

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)

OPENING COMMENTS OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON THE PROPOSED DECISION

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April 8, 2019

For:
The California Community Choice Association

TABLE OF AUTHORITIES

California Public Utilities Commission Decisions

D.18-02-018.....	1-3, 5, 8-14
------------------	--------------

Statutes and Regulations

Cal. Pub. Util. Code § 454.52.....	2, 7
Cal. Pub. Util. Code § 454.51.....	13, 14
Senate Bill 350.....	12, 13
Assembly Bill 117.....	12, 14

Cases

<i>California Teachers Assn. v. Rialto</i> (1997) 14 Cal. 4th 627.....	14
<i>Jones v. Lodge at Torrey Pines P'ship</i> (2008) 42 Cal. 4th 1158.....	14
<i>Moore v. California State Bd. Of Accountancy</i> (1992) 2 Cal. 4th 999.....	14

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In accordance with Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Community Choice Association (“CalCCA”) respectfully submits the following comments on the *Proposed Decision of ALJ Fitch Adopting Preferred System Portfolio and Plan For 2017-2018 Integrated Resource Plan Cycle* (“Proposed Decision” or “PD”). For the reasons set forth below, CalCCA respectfully requests that the Commission adopted the changes to the PD set forth in Appendix A to these comments.

I. CALCCA AND ITS MEMBERS ARE COMMITTED TO CONTINUE WORKING WITH THE COMMISSION TO DEVELOP A ROBUST AND FUNCTIONAL IRP PROCESS

CalCCA and its members strongly support the Commission’s efforts to develop a robust and functional Integrated Resource Planning (“IRP”) process to produce a statewide portfolio that accurately identifies optimal resources and provides sufficient detail regarding these resources to inform load serving entity (“LSE”) procurement. As the Commission recognized in Decision (“D.”) 18-02-018, with a few narrow exceptions, a Community Choice Aggregator’s (“CCA”) actual procurement decisions, customer rates, and contract terms are the sole domain of

the CCA's governing board.¹ At the same time, the Legislature has vested in the Commission a critically important statewide planning function.² CalCCA recognizes that for the IRP process to succeed, the Commission needs all LSEs, including CCAs, to provide it with individual IRPs that include the information that it reasonably needs to develop its aggregated statewide portfolio, identify potential resource gaps, and assess the statewide portfolio for compliance with the IRP goals listed at Public Utilities Code Section 454.52(a),³ subject to reasonable confidentiality protections.

CalCCA supports the PD's approach to criteria pollutant emissions reporting. CalCCA recognizes that the Commission needs this information to assess its aggregated statewide portfolio for compliance with Section 454.52(a)(1)(H), and supports the re-submission of nonconforming IRPs via a Tier-2 advice letter.⁴

A successful IRP process should result in an optimal portfolio that: 1) is highly accurate, providing a high degree of confidence that the optimal resources identified in the portfolio are actually the optimal resources in the real world; and 2) provides sufficiently granular information to inform LSE procurement decisions. Such success will depend on the accuracy of the inputs and assumptions used to develop the portfolio. During this IRP process, some CCAs informed the Commission that they possessed local information and projections that were significantly more accurate than those being used in IRP, and some CCAs cautioned against using less accurate IRP portfolios for planning purposes.⁵ These statements demonstrate the CCAs' dedication to developing the most accurate and effective IRP process possible. In the next IRP

¹ D.18-02-018 at 26.

² *Id.*

³ All further references to statute are to the California Public Utilities Code unless otherwise noted.

⁴ PD at 22-23.

⁵ PD at 17.

cycle, the Commission should develop a mechanism for incorporating more accurate local information into its modeling inputs and assumptions when such information is available.

