

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)

**REPLY COMMENTS OF THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON THE PROPOSED DECISION OF COMMISSIONER RANDOLPH**

January 22, 2018

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The Center for Energy Efficiency and Renewable Technologies respectfully submits these Reply Comments on the Proposed Decision of Commissioner Randolph Setting Requirements for Load Serving Entities (LSEs) Filing Integrated Resource Plans (IRPs) mailed in this proceeding on December 28, 2017. These Reply Comments are timely filed and served pursuant to Article 14 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**I.
CEERT AGREES WITH THE OPENING COMMENTS OF MULTIPLE PARTIES THAT
THE PROPOSED DECISION MUST BE MODIFIED TO ORDER EARLY
PROCUREMENT OF RENEWABLES TO CAPTURE FEDERAL TAX CREDITS,
PARTICULARLY IN LIGHT OF THE RETIREMENT OF DIABLO CANYON**

**A. Early Procurement of Renewables is Necessary and the Proposed Decision’s
Determination to not Order this Procurement is Flawed.**

As stated in its Opening Comments, CEERT that “[t]he Proposed Decision must be modified to order inclusion of tax-eligible renewables in Load Serving Entities (LSEs) IRPs and procurement of tax-eligible wind in 2018.”¹ CEERT expressed concern about the fact that the Proposed Decision “ignores the comments presented by parties that demonstrate that procurement must happen immediately in order to capture the benefits of the federal production

¹ CEERT Opening Comments, at p. 2.

tax credits.”² As such, CEERT agrees with the Opening Comments of numerous parties that argue that the Proposed Decision should be modified to direct early procurement of renewables to capture Federal Tax Credits.³

CEERT supports American Wind Energy Association California Caucus (ACC)’s contention that “[t]he Commission should revisit Staff’s findings that procurement of renewables resources eligible for the waning federal tax credits will save ratepayers considerable money...”⁴ California Wind Energy Association (CalWEA) correctly asserts that “[t]o ensure the benefits of the optimal portfolio are at least partially realized, the Commission should direct early procurement of wind energy resources in accordance with the Reference System Plan.”⁵ CEERT agrees with The Utility Reform Network (TURN) that “failure to order accelerated procurement of tax advantaged renewable resources is a mistake that is likely to increase total ratepayer costs.”⁶ Similarly, CEERT supports Independent Energy Producers’ (IEP’s) proposal that the Commission should direct LSEs to procure a portion of the forecast need of new, incremental renewables by mid-2018.⁷

CEERT supports Imperial Irrigation District (IID) and Imperial County’s arguments that there is a need for procurement of geothermal generation in the near future, and their criticism of the Proposed Decision deferring evaluation of geothermal energy to subsequent IRP cycles.⁸

² *Id.*

³ *See, e.g.*, American Wind Energy Association California Caucus (ACC) Opening Comments, at pp. 5-11; Advanced Energy Economy (AEE) Opening Comments, at pp. 3-6; California Wind Energy Association (CalWEA) Opening Comments, at pp. 2-4; Independent Energy Producers (IEP) Opening Comments, at pp. 2-10; Large-Scale Solar Association (LSA) Opening Comments, at pp. 2-9; Solar Energy Industries Association (SEIA) Opening Comments, at pp. 4-9; and The Utility Reform Network (TURN) Opening Comments, at pp. 2-4.

⁴ ACC Opening Comments, at p. 14.

⁵ CalWEA Opening Comments, at p. 3.

⁶ TURN Opening Comments, at p. 2.

⁷ IEP Opening Comments, at p. 8.

⁸ IID Opening Comments, at pp. 2-3 and Imperial County Opening Comments, at pp. 3-5.

CEERT supports Imperial County’s recommendation that the Proposed Decision be modified to include 500 MW of geothermal generation in this round of the IRP.⁹ 500 MW of geothermal is appropriate because IID and the California Independent System Operator (CAISO) performed analysis that reflected that 500 new MW of geothermal can reduce emissions and due to the legislative direction on a balanced renewable portfolio.

In sum, the Proposed Decision should be modified to order early procurement of renewables to take advantage of Federal Tax Credits due to the numerous benefits associated with ordering said procurement. CEERT also agrees with IEP that the Proposed Decision’s “rationale for not directing any procurement of renewables at this time is not compelling.”¹⁰

B. Decisions Regarding Replacement Procurement for Diablo Canyon Must be Made Immediately.

CEERT stated, in its Opening Comments, that “[i]n order for the Commission to be consistent with direction given in D.18-01-022, the Commission must authorize advanced procurement of renewables in order to meet [Greenhouse Gas (GHG)] targets.”¹¹ As such, “[t]he Proposed Decision must be modified to explicitly require PG&E to plan for and replace Diablo Canyon with GHG-free energy.”¹²

Numerous parties, including, but not limited to, ACC, the California Unions for Reliable Energy (CURE), Friends of the Earth (FOE), and TURN share CEERT’s concerns about the failure of the Proposed Decision to adequately address replacement procurement for Diablo Canyon.¹³ FOE argues that:

⁹ Imperial County Opening Comments, at p.

¹⁰ IEP Opening Comments, at p. 7.

¹¹ CEERT Opening Comments, at p. 3.

¹² *Id.*

¹³ ACC Opening Comments, at pp. 12-13; CURE Opening Comments, at pp. 7-9; FOE Opening Comments, at pp. 1-8; and TURN Opening Comments, at pp. 3-4.

To carry out the Commission’s direction in the Diablo Canyon Decision [D.18-01-022], the Proposed Decision in this proceeding should be modified to include a structured, Commission-supervised retirement program, designed to ensure that the output of Diablo Canyon will be replaced with a portfolio of new, GHG-free resources. Failure to do so would result in an unacceptable increase in GHG emissions when the Diablo Canyon generating units are retired in 2024-2025.¹⁴

ACC and CURE support this contention and argue that the Proposed Decision should be amended to ensure that Diablo Canyon is replaced with new, GHG-free resources.¹⁵ TURN also correctly notes that the Proposed Decision’s “proposal to delay new procurement would jeopardize the ability of the Commission to meet its own Diablo Canyon replacement objectives.”¹⁶ CEERT supports these contentions and urges the Commission to modify the Proposed Decision to comply with the directive provided in D.18-01-022 and authorize procurement of GHG-free resources to replace Diablo Canyon’s output.

III. CONCLUSION

CEERT respectfully requests that the Commission modify the Proposed Decision as detailed above; in CEERT’s Opening Comments; and CEERT’s proposed Findings of Fact, Conclusions of Law and Ordering Paragraphs contained in Attachment A to CEERT’s Opening Comments.

Respectfully submitted,

January 22, 2018

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¹⁴ FOE Opening Comments, at p. 2.

¹⁵ ACC Opening Comments, at p. 13 and CURE Opening Comments, at p. 7.

¹⁶ TURN Opening Comments, at pp. 3-4.