

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
9-15-16
12:32 PM

Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, And Recovery of Associated Costs Through Proposed Ratemaking Mechanisms. (U 39 E)

Application 16-08-006
(Filed August 11, 2016)

**RESPONSE TO APPLICATION 16-08-006 BY THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES**

September 15, 2016

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully files this Response to Application (A.) 16-08-006, Pacific Gas and Electric Company's (PG&E's) application for approval of the retirement of Diablo Canyon Power Plant (Diablo Canyon), implementation of the Joint Proposal (Attachment A), and recovery of associated costs through proposed ratemaking mechanisms (Application). This Response is timely filed and served pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure.¹

**I.
SUMMARY**

Rule 2.6 of the Commission's Rules of Practice and Procedure allow parties to either protest or respond to an application. A "protest" objects to the granting, in whole or in part, of the authority sought in an application; a "response" does not object to that authority, but does "present information that the person tendering the response believes would be useful to the Commission in acting on the application."²

By this Response, CEERT believes that PG&E does have the authority to seek the relief it requests in A.16-08-006. In fact, CEERT applauds PG&E for proactively seeking to develop

¹ Rule 2.6(a) provides that responses to applications "must be filed within 30 days of the date of the notice of the filing of the application first appears in the Daily Calendar." Notice of the filing of A.16-08-006 was noticed in the Daily Calendar dated August 16, 2016.

² Commission Rules of Practice and Procedure, Rule 2.6(b) and (c).

and “chart a different energy future” that begins with a decision not to seek license extensions for the two units at Diablo Canyon and offers a Joint Proposal aimed at facilitating that retirement and achieving “its orderly and measured replacement with energy efficiency, Renewables Portfolio Standard (‘RPS’)-eligible, and other GHG [greenhouse gas]-free energy resources.”³ These goals are consistent with CEERT’s long-term advocacy, as indicated in Section II below, for a low carbon energy future, especially in furtherance of current State policy embodied in Assembly Bill (AB) 32 (“California Global Warming Solutions Act of 2006”)⁴ and Senate Bill (SB) 350 (“Clean Energy and Pollution Reduction Act of 2015”)⁵

While CEERT supports the Application’s decision not to extend the licenses at Diablo Canyon and the Joint Proposal’s key direction to replace that energy with GHG-free energy resources, issues have emerged in CEERT’s ongoing review of the Application that CEERT believes must be addressed by the Commission and can only be resolved with additional information and factual support. At present, CEERT has recently propounded data requests to PG&E on those issues to better inform its position on the Application and to ensure that a full record is developed to support a sustainable and meaningful Commission decision on the Application consistent with AB 32, SB 350, and now SB 32. For those reasons, CEERT identifies in this Response issues that should be included in the scope of the Application and proposes a schedule that permits a fair and full record to be developed to ensure such an outcome.

³ A.16-08-006, at p. 2.

⁴ Stats. 2006, ch. 488. More recently, Senate Bill (SB) 32, which was passed by the Legislature and is before the Governor for signature, would enhance the GHG emission reduction targets of AB 32 by adding Section 38566 to the California Health and Safety Code to read: “In adopting rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions authorized by this division, the state board shall ensure that statewide greenhouse gas emissions are reduced to at least 40 percent below the statewide greenhouse gas emissions limit no later than December 31, 2030.”

⁵ Stats. 2015; ch. 547.

II. EFFECT OF THE APPLICATION ON CEERT

CEERT is a nonprofit public-benefit organization founded in 1990 and based in Sacramento. CEERT is a California partnership of major environmental groups and private-sector clean energy companies. CEERT develops, advances, supports, and advocates for policies and decisions that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West. CEERT has been a long-time, active party in multiple proceedings before the Commission to advance those interests since its founding in 1990.