II. CCAS CAN BE COUNTED ON TO DRIVE THE PROCUREMENT NEEDED TO ACHIEVE THE SB 350 GOALS

A. The CCAs are able and willing to procure the needed resources

As the PD recognizes, “CCAs are the LSEs with the vast majority of planned new resource purchase through 2030, reflecting their expectation of growing load.”⁶ CCAs plan to procure over 10,000 MW of new renewable resources, over 90% of the new renewable procurement between now and 2030.⁷ At the same time, the PD notes some concerns regarding CCAs’ willingness and ability to procure these needed resources.⁸ These concerns are misplaced. Although procuring over 10,000 MW of new renewable resources over the next 11 years is going to be a significant task, *the State’s CCAs are up to this challenge*, and will continue to deploy their demonstrated capabilities to procure optimal resources at scale. The Commission can best ensure the success of this effort by: 1) adopting the collaborative approach outlined in D.18-02-018, respecting and balancing the Commission’s statewide planning function and “the role of individual CCA governing boards to direct an individual CCA’s procurement;”⁹ and 2) providing CCAs with a statewide portfolio of optimal resources, developed through a high-confidence process, that includes actionable locational, resource attribute, and procurement timing information. The accelerating rate of CCA procurement is consistent with meeting and exceeding the annual additions of 900 MW capacity that target implies.

The CCAs’ intent to procure the needed optimal resources is demonstrated in their individual IRP submissions, which collectively proposed over 10,000 MW of new storage,

⁶ PD at 88.

⁷ PD at 89.

⁸ PD at 102-104 (expressing concern regarding CCA participation in the Commission’s IRP process and potential conflicts with local planning efforts); 130-131 (expressing concern regarding feasibility of relying on CCAs to procure the needed resources).

biomass, geothermal, and wind resource procurement.¹⁰ The CCAs’ ability and willingness to procure large-scale, long-term renewable projects is clearly established by their recent track record. By November, 2018, a subset of just 6 CCAs had *already* contracted for over 2,000 MW of new renewable resources.¹¹ Most of this procurement has been through *long term contracts* – the MW weighted average CCA contract is for over 17 years, with over 75% of CCA MW procurement occurring through contracts of 15 years or longer.¹² This includes such large projects as:¹³

- PCE Wright Solar Park (200 MW, 25-year PPA).
- PCE Mustang Two Solar Project (100 MW, 15-year PPA).
- MCE Little Bear Solar (160 MW, 20-year PPA).
- CPSF San Pablo Raceway solar (100 MW, 22-year PPA).
- SCP Sand Hill C wind (80 MW, 20-year PPA).
- SVCE/MBCP PPAs for 278 MW solar and 85MW/340MWh storage in California and 200 MW of wind in New Mexico.

Much of this procurement has come from large-scale projects – as of November, 2018, CCAs had contracted for 24 projects of 10 MW or more.¹⁴ Although the PD notes some concern that the median CCA project size is 1.75 MW,¹⁵ this number is skewed by the PD’s use of the *median* rather than the *mean* (average) project size. The median CCA project size also likely reflects CCAs’ procurement of more small-scale renewable projects to meet individual CCAs’ local procurement and disadvantaged communities (“DAC”) investment goals. CalCCA also agrees with the PD’s suggestion that CCA programs pool resources and expertise for their procurement efforts,¹⁶ and notes that CCA programs are *already* doing just that.¹⁷

⁹ D.18-02-018 at 26.

¹⁰ PD at 89.

¹¹ Data available at: <https://cal-cca.org/wp-content/uploads/2018/11/CCA-Renewable-Energy-Map-web-1.pdf>

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

¹⁵ PD at 131.

¹⁶ *Id.*

CalCCA's members are positioned to continue accelerating the pace of new renewable resource procurement. Procuring 10,000 MW of capacity by 2030 is a significant task and will require an average procurement rate of roughly 900 MW of new capacity per year from 2019 through 2030. CCAs, however, *already* procuring new renewable resources at a significant rate. Just two of the State's 20 CCA programs, Marin Clean Energy and Sonoma Clean Power had a combined 408.05 MW of new renewable resources come online in 2018.¹⁸ CalCCA anticipates that the annual rate of CCA procurement will quickly accelerate to well over 900 MW per year as the State's other 18 CCA programs, including new large programs like Clean Power Alliance, procure new renewable resources at scale. This acceleration will also be driven by a number of other factors, including: growing CCA customer demand; the need to procure more RPS resources; the expiration of NBCs; downward trends in the cost of new renewable projects; and improvements in the accuracy and actionability of the Commission's identification of optimal resources in future IRP iterations.

