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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)

**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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**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 submit these 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. CleanPowerSF, San Francisco’s Community Choice Aggregator (“CCA”), filed an Integrated Resource Plan (“IRP”) that the PD addresses, among other things.

ARGUMENT

I. THE COMMISSION SHOULD NOT START A PROCUREMENT TRACK.

The PD states a procurement track will begin this Summer,¹ and proposes “to begin to conduct procurement processes for various types of resources” in order “to test our assumptions and begin the acquisition process for the types of resources that we need and want to support the transition to 2030.”² The PD initiates the procurement track “to explore options for facilitating procurement of some existing and some new types of resources that are determined to be necessary for maintaining system reliability and/or to facilitate renewable integration.”³

The Commission should not begin a procurement track because the PD has not identified a specific procurement need. To justify a procurement track, this need should have been explicitly calculated and identified in the PD. Instead, the PD expresses generalized concern about the long-term future of existing fossil fuel plants and about the ability of the CCAs to be the main source of procurement over the next decade.⁴ Neither of these reasons justify procurement.

¹ PD, p. 137.

² PD, p. 136.

³ PD, pp. 3-4.

⁴ PD, pp. 88-89.

A. The PD Does Not Identify a Specific Procurement Need.

The PD identified a trend that “numerous fossil-fueled thermal plants . . . may be without contracts by the end of the next decade even as they may be needed for reliability purposes.”⁵ Despite this trend, the PD does not identify a current, specific reliability or renewable integration gap. In fact, the PD recognizes that “[t]he majority of parties felt that there is not a looming crisis of reliability, and the Commission has time to consider these issues and craft solutions. . . .”⁶ Instead, the PD anticipates a potential problem in the three to four year time period.⁷ San Francisco recommends that this “area of concern” continue to be studied, but this concern should not trigger an amorphous procurement that is not linked to specific problems on the system.

Additionally, the PD acknowledges that more work needs to be done to understand the existing system and future procurement. For example, the Commission plans to evaluate the existing gas fleet in the next cycle of the IRP.⁸ Similarly, the Commission proposes that CAISO study two policy-driven sensitivity cases, an in-state and an out-of-state renewable development case, “to learn about the transmission build out and cost implications of those two distinct portfolio choices.”⁹

Furthermore, the Resource Adequacy proceeding would typically analyze reliability issues. The PD acknowledges this but explains that the IRP proceeding takes a more comprehensive system approach and thus, the IRP proceeding should be the venue for addressing the natural gas fleet.¹⁰ If this proceeding is the venue for considering the existing natural gas fleet, the Commission should explain how procurement in the Resource Adequacy proceeding on a one and a three year basis will feed into the IRP analysis. Currently, these proceedings produce independent results. The Commission should not initiate another procurement track for natural gas resources when the Commission has not incorporated analysis and results from the Resource Adequacy proceeding.

⁵ PD, pp. 88-89.

⁶ PD, p. 125.

⁷ PD, 135.

⁸ PD, p. 130.

⁹ PD, p. 3.

¹⁰ PD, pp. 129-130.

The ten year time horizon of the IRP provides room and time for adjustment in the next cycle of the IRP. The next cycle can address the issues surfaced in the PD and accommodate the conclusions from the additional studies that will be conducted. For example, Finding of Fact No. 33 confirms that “[t]he Commission is in the process of continuing to study the likely amount of [natural gas] resources needed to remain online.” The IRP must be the proceeding where the Commission takes active steps to lessen reliance on natural gas generation because the Commission has already found a “clear nexus between natural gas generation and emissions in disadvantaged communities within the electric sector.”¹¹ Compliance with SB 350 will not permit the natural gas fleet to look the same in 2030 as it does today. The enactment of SB 100 will most likely accelerate this change. Yet, PD states that “[c]urrently, all non-renewable resources available on the CAISO system are needed for renewable integration.”¹² To justify continued natural gas procurement, the analysis needs to occur on a more granular level and include an analysis of the impacts on disadvantaged communities. Initiating a procurement track for natural gas resources prior is premature, because the proposed Preferred System Plan contains planning assumptions and modeling that present significant issues requiring more study and this cycle of the IRP did not consider SB 100’s new mandates.