According to PG&E, the Application, including the Joint Proposal, represents an effort to advance a “clean energy vision” that joins the retirement of Diablo Canyon with its “replacement” by clean, GHG-free resources.⁶ This approach in concept is exceptional, and consistent with current State policies, especially where the retired facility currently “produces more than 18,000 gigawatt-hours (‘GWH’) of energy each year, providing approximately 6 percent of the energy generated in California annually, which is enough to meet the energy needs of more than three million Californians.”⁷

The relief requested by PG&E in A.16-08-006 directly impacts CEERT’s mission and its ongoing advocacy for an energy future that promotes global warming solutions; increased reliance on low carbon and clean, renewable energy sources; and reduced dependence on fossil and nuclear fuels. Further, specific to Diablo Canyon, earlier this year, CEERT’s technical and policy consultants prepared an analysis for Friends of the Earth (FOE) on “A Cost Effective and Reliable Zero Carbon Replacement Strategy for Diablo Canyon Power Plant.”⁸ The conclusion

⁶ A.16-08-006, at pp. 1-2.

⁷ A.16-08-006, at p. 4.

⁸ See: http://lowcarbongrid2030.org/wp-content/uploads/2016/PDFs/160627_Diablo-Final-Report.pdf.

of this report is that it is more cost effective and much less risky not to seek license extensions for Diablo Canyon past 2024/2025, retire Diablo Canyon, and replace the entire amount of capacity and energy provided by Diablo Canyon with GHG-free resources consisting of a broad portfolio of energy efficiency, demand response, distributed GHG free generation, bulk storage, and utility scale RPS eligible generation. CEERT intends to bring this information, along with its knowledge and experience on these issues, to ongoing, active participation in A.16-08-006, especially to ensure the timely replacement of energy produced by Diablo Canyon with GHG-free resources.

III. RESPONSE TO APPLICATION AND ISSUES TO BE CONSIDERED

Pursuant to Rule 2.6(c), CEERT offers this response to identify certain concerns and issues that should be addressed and resolved in a Commission decision on the Application. CEERT, as stated above, does support and appreciates the concept of replacing energy produced by Diablo Canyon with GHG-free resources. However, based on its initial and ongoing review of the Application, questions and concerns have emerged regarding, among other things, the significant disparity between the number of GWh produced by Diablo Canyon and the number of GWh identified by the Joint Proposal as being subject to replacement by GHG-free resources and the adequacy of that commitment to effect a timely and meaningful replacement of the energy produced by Diablo Canyon by such resources. In addition, given the size of Diablo Canyon and its proposed replacement from now through 2030, it is not clear from the Application how approval of its requests will be coordinated with Integrated Resource Planning (IRP) pursuant to SB 350.

CEERT believes that the Application can serve as a meaningful first step toward IRP, and should not be delayed to effect coordination with the Commission's R.16-02-007 (IRP

implementation), which is just getting underway. However, CEERT remains concerned that the Application is intended to serve as the only procedural vehicle or proceeding by which the future disposition and replacement of Diablo Canyon will be determined. Thus, PG&E's request to "conduct" procurement activities identified in the Joint Proposal (Tranches #1 through #3), which represent only a small portion of the GWh produced by Diablo Canyon, is also combined with requests for other ratemaking and funding authorizations "to implement the four sections of the Joint Proposal."⁹ This broad scope for the Application suggests that the Application may be the beginning and end of a determination on the disposition of Diablo Canyon's future and its replacement, but will do so by accounting for only a fraction of the GWh produced by Diablo Canyon.

Therefore, it is CEERT's position that, for A.16-08-006, the Commission should recognize and include the following as issues in this Application:

1. What is PG&E's proposal for replacing the GWhs produced by Diablo Canyon that are not covered by the 4,000 GWh resource replacement commitment represented by Tranche #1 and Tranche #2 of the Joint Proposal?
2. Will adoption by the Commission of the Joint Proposal result in increased reliance or procurement by PG&E of fossil or gas-fired resources between the years 2017 and 2030, and, if so, at what level?
3. What does a "voluntary" commitment to a 55% RPS in Tranche #3 in 2030 mean in terms of actual GWh procurement of renewable resources and will that procurement be timely in terms of achieving the 50% RPS by 2030 required by SB 350 or the 40% reduction from 1990 levels of GHG required by SB 32?
4. What evaluation or cost criteria will be applied in the Tranche #2 "competitive solicitation" for "GHG-free energy for delivery in 2025-2030" where the current Least

⁹ A.16-08-006, at pp. 12-14.