B. CCAs require less lead-time for procurement than IOUs

In D.18-02-018, the Commission recognized the energy division's conclusion that "there is no 'need' on a reliability basis or for the greenhouse gas ("GHG") emissions reductions from renewables until around 2026, according to the modeling analysis."¹⁹ Despite this, the PD expresses concern regarding the CCAs' ability to procure adequate resources in time to meet system needs.²⁰ This concern appears to be driven largely by renewable project lead-time assumptions that apply to the IOUs, not CCA programs. While IOUs generally take several years to complete large-scale renewable projects, CCAs' projects do not undergo a lengthy

¹⁷ See, e.g., the joint SVCE/MBCP project listed above. Additionally, EBCE, PCE, MBCP, SJCE and SVCE have issued an RFP for Joint CCA RA Portfolio Management Services.

¹⁸ Data available at: <https://cal-cca.org/wp-content/uploads/2018/11/CCA-Renewable-Energy-Map-web-1.pdf>

¹⁹ D.18-02-028 at 99.

²⁰ PD at 130-131.

Commission approval process, and generally have a much shorter turn-around time from the issuance of a request for offers (“RFO”) to project operational date. For instance, Marin Clean Energy has two long-term contracts for large renewable projects in the 100 MW range that are now operational. For these projects, the average time from the issuance of the RFO to the completed project’s operational date was *only 2 years, 8 months*.

C. The CCAs are the optimal entities to drive SB 350 procurement

For a number of reasons, CCAs are the most reliable option in many important respects for procuring the resources needed to achieve SB 350s goals. First, of the LSEs, CCAs’ individual interests are best aligned with SB 350’s goals. CCAs are *public agencies* and are bound by state policy goals, including SB 350. In addition, many CCA programs have internal GHG-reduction, renewable resource, and DAC development goals that are even more ambitious than SB 350. Unlike investor owned utilities (“IOU”), these CCA programs’ duty to serve their customers and achieve the State’s goals are not complicated by the need to maximize shareholder profits. Second, in light of recent developments, CCAs are among the most stable and reliable procurement entities. Unlike the IOUs, no CCA is currently in bankruptcy or under criminal probation (PG&E), no CCA is facing significant credit downgrades (PG&E and SCE), and no CCA has publicly announced its intent to stop providing generation service (SDG&E). Third, In light of PG&E and SCE’s recent credit downgrades and the highly favorable terms available for municipal financing, CCA programs are positioned to get financing for new renewable projects that is equal to – or better than – the terms available to other entities. Fourth, as detailed above, CCAs are able to procure resources significantly more quickly than IOUs.

D. CCA customers are directly and indirectly procuring their share of reliability resources.

CCAs are committed to maintaining grid reliability and have already contributed significantly to system needs through a range of mechanisms. The PD expresses the concern that

CCAs may not be shouldering their burden of procuring their share of reliability resources, particularly existing fossil resources.²¹ This concern is unfounded, as CCA customers pay for a significant share of the reliability resources contracted or owned by the IOUs through non-bypassable charges (“NBC”), including the Cost Allocation Mechanism (“CAM”). By not recognize this reliability contribution by CCA customers, the current IRP process creates the artificial impression that CCAs are contributing to a reliability resource shortfall. In addition, neither the PD nor the IRP modeling account for the recently adopted multi-year RA requirement for all LSEs, which should significantly increase the amount of reliability resources procured by CCAs.

III. THE COMMISSION SHOULD DEFER CONSIDERATION OF IOU PROCUREMENT TO FUTURE IRP ITERATIONS

The PD would order the opening of a new procurement track in this IRP cycle to explore procurement of new and existing resources for maintaining reliability and facilitating renewable integration.²² Although the Commission does not have the authority to direct CCA procurement, costs associated with IOU-procured reliability and renewables integration resources, may, under some circumstances, qualify for recovery through NBCs (subject to self-provision options), and thus may directly impact CCAs and their customers. Moving forward with concrete procurement decisions based on the 2017-2018 IRP process and, particularly, the PD’s Preferred System Portfolio (“PSP”) would be imprudent and ultimately counterproductive. As such, CalCCA asks that the Commission defer any consideration of concrete IOU procurement to the 2019-2020 IRP cycle. If the Commission decides to move forward with a procurement-focused track in the 2017-2018 IRP proceeding, that track should focus on finding ways to improve the IRP process

²¹ PD at 132.

²² PD at 136-137.

and make the Commission's preferred portfolio more accurate and actionable for procurement efforts.