B. Increased Procurement by CCAs Does Not Justify Starting a Procurement Track.

The Commission cannot start a procurement track based on its concern that CCAs will not be able to collectively procure enough resources to serve their expanding loads.¹³ This concern leads the PD to erroneously conclude that the Commission should “consider exercising its authority to require long-term commitments to renewable integration resources by CCAs in a new ‘procurement track’ of this IRP proceeding.”¹⁴

This conclusion does not comply with SB 350. Public Utilities Code Section 451.51(d) only permits the Commission to order CCAs to make a long-term procurement commitment for resources if

¹¹ D.18-02-018, p. 70.

¹² PD, p. 158, Finding of Fact No. 32.

¹³ PD, pp. 130-131; see also PD, p.4.

¹⁴ PD, p. 161, Conclusion of Law No. 18.

a renewable integration need is determined pursuant to Section 451.51(a).¹⁵ Section 451.51(a) require the Commission to “[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.

The portfolio **shall rely upon zero carbon-emitting resources to the maximum extent reasonable**

... .”¹⁶ As discussed above, the Commission plans to study the natural gas fleet in the next cycle of the IRP. At this time, the Commission does not know the extent that it can rely on “zero carbon-emitting resources.” If carbon emitting resources are needed, the Commission must determine in what amount, where and for how long. Presumably, the natural gas fleet study will address these questions.

Furthermore, the Commission cannot order general CCA procurement. D.18-02-018, the prior decision in this proceeding, recognized the limits of the Commission’s power with respect to CCAs. The Commission stated that “with some exceptions related to renewable integration resources, the procurement decisions, customer rates, and contract terms and conditions (outside of the RPS) are the domain of the CCA governing boards and not the Commission.”¹⁷ “The overall IRP process is designed to achieve its intended GHG targets and ‘ensure a safe, reliable and cost-effective electricity supply in California’ while respecting the role of individual CCA governing boards to direct an individual CCA’s procurement.”¹⁸ Even if the Commission finds a renewable integration need, “the Commission must: ‘Permit community choice aggregators to submit proposals for satisfying their portion of the renewable integration need identified in subdivision (a).’”¹⁹ Pursuant to statute, the CCAs can still make their own renewable integration resource choices if those choices meet the requirements of subsections (1)-(3) of 451.51(d).

Finally, the purpose of the procurement track is unclear. The track appears to be focused on process questions on what entities are responsible for procurement and who will pay for

¹⁵ All statutory references are to the Public Utilities Code.

¹⁶ Section 451.51(a) (emphasis added).

¹⁷ D.18-02-018, p. 26

¹⁸ D.18-02-018, p. 26

¹⁹ D.18-02-018, p. 27 (citing Pub. Util. Code § 451.51(d)).

procurement.²⁰ However, the PD also explains that in answering the process questions, the Commission will focus on procurement activities addressing resources with specific attributes:

- “Diverse renewable resources in the near term, at levels sufficient to reach the 2030 optimized portfolio, in coordination with the RPS program
- Near-term resources with load following and hourly or intra-hour renewable integration capabilities
- Existing natural gas resources
- Long-duration (8 hour) storage.”²¹

The resource described above are exactly the type of resources that should be considered in the next cycle of the IRP. Initiating procurement for these, however, puts the cart before the horse. Similarly, determining which entities should procure resources and pay for resources is also premature without knowing the specific resources that will be procured.

The timing of procurement will also adversely affect the next IRP cycle. If the Commission intends to procure resources through this track, decisions about those resources will realistically not occur until Winter or Spring of 2020 well after all LSEs have begun their 2020 IRPs. Introducing new variables near the end of the plan development stage will create uncertainty and unnecessary chaos in the planning process. The PD recognized that this IRP cycle was completed under less than optimal conditions.²² San Francisco recommends that Commission not pursue a procurement track in order to provide an orderly planning process that does not introduce new requirements or variables at the last minute.

