

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 THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON
PRODUCITON COST MODELING**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: October 10, 2018

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PRODUCTION COST MODELING**

The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Comments on the Administrative Law Judge's Ruling Seeking Comment on Production Cost Modeling (ALJ's Ruling). CEERT also submits Comments on the "Guide to Production Cost Modeling in the Integrated Resource Plan Proceeding" (Attachment A) and "IRP Production Cost Modeling with the Reference System Plan and the 2017 IEPR: SERVM Model Results" (Attachment B). These Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure and the ALJ's Ruling.

**I.
OVERVIEW**

By the ALJ's Ruling, parties were invited to provide comment on the ALJ's Ruling, as well as Attachments A and B to the ALJ's Ruling. CEERT offers comments pertaining to the greenhouse gas (GHG) target utilized for the Preferred System Plan (PSP). Specifically, CEERT recommends that the Commission adopt a 42 Million Metric Ton (MMT) GHG emissions planning target for the PSP. In addition, the modelling assumptions in the 2019-2020 Integrated Resource Plan (IRP) cycle must be updated to reflect gas fleet retirement. Lastly, CEERT recommends that the Commission develop sensitivities to investigate how preferred resources can mitigate reliability issues when the natural gas units retire.

II. CEERT RECOMMENDS THAT A 42 MMT GHG EMISSIONS PLANNING TARGET BE UTILIZED FOR THE PSP

Decision (D.) 18-02-018 set the GHG emissions planning target for the 2017-18 IRP cycle as 42 MMT in the year 2030.¹ Through the SERVVM “as found” modelling results and analysis conducted by E3 on GHG discrepancies between RESOLVE and CAISO reported grid emissions, it is clear that the portfolio selected by the RESOLVE model does not in fact meet the GHG target.² A 4 MMT difference is approximately 50% of the GHG reductions intended to be planned for through the Reference System Plan.

The Commission should clarify what GHG target the PSP should meet. Given the range of uncertainty associated with any planning target, CEERT recommends the Commission adopts a 42 MMT target for the PSP as it is in the middle of the California Air Resources Board (CARB) Scoping Plan range. Given the recent passage of Senate Bill (SB) 100 and issuance of Executive Order B-55-18, it would be prudent to utilize the PSP with the 42 MMT target instead of waiting for the next iteration of the IRP, as the next PSP will not be approved until late 2020.³ Stalling further renewables procurement that will be needed in order to meet Renewables Portfolio Standard (RPS) and state carbon goals will result in missed opportunities to utilize tax-advantaged renewables.

¹ D.18-02-018, at p. 161.

² Comparison of GHG Emissions Between CAISO 2017 and RESOLVE 2018, August 10, 2018 http://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/2018/IRP_MAG_webinar_2018-08-10_GHG_Accounting_CAISO_RESOLVE.pdf

³ D.18-02-018, at pp. 21-22

III. GAS FLEET RETIREMENT AND USAGE OF PREFERRED RESOURCES MUST BE INCORPORATED INTO THE MODELLING ASSUMPTIONS

CEERT is supportive of truing up the modelling assumption, particularly around the gas fleet, between RESOLVE and SERVUM, and as well as resolving issues identified in the August 10, 2018 Modelling Advisory Group webinar in the 2019-20 IRP cycle. After recommended modifications to assumptions have been made, a “ground-truth-ing” exercise should be completed in order to determine whether the model now reasonably represents the GHG-emissions of the system. Should there still be a discrepancy, it should be accounted for when determined GHG-targets being utilized in the model.

A clear deficiency in the development the Reference System Plan is the assumption that no further gas will retire before 2030. California Independent System Operator (CAISO) studies have shown that gas retirements will affect system reliability should it not be replaced with new resources, presumably in line with State policy goals.⁴ CEERT recommends the Commission undertake several sensitivities that assume various amounts of gas capacity retire and identify where and what capacity of preferred resources may need to be procured to mitigate reliability deficiencies in the future. Given that natural gas plants retirements could be announced before the end of the next IRP cycle, it would be prudent to include several sensitivities in the PSP analysis.

III. CONCLUSION

In conclusion, CEERT recommends a 42 MMT GHG target be utilized for the PSP, is supportive of updating modelling assumptions for the gas fleet for the 2019-2020 IRP cycle, and

⁴ CAISO Transmission Plan 2017-18 at p. 284-6

recommends the Commission undertake sensitivities to investigate how preferred resources can mitigate reliability issues when natural gas units retire.

Respectfully submitted,

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