It would not be prudent for the Commission to consider authorizing or ordering IOU procurement or NBCs based on the results of the 2017-2018 IRP process. First, as noted in D.18-02-018, the Energy Division designed this iteration of the IRP process as a *trial run* intended to “demonstrate the feasibility of the proposed process,” not a platform for actual procurement decisions.²³ Throughout this process the Energy Division and parties have identified numerous flaws in the inputs, assumptions, forms, and modeling methodologies being used.²⁴ and identified these as issues for improvement in the 2019-20 cycle. For example, the estimated GHG emissions for the CAISO area from the Hybrid Conforming Portfolio (“HCP”) varied from exceeding the GHG targets by only 3%²⁵ to over 24%,²⁶ depending on the model and assumptions deployed. This sensitivity to assumptions and approach suggests that any model output has limited accuracy and that the true emissions at best can be said to lie within 20% of

²³ D.18-02-018 at 15.

²⁴ Staff have recommended RESOLVE assumptions of the carbon intensity of NW imports, which have a significant impact on the model results, the dispatch profiles of natural gas resources, and other assumptions. In addition, using more accurate local historical load data, better incorporating demand response and other DER, more granular analysis, more granular data about natural gas retirements, and accounting for health impacts may significantly shape model outcomes, among other improvements, *See, e.g.*, Energy Division Staff presentation “*Proposed Preferred System Portfolio for IRP 2017-18: System Analysis and Production Cost Modeling Results*” January 7, 2019, at 55 & 102, available at: http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/2018/Attachment%20A_Proposed%20Preferred%20System%20Portfolio%20for%20IRP%202018_final.pdf

²⁵ *See*, CAISO PLEXOS model, scenarios 2 and 3, showing GHG emissions of 35.1 MMT based on more detailed gas dispatch assumptions and California Air Resources Board methodologies for estimating carbon intensities of Northwest imports. *See*, CAISO presentation “Reliability Assessment of the IRP Conforming Portfolio” Presented January 7, 2019, available at: http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/2018/4.%20CAISO%202017-18%20IRP%20HCP%20Analysis_01032019.pdf

²⁶ *See* Energy Division SERVIM model results, Energy Division Staff presentation “Proposed Preferred System Portfolio for IRP 2017-18: System Analysis and Production Cost Modeling Results” January 7, 2019, at 89. Available at: http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/2018/Attachment%20A_Proposed%20Preferred%20System%20Portfolio%20for%20IRP%202018_final.pdf

the numeric estimate. Failure to recognize the variation would imply a false level of precision and accuracy in the model results that the data do not support.

IRP was intentionally designed to be an iterative process, with each iteration correcting the flaws and building on the successes of the previous IRP cycle. Given the number of issues raised in this initial, trial iteration, it is impossible have confidence whether the identified shortfalls are realistic results or mere modeling artefacts resulting from unverified assumptions and faulty data inputs. Thus, it would be far more prudent to defer binding procurement decisions until these flaws can be remedied in the next cycle.

Second, it would be neither appropriate nor prudent to authorize IOU procurement or NBCs based on the PSP selected by the PD. In accordance with the process required by D.18-02-018,²⁷ the LSEs spent months developing their individual portfolios, and the Energy Division then spent months aggregating these individual portfolios and assessing and adjusting the aggregated portfolio to develop the HCP. The PD, however, would reject the HCP and instead adopt a modified version of the reference system portfolio (“RSP”) as its PSP.²⁸ This PSP does not provide an adequate basis for procurement decisions. The PSP was not developed according to the process outlined in D.18-02-018.²⁹ The PSP does not reflect individual LSEs’ procurement preferences or any of the other information provided in their individual IRPs. The PSP is based on the RSP, which was intended to be the *starting point* for this *trial run* of the IRP process, not a final product. The PSP incorporates two major modifications to the RSP – the adoption of 2017 IEPR assumption adjustments and the adoption of a 40-year fossil fuel retirement assumption.³⁰ The incorporation of out-of-date assumptions from the 2017 IEPR is

²⁷ D.18-02-018 at 21-22. See also D.18-02-018, Attachment A.

²⁸ PD at 106.

²⁹ D.18-02-018 (Attachment A).

³⁰ PD at 106-110.

not supported by the record, and parties have not had the opportunity to comment on this specific portfolio, raising both evidentiary and due process concerns.