The next IRP cycle provides the appropriate process for improving future LSEs’ IRPs and for specifically identifying any necessary procurement. Accordingly, Conclusion of Law 18 should be deleted: ~~“The Commission should consider exercising its authority to require long-term commitments to renewable integration resources by CCAs in a new ‘procurement track’ of this IRP proceeding.”~~²³

²⁰ PD, p. 136.

²¹ PD, p. 137.

²² See, e.g. PD, p. 14 (the PD “acknowledges that the instructions for completing the Standard LSE Plan were clearer in some areas than others.)

²³ PD, p. 161, Conclusion of Law No. 18.

II. EACH CCA IS RESPONSIBLE FOR ITS OWN RATES.

CleanPowerSF agrees with PD's statement "the Commission does not approve CCA or ESP rates."²⁴ The PD also affirms that the Commission is not involved in setting CCAs' rates.²⁵ At the same time, CleanPowerSF understands that an LSE's IRP must "minimize impacts on ratepayers' bills."²⁶ CleanPowerSF strives to do this and currently has rates below Pacific Gas & Electric's ("PG&E"). CleanPowerSF has every intention of maintaining its competitive rates. If CleanPowerSF did not, its customers could choose to return to PG&E.

CleanPowerSF's rate information is public information, and can be provided to the Commission. The Commission can review the relative rates of the CCAs and compare them to the IOUs and other CCAs. With respect to the CCAs' IRP filings, the Commission may consider whether the economic benefits, among other things, are consistent with the requirements for each CCA IRP.²⁷ However, as already acknowledged by the Commission, the Commission does not have the power to approve or reject a CCA's rates, and thus, the Commission does not need extensive cost information as suggested by the PD.²⁸

III. CCAS WILL CONDUCT PLANNING AND PROCUREMENT OUTSIDE OF THE COMMISSION'S IRP PROCESS BECAUSE THE IRP PROCESS IS A SPECIFIC SNAPSHOT IN TIME.

The PD unfairly critiques CCAs for having a planning process that is in addition to the IRP proceeding.²⁹ CleanPowerSF plans to follow the IRP's schedule and to comply with the requirements for filing an IRP. This includes filing specific information on specific templates. Presenting this information in a common format is necessary because the Commissions needs to aggregate all of the

²⁴ PD, p. 18.

²⁵ PD, p. 20.

²⁶ Public Utilities Code § 454.52(a)(1)(D).

²⁷ Public Utilities Code § 454.52(b)(3)(A).

²⁸ See PD, pp. 18-19. The PD expresses the Commission's concern "about overall cost to consumers." (PD, p. 18.) CleanPowerSF shares this concern and notes that this is a reason for not engaging in or requiring unnecessary procurement.

²⁹ PD, pp. 102-103.

LSEs' procurement and GHG emissions. It allows the Commission to compare apples to apples. At the same time, each CCA has a board and community to which it is accountable. A CCA also needs the flexibility to present the same information in different formats to different audiences. Some of the CCAs' planning will occur using a format that is different than required by the Commission. This planning is a necessary part of developing a CCA IRP even though it exists outside the framework set up by the Commission.

The Commission's IRP schedule could better accommodate CCAs' approval processes. Section 452.52(b)(3) requires a CCA's governing board to approve the IRP filing submitted to the Commission. San Francisco recommends that that next IRP cycle schedule consider this approval process and give CCAs sufficient time to educate and inform their governing boards about their IRP filings. The process for the current IRP cycle did not provide CCAs with an adequate opportunity to accomplish these goals, particularly given the ever-evolving filing requirements set by the Commission.

Moreover, operating a CCA is a dynamic process that continues after an IRP has been filed and certified.³⁰ For example, although the IRP provides a roadmap, unanticipated procurement opportunities may arise or others may not occur. In contrast, the IRP filing is by necessity a snapshot of the system. Things will change. Fortunately, the IRP proceeding is set on a two year cycle; the following IRP cycle can account for any changes.

IV. LOAD SERVING ENTITIES SHOULD BE ABLE TO FILE AIR EMISSIONS DATA AS AN APPENDIX TO FILED IRPS RATHER THAN HAVING TO REFILE THEIR ENTIRE IRPS.

