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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

Rulemaking R-16-02-007

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE
ON THE PROPOSED DECISION OF ALJ FITCH**

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REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE PROPOSED DECISION OF ALJ FITCH

Pursuant to Rules 14.3 and 14.6 of the Commission's Rules of Practice and Procedure, in Proceeding R-16-02-007, the **Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements**, the Green Power Institute (GPI), the renewable energy program of the Pacific Institute for Studies in Development, Environment, and Security, provides these *Reply Comments of the Green Power Institute on the Proposed Decision of ALJ Fitch*.

Cost and Reliability as Co-Equal Factors to Greenhouse Gas Emissions

A number of parties, including PG&E, SDG&E, and the Public Advocates Office, endorse the PD's conclusion that cost and reliability should be co-equal factors to greenhouse-gas emissions in determining optimal development pathways in the IRP, like the RSP and the PSP. In attempting to understand how this conclusion can be put into use in the next round of the IRP, it is important to understand some of the inner workings of linear programming, the platform upon which the RESOLVE model is built. A linear program functions by either maximizing or minimizing an objective function, subject to a series of constraints. In the case of the RESOLVE model the objective function is the minimization of the cost of the provision of electricity, while greenhouse-gas emissions and a multitude of other factors are, in effect, co-equal constraints.

In other words, in all modeling that is done using RESOLVE, cost is not just a co-equal factor in determining the optimal solution; it is the primary factor in determining the optimal solution – the objective function. Greenhouse-gas emissions, on the other hand, are just one of many constraints on the optimal solution, and may or may not even be binding on any given run of the model. Greenhouse-gas emissions were not the driving force behind any of the runs of the RESOLVE model performed in support of the 2017-2018 IRP, and

greenhouse-gas emissions will not be the driving force behind any of the RESOLVE modeling that will be performed in support of the 2019-2020 IRP. In all cases, the driving force behind RESOLVE modeling is cost minimization. Greenhouse-gas emissions are simply constraints. For this reason, it is the opinion of the GPI that declaring cost to be a co-equal factor with greenhouse-gas emissions and reliability in reference to modeling that is conducted with the RESOLVE model is both unnecessary and redundant.

Determination and Specification of the Preferred System Plan

There is broad support among the parties behind the PD's rejection of the HCP as the inaugural IRP's PSP. In our reading of the parties' opening comments, the support for substituting the modified and updated RSP as the PD's PSP was more in the realm of accepting, rather than enthusiastic. Nevertheless in our opinion it is the right thing to do in this Decision for purposes of closing the 2017-2018 IRP. It is our hope that the 2019-2020 IRP will take a more nuanced approach to the development of the RSP and PSP, as we proposed the GPI's opening comments on the PD, and other comments in this proceeding.

Procurement in the New World of CCAs

The IOUs, who until recently have been the primary procurement agents for existing and new RPS electricity supplies in California, express a strong measure of concern regarding the willingness and ability of the CCAs, who are expected to assume that role in the future, to procure the kinds of electricity supplies that provide the reliability and integration services needed by the grid. A significant number of the intervenor parties, including the GPI, share those concerns. It is our opinion that dealing with CCA-related procurement issues should be a major focus of the 2019-2020 round of the IRP.

Replacement Procurement for Diablo Canyon

We are disappointed to see that in their opening comments PG&E, the principal sponsor of the Petition for Modification (PFM) discussed in Section 6 of the PD, acquiesces to the PD's decision to decline to require any special efforts to avoid a serious bump in greenhouse-gas

emissions in connection with the retirement of the Diablo Canyon power plant in 2024-2025. The GPI believes that this is contrary to the spirit of PG&E's original application to early-retire Diablo Canyon, as well as to the Commission's Decision authorizing its retirement (D.18-01-022), and the recently enacted SB 1090 (2018), which provides statutory guidance for the retirement. The PD should be amended to add carbon-free replacement procurement for Diablo Canyon to the proposed new procurement track in the IRP. Several parties join us in this request, including many of PG&E's collaborators in the original application, and the PFM.

New Track for Near and Medium Term Procurement

The GPI joins a number of the intervenor parties in requesting that if indeed a new procurement track is opened in the 2019-2020 round of the IRP, as proposed in the PD, at the very least it should include several clean energy issues in its defined scope of work, including replacement procurement for Diablo Canyon, procurement issues related to CCAs as the primary procurers of new preferred resources, an analysis of the implications of imminent closures of existing RPS generators, and the near- and medium-term procurement of clean energy resources.

Many of the intervenors join GPI in calling for preferred resources to be an essential component of the proposed new IRP procurement track. Sierra Club / CEJA argue the essential purpose of the new procurement track should be to transition away from the use of fossil fuels for the provision of reliability services, not to perpetuate the use of fossil fuels for these purposes. The GPI strongly endorses this proposal.

We also endorse the opening comments of CAISO, in which they endorse the opening of a procurement track in the next IRP, but caution that the PSP adopted in this Decision should not be the basis for this new procurement track. The GPI agrees.

Finally, we have to disagree with CESA, who argues that the inaugural run of the IRP should not be treated as a trial run, but rather should form the basis for procurement authorizations for what they describe as no-regrets actions. We strongly disagree. We

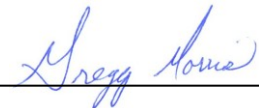
recognize the potential benefits of near- and medium-term procurements of a variety of preferred resources, but we prefer that these procurements proceed under established programmatic auspices. Energy storage (ES), for example, is supported through a variety of state programs, including having its own proceedings at this Commission. Through these efforts the Commission has established ES procurement targets, and addressed related barriers to market adoption. We believe that near-term procurement efforts continue to run through these established venues, while the IRP continues to be developed and refined to the point that it can become a dependable basis for procurement authorizations in the future.

Conclusion

We recommend that the Commission make the changes we propose, and adopt the positions we have taken in these comments.

Dated April 15, 2019.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Gregory Morris", is written over a horizontal line.

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