Further, the PD's adoption of the PSP over the HCP appears to be driven, in part, by the erroneous finding that "all of the LSEs collectively showed a deficiency in the area of reliability... resources necessary to achieve the 2030 reliability needs of the system."³¹ This finding is contradicted by the Energy Division's modeling of the HCP, which concluded that the HCP (based on parties' aggregated resource preferences) would result in a 2030 portfolio that is orders of magnitude more reliable than the accepted industry standard.³² In contrast, the PD's PSP has not been modeled for reliability, leaving the PD to "infer" that the PSP will yield "acceptable system reliability results" based on the modeling of other portfolios.³³ Furthermore, given the substantial variation among the output of various models, there is scant basis for concluding that the PSP actually has lower GHG emissions than the HCP, since the relative difference between the two portfolios (3% difference in SERVM) is much lower than the relative differences among model outcomes (over 20% difference between the PLEXOS estimate of HCP emissions in the CAISO area and the SERVM estimate).

Third, emerging reliability needs are not imminent, thus allowing time for an iterative process to address such needs with non-fossil fuel resources. Based on its extensive modeling, the Energy Division has concluded that *no new IRP resources are needed until 2026*,³⁴ and there is little record evidence that supports any claim of an immediate or medium-term need for IRP procurement. Further, roughly 90% of the needed IRP procurement is to be done by CCAs. As discussed above, CCAs require significantly less lead time (roughly 3 years) to bring large new

³¹ PD at 156 (Finding of Fact 16).

³² Administrative Law Judge's Ruling Seeking Comment on Preferred System Portfolio And Transmission Planning Process Recommendations (January 11, 2019), Attachment A at 60 (defining a "reliable system" as one with a Loss of Load Expectation of less than 0.1), 67 (the HCP has an expected LOLE of 0.003).

renewable projects from RFO issuance to operation, meaning that there is ample time for procurement before the 2026 need arises.

Fourth, the PD's PSP is of only limited utility for making actual IOU procurement decisions. Deferring procurement until the 2019-2020 IRP cycle will allow the Commission to refine its portfolio to provide better guidance as to the resources needed, including:

- Specific resources to be replaced or retired, with a focus on the most polluting resources located in DACs.
- Specific resources available with attributes.
- Specific local needs.
- Optimal timing of resource retirement and procurement (recognizing the different timelines for CCA and IOU procurement).
- Optimal locations of new resources.

IV. THE CCAS LOOK FORWARD TO REFINING THE RELATIONSHIP BETWEEN THE COMMISSION'S COORDINATION ROLE AND CCA PROCUREMENT AUTHORITY

A. The PD's assertive approach to CCA procurement is premature given the current need for a cooperative and iterative planning process.

SB 350's IRP guidelines and AB 117's role for CCAs in the California energy market provide a legislative framework that seeks to balance the essential role of the Commission's statewide planning process with other interests, including local choice. In D.18-02-018 the Commission expressly recognized this framework, stating that it "...respect[s] the separate authority of the CCA governing boards and the limitations on our rate and contract authority for [CCAs]"³⁵ and 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."³⁶

³³ PD at 107.

³⁴ D.18-02-028 at 99.

³⁵ D.18-02-018 at 158.

³⁶ D.18-02-018 at 26.

Based on concerns regarding CCA programs' willingness and ability to procure the resources required to achieve SB 350s goals, in its discussion section the PD includes a handful of suggestions that do not appear to be consistent with SB 350 and AB 117's carefully crafted framework.³⁷ In light of the CalCCA and its members' support for a robust IRP process and the CCAs' demonstrated willingness and ability to provide the Commission that it needs for its statewide planning process and to procure the optimal resources needed to achieve SB 350s goals, these assertions are unnecessary and ultimately counterproductive to the goal of a prudent and collaborative IRP process.

B. The PD includes factual and legal errors in its statements on CCA renewable integration procurement.

The PD states that: "SB 350 specifically gave the Commission the authority to require CCAs to procure, via long-term contracts, renewable integration resources. At this moment in time, every resource that requires procuring or retaining, including the renewables themselves, is being used for renewable integration, since renewables are becoming the dominant resources in the electric system."³⁸ In addition, Conclusion of Law 18 of the PD states 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."³⁹

The Commission should correct these erroneous statements. As the Commission itself noted in D.18-02-018, 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*

³⁷ PD at 17-18 (CCA internal planning processes); 19 (CCA costs and rates); 136-137 (implying the authority to authorize IOUs to procure on behalf of CCA customers); 128-130 (the Commission's IRP process is "intended as the venue for both planning and for any procurement that should emanate from the analysis conducted during planning").

