

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA



FILED
03/17/20
04:59 PM

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 UTILITY REFORM NETWORK ON THE
PROPOSED DECISION REGARDING 2019-2020 ELECTRIC RESOURCE
PORTFOLIOS TO INFORM INTEGRATED RESOURCE PLANS AND
TRANSMISSION PLANNING**



Matthew Freedman, Staff Attorney
Kevin Woodruff, Consultant
The Utility Reform Network
785 Market Street, 14th floor
San Francisco, CA 94103
Phone: 415-929-8876 x304
matthew@turn.org
March 17, 2020

**REPLY COMMENTS OF THE UTILITY REFORM NETWORK ON THE
PROPOSED DECISION REGARDING 2019-2020 ELECTRIC RESOURCE
PORTFOLIOS TO INFORM INTEGRATED RESOURCE PLANS AND
TRANSMISSION PLANNING**

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, The Utility Reform Network (TURN) submits these comments in reply to certain parties’ opening comments on the Proposed Decision (PD) regarding *2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning* mailed February 21, 2020.

**I. COMMISSION SHOULD DEFER REQUIRING ANY ADDITIONAL
RELIABILITY PROCUREMENTS AT THIS TIME, BUT TAKE STEPS TO
REQUIRE LOAD-SERVING ENTITIES TO DEMONSTRATE FUTURE
PROCUREMENT OF IDENTIFIED RESOURCES**

The California Independent System Operator (CAISO) called for “incremental capacity procurement to address medium-term (2023–2026) needs, with a focus on capacity and energy to replace the Diablo Canyon”.¹ In support, the CAISO noted that the reliability measures presented in the Proposed Decision (PD) regarding the Reference System Plan (RSP), cited herein as Proposed RSP, deteriorate over this decade and that the capacity and energy from the Diablo Canyon Nuclear Power Plant will need to be replaced upon retirement.

The Commission should defer any action on additional reliability procurements at this time, including the CAISO’s recommendation, until Load-Serving Entities (LSEs), likely led by the Investor-Owned Utilities (IOUs), present the results of their current reliability procurements to the Commission. As discussed in TURN’s Opening Comments, the modeling that produced the Proposed RSP did not include the 3,300 MW of new capacity resources planned for the next three years.² Reflecting these procurements in

¹ CAISO Opening Comments, pp. 2-3.

² TURN Opening Comments, p. 5.

such reliability modeling might eliminate the potential “need” illustrated by the reliability measures computed regarding the Proposed RSP.

The California Energy Storage Alliance (CESA) argued for procurement of 3,000 MW of battery storage to enter service for 2024 to 2026, apparently based on the Proposed RSP’s inclusion of 6,127 MW of battery storage by 2026.³ However, as also noted in TURN’s Opening Comments, the inclusion of the 3,300 MW of ongoing procurement in the development of the RSP could yield a different optimal mix of resources, which may not include as much battery storage.⁴ The Commission should not initiate additional storage procurement until the results have been incorporated into the RSP.

To prepare LSEs for future capacity procurements, TURN generally agrees with Southern California Edison’s (SCE’s) proposal that “[t]he Commission should adopt clear requirements for LSEs to plan for their respective contributions to meeting those PRM needs [i.e., 2024-2026] in their individual IRPs to avoid a rushed and cost-inefficient procurement process for new system capacity. Additionally, SCE recommends that the Commission not accept IRPs that lack resources needed to meet the PRM needs.”⁵ TURN further urges the Commission to develop specific deadlines for LSEs to demonstrate binding commitments to any such resources and refine the process authorized in D.19-11-016 for IOUs to serve as a backstop to procure on behalf of LSEs that do not make such self-supply commitments.

³ CESA Opening Comments, pp. 9-10.

⁴ TURN Opening Comments, p. 5.

⁵ SCE Opening Comments, pp. 10-12.