Cost Best Fit (LCBF) bid evaluation criteria that is used for RPS procurement and that is likely to be applied to IRP procurement still does not include a GHG metric?

5. To what extent does the procurement proposed for Tranches #1 through #3 further the goals of SB 350?
6. To what extent is the proposed procurement in Tranches #1 and #2 additional to the 50% RPS and doubling of energy efficiency by 2030 required by SB 350 in order to avoid compromising the GHG emission targets mandated by SB 32?
7. How will the Commission review, measure, and evaluate whether the targets set for PG&E's Tranches #1 through #3 are met, especially over the course of 15 years, and should that evaluation include input from and coordination with other State agencies?

With respect to the above issues, CEERT notes, again, that it is continuing to review the Application. Therefore, CEERT also reserves the right to raise additional issues at the Prehearing Conference, depending on the outcome of that further review.

IV. PROPOSED CATEGORY FOR APPLICATION, NEED FOR HEARING, AND PROPOSED SCHEDULE

Rule 2.6(d) also gives parties protesting or responding to an application the opportunity to provide comments or objections “regarding the applicant’s statement on the proposed category, need for hearing, issues to be considered, and proposed schedule.” An “alternative schedule” can also be proposed.¹⁰

CEERT asks that the issues identified in Section III. above be included among the “issues to be considered” in this Application. CEERT also agrees with the PG&E that this Application should be categorized as “ratesetting,”¹¹ but believes an “alternate schedule” is required. Thus, in this early stage of review of PG&E’s application, it is certainly premature to rule out the need for evidentiary hearings, especially given the factual nature of this Application, the ratemaking and

¹⁰ Commission’s Rules of Practice and Procedure, Rule 2.6(d).

¹¹ A.16-08-006, at p. 15.

procurement issues raised by the Application, and the potential for disputes to arise with respect to material issues of fact, including those listed in Section III above. These circumstances should also inform the schedule adopted for this Application to permit sufficient time for meaningful review of this application, discovery, intervenor testimony, and the opportunity for consensus-building among parties.

To that end, CEERT proposes the following schedule for the Application, which will not only allow for the time necessary for the development of a complete record on this Application, but also includes the issuance of a Scoping Ruling and Public Participation Hearings that were not part of PG&E’s proposed schedule. CEERT believes that, in the instance of the potential retirement of a facility like Diablo Canyon, the Commission should make every effort to provide opportunities for input from the affected community. Further, the schedule proposed below by CEERT will result in only one additional month than proposed by PG&E to reach a final Commission decision.

CEERT’S PROPOSED SCHEDULE

EVENT	DATE
Protests/Responses to Application	September 15, <u>2016</u>
Replies to Protests/Responses	September 26, 2016
Prehearing Conference	October 6, 2016
Issuance of Scoping Memo	October 20, 2016
Intervenor Testimony	December 12, 2016
Rebuttal Testimony	January 12, <u>2017</u>
Hearings	January 30 - February 3, 2017
Public Participation Hearings	January – February 2017
Concurrent Opening Briefs	February 24, 2017
Concurrent Reply Briefs	March 13, 2017
Proposed Decision	June 2017
Final Decision	July 2017

V.
CONFIRMATION OF PARTY STATUS

Rule 1.4(a)(2)(i) of the Commission’s Rules of Practice and Procedure provides that “a person may become a party to a proceeding” by filing “a protest or response to an application.” Pursuant to Rule 1.4(a)(2)(i), CEERT, by filing this response, requests inclusion as a “party” to A.16-08-006 (PG&E Diablo Canyon), with contact information referencing the attorneys listed below.

Respectfully submitted:

September 15, 2016

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