³⁸ PD at 133, 158 (Findings of Fact 32 and 35).

³⁹ PD at 161 (Conclusion of Law 18).

*role of individual CCA governing boards to direct an individual CCA's procurement.*⁴⁰ SB 350 does not give the Commission the authority to *order* any CCA procurement, including procurement of renewable integration resources. Instead, Section 454.51 grants the Commission the authority to: 1) order the *IOUs* to procure resources identified in the Commission's preferred system portfolio;⁴¹ and 2) authorize the *IOUs* to impose *NBCs* for the cost of "incremental renewable integration resources;"⁴² and provides an option, but not a requirement, that *CCAs* can self-procure these resources as an alternative to paying the renewable integration resource *NBC*.⁴³

The PD's assertion that all resources ordered in *IRP* are renewable integration resources is an error of law. "Renewable integration" refers to a number of distinct *strategies* for incorporating variable-availability renewable resources into the grid, including changing usage patterns through price signaling, resource curtailment, and the procurement of renewable integration resources.⁴⁴ In this *IRP* process, the Commission has determined that the most efficient renewable integration strategy is *curtailment*, not the procurement of specific renewable integration resources. In D.18-02-018 the Commission stated that "[the] curtailment alternative is lower cost than many of the more expensive renewable integration options for much of the time period analyzed."⁴⁵ As such, most of the resources identified in the *IRP* process, the *HCP*, or the *PSP* are not renewable integration resources under Section 454.51.

⁴⁰ D.18-02-018 at 26.

⁴¹ Section 454.51(a – b)

⁴² Section 454.51(c)

⁴³ Section 454.51(d)

⁴⁴ D.18-02-018 at 40. See also CAISO, *Discussion and Scoping Paper on Renewable Integration Phase 2* (April 5, 2010) at 3, available at: <http://www.caiso.com/Documents/DiscussionandScopingPaper-RenewableIntegrationMarketandProductReviewPhase2.pdf>

⁴⁵ D.18-02-018 at 40. See also Administrative Law Judge's Ruling Seeking Comment on Preferred System Portfolio And Transmission Planning Process Recommendations (January 11, 2019), Attachment A at 57.

More broadly, the PD's position that all resources identified in its IRP portfolio are renewable integration resources is an unsupportable interpretation of statute. If the Legislature had intended Section 454.51 to apply to all resources ordered through IRP, it would have clearly worded the section to apply to "all resources" rather than limiting the section to the narrowly defined technical term "renewable integration resources."⁴⁶ In addition, the PD's interpretation of Section 454.51, which would effectively allow the Commission to direct all CCA long-term resource procurement, is incompatible with the State's policy of encouraging local energy choice through Community Choice Aggregation⁴⁷ and the Commission's recognition of the need to respect the role of individual CCA governing boards to direct an individual CCA's procurement.⁴⁸

V. ANY ATTEMPTS TO ADDRESS RESOURCE SHUFFLING SHOULD BE BASED ON REAL WORLD DATA

The PD asserts that there is a need to address concerns regarding resource shuffling.⁴⁹ These concerns, however, are entirely speculative and not based on, or supported by, any record evidence of resource shuffling actually happening in the real world. Indeed, Energy Division staff specifically identified the need to evaluate whether or not resource shuffling occurs as an issue to be resolved in the 2019-20 process.⁵⁰ Absent such an analysis, it is premature to conclude without evidence that such resource shuffling is occurring.

⁴⁶ See *California Teachers Assn. v. Governing Bd. of Rialto Unified Sch. Dist.* (1997) 14 Cal. 4th 627, 633; *Jones v. Lodge at Torrey Pines P'ship* (2008) 42 Cal. 4th 1158, 1166; *Moore v. California State Bd. Of Accountancy* (1992) 2 Cal. 4th 999, 1031.

⁴⁷ See AB 117.

⁴⁸ D.18-02-018 at 26.

⁴⁹ PD at 90, 130.