II. COMMISSION SHOULD DEVELOP MECHANISMS TO ENABLE ALL LSES TO PARTICIPATE IN PROCUREMENT OF LARGE, CAPITAL-INTENSIVE RESOURCES

In its Opening Comments, TURN urged the Commission to develop procurement methods to enable smaller LSEs participate in the development of large, capital-intensive resources. CESA and the Pacific Gas and Electric Company (PG&E) offer similar recommendations regarding the need for such mechanisms.⁶ TURN reiterates the importance of developing a robust backstop procurement structure that would allow LSEs to voluntarily opt into shared procurement and provide an enforcement mechanism for LSEs that fail to demonstrate timely procurement for their share of identified needs.

III. SCE'S ANALYSIS OF CLEAN SYSTEM POWER CALCULATOR'S RESULTS RAISES CONCERN ABOUT THAT TOOL'S GHG MEASUREMENT

SCE presented analysis suggesting that the Clean System Power (CSP) Calculator underestimates GHG emissions compared to both the RESOLVE and SERVVM models.⁷ SCE's analysis raises concerns about this additional aspect of the Commission's GHG counting methods.⁸ The Commission must address this particular concern regarding GHG estimation methods as soon as possible so that LSEs can be more confident in their estimates of the GHG impacts of their forthcoming IRPs.

⁶ CESA Opening Comments, pp. 10-12 and PG&E Opening Comments, p. 4.

⁷ SCE Opening Comments, pp. 12-13.

⁸ TURN raised concerns about the counting of the GHG impact of imports in its Opening Comments. See pp. 6-7.

IV. THE COMMISSION SHOULD REQUIRE THE USE OF CONSISTENT ASSUMPTIONS ABOUT THE ALLOCATION OF PCIA-ELIGIBLE RESOURCES

San Diego Gas & Electric (SDG&E) noted that parties might make different assumptions regarding the portion of the IOUs' current PCIA-eligible resources included in their IRP portfolios and that such inconsistencies among LSEs could lead to either an over- or understatement of system capacity needs.⁹ TURN acknowledges this potential problem and agrees that LSEs should be directed to use consistent assumptions. TURN further suggests that LSE IRPs and/or the 2019-20 Preferred System Plan (PSP) may need to be revisited after the Commission issues a decision on Working Group #3 report regarding the allocation and sale of resources now held by the IOUs and/or after such allocations and sales are conducted.

V. TURN AGREES THAT PROCUREMENT UNDER THE MICROGRID RULEMAKING SHOULD BE COORDINATED WITH IRP

The Solar Parties note that PG&E is now pursuing development of "combustion generation" at some distribution substations pursuant to the Commission's microgrid and resiliency rulemaking (R.19-09-009).¹⁰ TURN agrees that the GHG impacts of any such procurement should be reviewed and considered by the Commission in this docket and considered in Commission staff's development of the 2019-20 PSP.

⁹ SDG&E Opening Comments, pp. 5-6.

¹⁰ Vote Solar-LSA-SEIA Opening Comments, pp. 9-10.

VI. CURRENT PLANNING RESERVE MARGIN WAS BASED ON THE RESULTS OF COMMISSION-ORDERED, IOU-CONDUCTED RELIABILITY MODELING

In arguing for Commission review of the current 15 percent Planning Reserve Margin (PRM), Middle River Power (MRP) stated “[e]ven though the long-standing 15% Planning Reserve Margin (“PRM”) has not, to MRP’s understanding, ever been quantitatively validated...”.¹¹ MRP misunderstands. The current “15-17” percent PRM was adopted in Commission Decision 04-01-050 based on reliability modeling each of the IOUs conducted pursuant to prior Commission direction.¹²

TURN appreciates the opportunity to file these comments.

Respectfully submitted,

MATTHEW FREEDMAN

_____/S/_____

Matthew Freedman
Staff Attorney
The Utility Reform Network
785 Market Street, 14th floor
San Francisco, CA 94103
Phone: 415-929-8876 x304
matthew@turn.org

Dated: March 17, 2020

¹¹ Middle River Power Opening Comments, p. 4.

¹² See D.04-01-050, p. 23 for citation to such modeling, which the IOUs submitted in 2003 in R.01-10-024. See D.02-12-074, p. 31, Finding of Fact 29, Ordering Paragraph 14 for the Commission’s direction to the IOUs regarding such modeling. TURN is not taking issue with MRP’s stated concerns about the applicability of the current PRM given the changes in the CAISO grid over the last 16 years.