

**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)

**PETITION OF JOINT PARTIES
FOR MODIFICATION OF DECISION NO. 18-02-018**

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FOR MODIFICATION OF DECISION NO. 18-02-018**

I. INTRODUCTION AND SUMMARY

Pursuant to Rule 16.4 of the Commission’s Rules of Practice and Procedure, the Joint Parties listed on the cover to this pleading and in the footnote below¹ hereby petition the Commission to modify Decision No. 18-02-018 (“IRP Decision,” or “D.18-02-018”), issued in this rulemaking proceeding on February 13, 2018.

The IRP Decision, D.18-02-018, contains direction regarding the procurement of greenhouse gas (“GHG”)-free replacement resources in the event the two generators at Diablo Canyon Power Plant (“Diablo Canyon”) are retired *earlier* than 2024-2025, but it provides no direction at all regarding GHG-free replacement resources for the *planned* retirement of the Diablo Canyon generators in 2024-2025. This omission cannot be squared with the Commission’s recent decision, Decision No. 18-01-022 (“Diablo Canyon Decision” or

¹ The members of the Joint Parties group sponsoring this Petition for Modification, all of whom are parties to this proceeding, are: Friends of the Earth (“FOE”), the Natural Resources Defense Council (NRDC), California Unions for Reliable Energy (“CURE”), and Pacific Gas and Electric Company (“PG&E”).

“D.18-01-022”), which approved the proposed retirement of the Diablo Canyon generators in 2024-2025, at the end of their current operating licenses.

In the Diablo Canyon Decision, D.18-01-022, the Commission expressly directed that “it is the intent of the Commission to avoid any increase in greenhouse gas emissions from the closure of Diablo Canyon,”² and furthermore that actions regarding the GHG-free replacement resources for Diablo Canyon be considered in this IRP proceeding. The Joint Parties request that the Commission modify D.18-02-018, to provide clear direction to all load serving entities that the Commission will expressly evaluate the adequacy of their specific resource plans using this criterion in addition to other enumerated requirements.

² D.18-01-022, p. 21-22 (emphasis in original).

See also *id.*, p. 57, Finding of Fact 4 (“The IRP proceeding is broader in scope than this proceeding, and is considering issues including optimized portfolios of generation resources *to achieve the statewide GHG emissions target.*”) (emphasis added). See also *id.*, p. 58, Conclusion of Law 3 (“Any procurement to replace Diablo Canyon should be addressed in the IRP proceeding *to avoid increased GHG emissions in the most optimal manner.*”) (emphasis added).)

See also *id.*, p. 60, Ordering Paragraphs 5 and 6:

5. Efforts to *avoid an increase in greenhouse gas emissions* relating to the retirement of Diablo Canyon, including any replacement procurement, will be addressed in the Integrated Resource Planning proceeding or a proceeding designated by the Integrated Resource Planning proceeding. (Emphasis added.)
6. Pacific Gas and Electric Company should be prepared to present scenarios for Diablo Canyon retirement in the Integrated Resource Planning proceeding that demonstrate *no more than a de minimis increase in the GHG emissions* of its electric portfolio. (Emphasis added.)

II. BACKGROUND

This Petition for Modification is focused on a specific but very important aspect of the much broader IRP Proceeding, namely, the measures required to avoid any increase in greenhouse gas emissions from the closure of Diablo Canyon. Accomplishing this goal is expected to require the procurement of substantial new GHG-free resources.

A. THE JUNE 2016 “JOINT PROPOSAL” TO RETIRE DIABLO CANYON IN 2024-2025, AND REPLACE ITS OUTPUT WITH GHG-FREE RESOURCES

The undersigned Joint Parties are among the signatories to a June 2016 multi-party agreement known as the “Joint Proposal,” which provided, subject to this Commission’s approval, for the planned retirement of the Diablo Canyon generating units in 2024-2025, and the replacement of its output with GHG-free resources to prevent any increase in GHG emissions.