⁵⁰ See Energy Division Staff presentation "Proposed Preferred System Portfolio for IRP 2017-18: System Analysis and Production Cost Modeling Results" January 7, 2019, at 9, http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/2018/Attachment%20A_Proposed%20Preferred%20System%20Portfolio%20for%20IRP%202018_final.pdf

CalCCA's members are is committed to reducing carbon emissions. In light of this commitment, the CCAs have an interest in knowing if any their imported renewable energy purchases result in secondary GHG emissions. Such information would be very helpful in informing CCA procurement decisions. However, any effort to assign a GHG emissions value to imported power should be based on actual, confirmed data of real-world resource shuffling, and should take into account the strong evidence presented in this proceeding that Pacific Northwest hydroelectric imports do not result in resource shuffling or secondary emissions.⁵¹

VI. CONCLUSION

CalCCA thanks the Commission for its consideration of these comments, and respectfully requests that the Commission adopt the modifications to the PD's findings, conclusions, and ordering paragraphs set forth in Appendix A to these comments, as well as the changes to the discussion section needed for consistency with these modifications.

Dated: April 8, 2019

Respectfully submitted,

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⁵¹ See, e.g., *Response of Public Utility District No.2 of Grant County WA to Stakeholder Comments on Load Serving Entities Integrated Resource Plans* (September 26, 2018) at 4.

APPENDIX A: APPENDIX OF PROPOSED MODIFICATIONS
(Modifications to existing language are shown as strike outs
for deletions and are underlined and boldfaced for additions.)

MODIFICATIONS TO FINDINGS OF FACT:

Modify Finding of Fact 13 as Follows:

The Commission's primary responsibility, in implementing the provisions of Public Utilities Code Sections 454.51 and 454.52, is to ~~ensure~~ **develop** an electric resource portfolio, for the aggregated LSEs within its purview, that meets the state's GHG emissions, reliability, and cost requirements, as well as other state goals.

Replace Finding of Fact 16 as Follows:

~~All of the LSEs collectively showed a deficiency in the area of reliability and renewable integration resources necessary to achieve the 2030 reliability needs of the system.~~

The both the hybrid conforming portfolio and the reference system portfolio adopt curtailment rather than the procurement of renewable integration resources as the most efficient renewable integration strategy. The resources identified in the preferred system plan are not renewable integration resources.

Eliminate Finding of Fact 35:

~~The Commission has the authority to order long-term procurement of renewable integration resources by CCAs, provided in Section 454.51(d) of the Public Utilities Code.~~

New Finding of Fact:

Reliability resources paid for by a CCA customers through non-bypassable charges should be taken into account when assessing the CCA's contribution to reliability requirements.

New Finding of Fact:

In the next IRP cycle the Commission should develop a mechanism for incorporating more accurate local information into its modeling inputs and assumptions, including information from LSEs' internal planning processes, when such information is available.

New Finding of Fact:

CCAs have demonstrated the willingness and ability to procure their share of resources needed to achieve SB 350s goals.

New Finding of Fact:

There is no need for new IRP resources until 2026.

New Finding of Fact:

CCA procurement requires a significantly shorter lead time than IOU procurement.

New Finding of Fact:

With each iteration of the IRP process, the Commission should work collaboratively with LSEs to develop more actionable portfolio that includes more specific information regarding the optimal resources needed.

New Finding of Fact:

It is reasonable for the Commission to defer concrete decisions regarding IOU resource procurement to the 2019-2020 IRP cycle.

New Finding of Fact:

In future IRP cycles, the Commission should develop an IRP process that incorporates more accurate local data from individual LSEs when available.

MODIFICATIONS TO CONCLUSIONS OF LAW:

Eliminate 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.~~

Replace Conclusion of Law 19:

~~The Commission should focus a procurement track of the IRP proceeding on the following types of resources: 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 intra-hour renewable integration capabilities; existing natural gas resources; and long-duration (8-hour) storage resources.~~

The evidentiary record for this proceeding does not establish a need to consider ordering IOU procurement at this time.

New Conclusion of Law:

In light of CCA Programs' intent and ability to procure the resources needed to achieve SB 350's goals, the Commission should focus on a collaborative approach that provides CCAs with adequate information to inform procurement.

New Conclusion of Law:

The Commission should ensure that its IRP process enables it to fulfill its statewide planning function while also respecting the separate authority of CCA governing boards over procurement decisions (outside of RPS), contract terms of conditions, and rates.

MODIFICATIONS TO ORDERING PARAGRAPHS:

Eliminate Ordering Paragraph 11:

~~The Commission hereby institutes a procurement track, alongside the planning activities in this proceeding, in order to evaluate the need for the following types of resources: 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; and long duration (eight hour) storage resources.~~