The PD did not certify CleanPowerSF's IRP because the IRP failed to provide estimates of criteria air pollutant emissions.³¹ As a result, the PD orders CleanPowerSF to file this information in a

³⁰ D.18-02-018, p. 91.

³¹ PD, pp. 21, 30-31.

Tier 2 Advice Letter by no later than June 14, 2019. The PD requires CleanPowerSF to refile its 2018 IRP with this information.³²

CleanPowerSF requests that it not be required to refile its IRP because this requirement is unnecessary. CleanPowerSF requests that it only be required to file the new information as an appendix to its already filed IRP because the air emissions calculations will not change the filed 2017-18 IRP. To demonstrate the limited nature of the information requested, CleanPowerSF prepared Exhibit A, which provides best available estimates of emissions of nitrogen oxides and particulate matter associated with all emitting resources used to serve load, including system power, and what percentage of disadvantaged communities in CleanPowerSF's territory are not completely served by Hetch Hetchy Power. This same change should apply to each similarly situated CCA. Paragraph 6 of the Order should be changed as follows:

The following community choice aggregators' individual integrated resource plans (IRPs) are not certified in this decision and they shall ~~refile their individual IRPs, with~~ **file** supplemental numerical information about the criteria pollutant emissions (nitrous oxides and particulate matter) associated with serving the load in their portfolios, in at least the four study years of 2018, 2022, 2026, and 2030 **as an appendix to their filed IRPs**, via a Tier 2 Advice Letter no later than June 14, 2019: Apple Valley Choice Energy, Clean Power Alliance of Southern California, CleanPower San Francisco, East Bay Community Energy

V. THE COMMISSION SHOULD CLARIFY THAT INFORMATION RELATED TO DIABLO CANYON WILL BE REQUIRED IN THE NEXT IRP CYCLE.

The PD "will require each LSE that serves load in PG&E distribution territory to include a section in its next IRP filing explicitly addressing its plans to address the Diablo Canyon retirement."³³ This seems to refer to the next IRP cycle, but the Order requires any IRP filed after "the date of this decision" to include this analysis.³⁴ Because CleanPowerSF and the other CCAs in PG&E's territory are currently required to refile their IRPs by June 14, 2019, each would be required to add a new section related to Diablo Canyon's retirement. This section would require new analysis under a tight

³² PD, p. 22; CleanPowerSF must also "clarify what percentage of disadvantaged communities in CleanPowerSF's territory are not completely served by Hetch Hetchy Power." (PD, p. 31.)

³³ PD, p. 145.

³⁴ PD, p. 165, Order ¶ 12.

deadline which seems unnecessary and impractical. It is also contrary to the PD's statement that "[n]ew data templates or other attachments are not required" to be filed with the advice letter.³⁵ In addition, CleanPowerSF expects that Staff will develop guidance for this requirement in the proceeding's next cycle. It is unclear what information the PD seeks because the planning assumptions have already accounted for Diablo closing.

To avoid unintended consequences, the Commission should affirmatively state that this new requirement will start with the next IRP cycle. Paragraph 12 of the Order should be changed as follows:

All entities serving load within the territory of Pacific Gas and Electric Company shall include in each individual integrated resource plan filed between ~~the date of this decision~~ **May 1, 2020** and 2030 a section describing its plans to address the retirement of the Diablo Canyon Generation Plant.

Dated: April 8, 2019

Respectfully submitted,

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³⁵ PD, p. 22.

APPENDIX

CONCLUSIONS OF LAW:

Delete Conclusion of Law 18:

~~The Commission should consider exercising its authority to require long-term commitments to renewable integration resources by CCAs in a new ‘procurement track’ of this IRP proceeding.~~

ORDER:

Edit Paragraph 6 as follows:

The following community choice aggregators’ individual integrated resource plans (IRPs) are not certified in this decision and they shall ~~refile their individual IRPs, with~~ **file** supplemental numerical information about the criteria pollutant emissions (nitrous oxides and particulate matter) associated with serving the load in their portfolios, in at least the four study years of 2018, 2022, 2026, and 2030 **as an appendix to their filed IRPs**, via a Tier 2 Advice Letter no later than June 14, 2019: Apple Valley Choice Energy, Clean Power Alliance of Southern California, CleanPower San Francisco, East Bay Community Energy

Edit Paragraph 12 as follows:

All entities serving load within the territory of Pacific Gas and Electric Company shall include in each individual integrated resource plan filed between ~~the date of this decision~~ **May 1, 2020** and 2030 a section describing its plans to address the retirement of the Diablo Canyon Generation Plant.

