



**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)

**COMMENTS OF ORMAT TECHNOLOGIES, INC. ON PROPOSED DECISION
ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAND FOR 2017-2018
INTEGRATED RESORCE PLAN CYCLE**

/s/ PAUL THOMSEN

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**COMMENTS OF ORMAT TECHNOLOGIES, INC. ON PROPOSED DECISION OF
ALJ FITCH ADOPTING PREFERRED SYSTEM PORTFOLIO AND PLAND FOR 2017-
2018 INTEGRATED RESORCE PLAN CYCLE**

In accordance with Rule 14.3 of the Commission’s Rules of Practice and Procedure, Ormat Technologies, Inc. (Ormat) hereby submits these comments on the proposed decision (PD) of Administrative Law Judge Fitch, dated March 19, 2019.

Ormat commends the PD for acknowledging that the Hybrid Conforming Portfolio (HCP) as proposed does not adequately address or resolve long-term concerns about achieving greenhouse gas (GHG) emission targets and maintaining reliability. Using a version of the Reference System Plan (RSP) that utilizes 2017 IEPR assumptions and 40-year life for fossil-fueled generation creates a more reasonable baseline for planning as well as potential procurement recommendations. As is appropriate for this proof of concept IRP cycle, the PD also identifies improvements and further work required for the next IRP cycle and beyond. Including a requirement for LSEs to account for replacing the energy (and capacity) from Diablo Canyon with GHG-free alternatives is also an excellent idea. Overall, Ormat finds a few items in the PD that warrant revision or correction and describes them below. Additionally, Ormat reserves the right to address other issues that may be warranted in its reply comments.

Northwest Hydro Availability

The reliance of many IRPs on the continued availability of excess hydroelectric generation from the Pacific Northwest (PNW) is a concern. While the proposed utilization is “within historical import levels,” over-reliance on the continued long-term availability of this limited resource is troubling. Plans of Washington and Oregon to accelerate their GHG

reduction policies, load growth and the expected retirement of coal plants in the region have raised the specter of a potential capacity shortfall in the PNW. A study conducted by E3¹ for the Public Generating Pool concluded that a shortage of 8 gigawatts by 2030 is likely absent construction of new dispatchable capacity. This does not portend well for the future availability of large amounts of Northwest hydro to meet California's growing need for GHG-free energy. Ormat recommends that the Commission revise the statement in the PD that "*Commission staff are also actively communicating with staff from the Northwest Power and Conservation Council on these issues, in order to understand potential changes in the availability of imported Northwest hydro in the future*" to an order that Commission staff undertake a dialogue with the Northwest Power and Conservation Council to assess the risk of the long-term reduced availability of Northwest hydro to support California's ambitious GHG reduction goals.

Diablo Canyon Replacement

The PD's determination that LSEs serving load within PG&E's service area should include a description of their plans to address the retirement of Diablo Canyon in their IRPs is important to assure that Diablo Canyon is replaced with non-carbon-emitting resources. In addition, Ormat recommends that the required plans to address replacing the energy deficit resulting from the retirement of Diablo Canyon also address plans for replacing some or all the retiring base load capacity with new base load resources.

Ormat appreciates the opportunity to provide these comments.

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¹ <http://www.publicgeneratingpool.com/e3-carbon-study/>

APPENDIX
ORMAT’S PROPOSED CHANGES TO CONCLUSIONS OF LAW AND
ORDERING PARAGRAPHS

COL 22: The Commission should require each LSE serving load within the PG&E territory to explicitly address in its individual IRP its plans to address the retirement of Diablo Canyon, accounting for energy replacement and base load operating characteristics.

New OP: **Energy Division staff shall undertake a dialogue with the Northwest Power and Conservation Council to assess the risk that the developing energy policies and generation profiles in the Northwest could reduce the long-term availability of Northwest hydro resources to serve California load.**