In the Diablo Canyon Decision, D.18-01-022, the Commission approved certain aspects of the Joint Proposal. Of importance here, the Commission (i) authorized the retirement of the generating units at Diablo Canyon at the expiration of their current operating licenses in 2024-2025, and (ii) expressed its intent to avoid any increase in greenhouse gas emissions from the closure of Diablo Canyon, and directed that “efforts to *avoid an increase in greenhouse gas emissions* relating to the retirement of Diablo Canyon, including any replacement procurement, will be addressed in the Integrated Resource Planning proceeding.”³

³ D.18-01-022, p. 60, Ordering Paragraph 5 (emphasis added).

B. DISCUSSION AND DISPOSITION OF DIABLO CANYON REPLACEMENT PROCUREMENT ISSUES IN THE IRP DECISION, D.18-02-018

The IRP Decision, D.18-02-018, in a single paragraph at pages 154-155, briefly discusses the topic of replacing the output of Diablo Canyon with GHG-free resources in order to accomplish the goal of preventing an increase in GHG emissions.

The discussion on pages 154-155 mentions the fact that a number of parties in written comments “pointed to the Commission’s recent decision in the Diablo Canyon proceeding (D.18-01-022) . . . as a further reason that the Commission should order procurement of additional GHG-free resources in this decision.” After quoting one of the Ordering Paragraphs in the Diablo Canyon Decision, D.18-01-022, the IRP Decision concludes its discussion about Diablo Canyon replacement procurement as follows:

In response to this directive, and in keeping with our direction discussed above to order procurement activities only after reviewing individual LSE IRP filings, we will specifically require that PG&E present alternative portfolios for our consideration in its IRP filing, if it proposes or intends to retire Diablo Canyon at any time prior to the expected 2024/2025 retirement date.

(D.18-02-018, pp. 154-155 (emphasis added).)

Thus, the IRP Decision does not provide any direction about procurement of GHG-free resources to replace the output of Diablo Canyon after its generators are retired in 2024-2025, as planned. Its only direction concerns an alternative scenario in which Diablo Canyon is removed from service “prior to the expected 2024/2025 retirement date.” This direction, moreover, is addressed only to PG&E, and not to any other load-serving entity (“LSE”).

III. ARGUMENT

A. OVERVIEW

The IRP Decision, D.18-02-018, needs to be modified to provide direction regarding procurement of GHG-free resources to prevent any increase in GHG emissions after the generating units at Diablo Canyon are retired, as planned, in 2024-2025. As it stands, the IRP Decision is completely silent about procurement aimed at stemming an increase in GHG emissions after the 2024-2025 time-frame.

Such a modification is necessary to carry out the requirements of the Diablo Canyon Decision, D.18-01-022, in which the Commission expressed a clear intent to avoid any increase in greenhouse gas emissions from the closure of Diablo Canyon and directed that the procurement of GHG-free replacement resources to accomplish this goal be considered in this IRP Proceeding.

Furthermore, the direction that is needed from the Commission in this IRP Proceeding regarding procurement of Diablo Canyon replacement resources should apply to the procurement plans of all LSEs. This mandate should not be limited to PG&E's plan alone.

B. SPECIFIC POLICY DIRECTION TO ALL LOAD SERVING ENTITIES IS NEEDED TO ENSURE THAT DIABLO CANYON REPLACEMENT RESOURCES ARE GHG-FREE

All LSEs should be required to address in their respective procurement plans the GHG-free resources needed to replace the output of Diablo Canyon. The omission of such a requirement from the IRP Decision, D.18-02-018, should be corrected.

The Diablo Canyon Decision, D.18-01-022, expresses in very clear terms the Commission's intent to avoid any increase in greenhouse gas emissions from the closure of Diablo Canyon.

California already experienced a climate set-back with the 2012 break-down and subsequent permanent closure of the San Onofre Nuclear Generation Station ("SONGS"). Like Diablo Canyon, the SONGS plant was a major nuclear power plant with a long history of operation. Because there was no plan in place for the replacement of the energy generated at the SONGS facility, its output was instantaneously replaced almost entirely with fossil-fuel-generated electricity. As a consequence, GHG emissions from California's electric sector increased substantially in the wake of the SONGS outage and retirement.

In the Diablo Canyon Decision, D.18-02-022, the Commission has pledged that this experience will not be repeated in connection with the planned retirement of the generating units at Diablo Canyon in 2024-2025. The Commission has embraced the goal that no increase in GHG emissions be allowed to occur as a result of the closure of Diablo Canyon. The IRP Decision, however, falls short of this goal.