EXHIBIT A

CleanPowerSF Air Pollutant Emissions

CleanPowerSF does not plan on contracting directly with any power containing nitrogen oxide or particulate matter emissions; therefore CleanPowerSF's projected NOx and PM2.5 estimates are based on its procurement of system power. CleanPowerSF's preferred and conforming portfolio submitted in its 2018 CPUC filing assumes procurement of system power in the following amounts:

	2018	2022	2026	2030
CPSF Preferred Portfolio Estimate of System Power (GWh)	252	491	251	0

Using the most recent datasets available from CARB¹ and the CEC² to total electricity sector nitrous oxide emissions and NOx-emitting energy volumes, respectively, CleanPowerSF staff estimate a system power NOx emissions factor of 0.00108 tons/MWh. Using the most recent data from CARB³ on particulate matter emissions and the CEC⁴ to total electricity sector particulate matter emitting volumes, respectively, CleanPowerSF staff estimate a system power PM2.5 emissions factor of 0.000013 tons/MWh. Assuming conservatively that these emissions factors do not decrease, CleanPowerSF's resulting NOx and PM2.5 emissions projected estimates are below:

	2018	2022	2026	2030
CPSF Preferred Portfolio Estimate of System Power (GWh)	252	491	251	0
Projected Preferred Portfolio NOx emissions (metric tons)	272	530	271	0
Projected Preferred Portfolio PM2.5 emissions (metric tons)	2.91	5.66	2.89	0

¹ https://www.arb.ca.gov/cc/inventory/data/tables/ghg_inventory_sector_sum_2000-16n2o.pdf.

² https://www.energy.ca.gov/almanac/electricity_data/system_power/2016_total_system_power.html.

³ https://www.arb.ca.gov/app/emsmv/2017/emssumcat_query.php?F_YR=2012&F_DIV=-4&F_SEASON=A&SP=SIP105ADJ&F_AREA=CA%20-%20stationary.

⁴ https://www.energy.ca.gov/almanac/electricity_data/system_power/2016_total_system_power.html.

Clarification Regarding CleanPowerSF Territory and Served Disadvantaged Communities

At the completion of enrollment, CleanPowerSF will serve customers in a territory that includes eleven census tracts identified as disadvantaged communities, based on their CalEnviroScreen 3.0 score percentile rank of 76%-100%. Note that while the City and County of San Francisco is home to twelve disadvantaged community census tracts, one of these, Treasure Island (Census Tract 6075017902), is not eligible for CleanPowerSF as it is served entirely by San Francisco's publicly-owned utility through Hetch Hetchy Power.

Seven of the eleven disadvantaged communities to be served by CleanPowerSF are in the Hunters Point region of San Francisco, and four are around the Moscone Center/South of Market Street (SoMa)/Civic Center area. CalEnviroScreen 3.0 estimates these census tracts to have a population of 43,189. Over 99 percent of the accounts in these 11 tracts are either currently served by CleanPowerSF or are CleanPowerSF-eligible (and not served by Hetch Hetchy). A percent breakdown of Hetch Hetchy vs CleanPowerSF-eligible accounts is included below by tract for reference.

Map ID	Census Tract	% Accounts Eligible for CleanPowerSF
1	6075012301	100%
2	6075012502	100%
3	6075017601	99%
4	6075017801	99%
5	6075017902	n/a
6	6075023102	99%
7	6075023103	95%
8	6075023200	100%
9	6075023300	99%
10	6075023400	99%
11	6075061200	99%
12	6075980600	99%

