycle*, page 8