Absent firm action by the Commission, the retirement of the Diablo Canyon generating units could trigger a major and unacceptable increase in GHG emissions, which would be contrary not only to the Commission's expressed intent, but also to California's efforts to achieve its climate policies.

C. D.18-02-018 MISSED THE POINT IN REQUIRING A CONTINGENCY PLAN FOR A SCENARIO IN WHICH THE DIABLO CANYON GENERATING UNITS ARE RETIRED PREMATURELY, “PRIOR TO” 2024-2025, WHILE OMITTING ANY DIRECTION FOR THE *PLANNED* SCENARIO OF A 2024-2025 RETIREMENT

As noted above, the only requirement adopted in the IRP Decision with respect to Diablo Canyon replacement resources is “that PG&E present alternative portfolios for our consideration in its IRP filing, in its IRP filing, if it proposes or intends to retire Diablo Canyon at any time prior to the expected 2024/2025 retirement date.” (D.18-02-018, pp. 154-155.)

What is lacking, however, is any requirement for procurement of replacement resources taking into account the *planned* retirement date of the Diablo Canyon generators in 2024-2025. It is this omission in D.18-02-018 that the Joint Parties seek to correct by this Petition for Modification.

D. THE DIABLO CANYON REPLACEMENT PROCUREMENT MANDATE SHOULD APPLY TO ALL LOAD-SERVING ENTITIES, NOT JUST TO PG&E ALONE

The limited language in D.18-02-018 regarding Diablo Canyon replacement procurement is a requirement that PG&E, in its procurement plan filing, “present alternative portfolios,” should PG&E elect to retire the Diablo Canyon facility earlier than 2024-2025. There is no suggestion that other LSEs, besides PG&E, should share the responsibility for procurement of GHG-free resources needed to replace the output of Diablo Canyon. Nor is there any

acknowledgement of comments filed by parties who urged the Commission to adopt a requirement applicable to all LSEs.⁴

Given the inroads that alternative energy suppliers have been making in serving retail electric customers, including Community Choice Aggregators (“CCAs”), to exempt these entities from consideration of how to address the need for GHG-free resources to replace Diablo Canyon would be a serious mistake. If an unacceptable spike in GHG emissions is to be avoided when the Diablo Canyon generating units are retired as planned in 2024-2025, all LSEs, including CCAs, must be enlisted in the effort to procure GHG-free resources to avoid GHG emissions increases after Diablo Canyon is closed.

⁴ See, e.g., R.16-02-007, Comments of Friends of the Earth on Proposed Decision, p. 7 (filed January 17, 2018).

III CONCLUSION

For the foregoing reasons, the Joint Parties request that the IRP Decision, D.18-02-018, be modified to provide clear direction to all load serving entities that the Commission will expressly evaluate the adequacy of their specific resource plans in contributing to avoiding any increase in greenhouse gas emissions from the closure of Diablo Canyon. The specific changes to D.18-02-018 requested by the Joint Parties are set forth in an Appendix to this Petition.

Respectfully submitted,

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**APPENDIX:
PROPOSED MODIFICATIONS TO D.18-02-018**

(1) On page 164, a new Finding of Fact 26 should be added, to read as follows:

26. With respect to the planned retirement of the Diablo Canyon Power Plant in 2024-2025, the Commission in D.18-01-022 has directed that steps be taken in this IRP proceeding to ensure that no increase in GHG emissions occur as a consequence of the closure of Diablo Canyon. Accordingly, this Decision provides clear direction to all load serving entities that the Commission will expressly evaluate the adequacy of their specific resource plans in contributing to avoiding any increase in greenhouse gas emissions from the closure of Diablo Canyon.

(2) On page 169, a new Conclusion of Law 38 should be added, to read as follows:

38. The Commission in D.18-01-022 has directed that steps be taken in this IRP proceeding to ensure that no increase in GHG emissions occur as a consequence of retiring the generating units at Diablo Canyon. To carry out the Commission's intention, this Decision provides clear direction to all load serving entities that the Commission will expressly evaluate the adequacy of their specific resource plans in contributing to avoiding any increase in greenhouse gas emissions from the closure of Diablo Canyon.

1.