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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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 CALIFORNIA WIND ENERGY ASSOCIATION
ON PROPOSED DECISION ON ELECTRIC RESOURCE PORTFOLIOS
TO INFORM INTEGRATED RESOURCE PLANS
AND TRANSMISSION PLANNING**

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***On behalf of the California Wind
Energy Association***

March 17, 2020

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OF THE STATE OF CALIFORNIA**

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I. INTRODUCTION

Pursuant to the February 21, 2020, Proposed Decision of Administrative Law Judge Julie Fitch on Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning (“Proposed Decision” or “PD”) and Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Wind Energy Association (“CalWEA”) submits these reply comments. We reference the March 12, 2020, opening comments of the American Wind Energy Association - California Caucus (“AWEA-CA”), the California Environmental Justice Alliance and Sierra Club (“CEJA/SC”), the Center for Energy Efficiency and Renewable Technologies (“CEERT”), the Environmental Defense Fund (“EDF”), the Natural Resources Defense Council (“NRDC”), Pacific Gas & Electric Co. (“PG&E”), Southern California Edison Company (“SCE”), The Utility Reform Network (“TURN”), and Western Grid Development LLC (“Western Grid”).

II. PLANNING TO RETIRE GAS PLANTS IS ESSENTIAL TO SETTING LOWER GHG GOALS

Many parties are calling for the Commission to set lower and more accurate GHG targets for 2030 than the PD would establish, based on the reasonable expectation that setting lower targets would automatically lead to GHG reductions.¹ What the CAISO has made clear,

¹ See, e.g., SCE at p.5 (“the longer insufficient targets to meet California’s GHG objectives are being used, the greater the challenge becomes to feasibly and affordably reach the state’s environmental goals.”); CEJA/SC at p. 3 (“the PD’s proposed RSP estimates GHG emissions in 2020 as 43.1 MMT in

however, as explained in CalWEA’s opening comments and in the CAISO’s own opening comments,² is that setting a lower GHG target is not sufficient to enable the CAISO to approve, on economic or reliability grounds, the transmission upgrades that will enable the closure of gas plants and the development of system resources to replace those plants. What is required is for the Commission to explicitly identify the gas plants that it wishes to retire by 2030 *for policy reasons* and to ensure that sufficient flexible and system capacity will be available to replace those plants, including a more diverse resource portfolio. These decisions can be made in the procurement track of this IRP process, setting the stage for lowering the 2030 GHG target in the next IRP cycle, if not in the procurement track.

Similarly, the Commission should consider revising, in the procurement track, the 30 MMT scenarios to be studied by the CAISO as sensitivities³ so that the scenarios more specifically identify the areas in which gas plants should be retired and include higher levels of resource diversity, since the 30 MMT portfolio is overly dependent on gas and battery storage, which is a source of concern for the CAISO.⁴ In any case, using the procurement track to make more concrete progress towards SB 100 goals is essential.

III. THE PARTIES’ COMMENTS UNDERSCORE THE NEED TO FOCUS, IN THE PROCUREMENT TRACK, ON RETIRING GAS PLANTS AND ACHIEVING GREATER RESOURCE DIVERSITY

The parties’ opening comments underscore the need to focus on making specific decisions regarding gas-plant retirements in Local Capacity Requirements (“LCR”) areas by

the CAISO area, even though the actual 2019 GHG emissions were 51.05 MMT.” Footnotes omitted.) and p. 4 (“the time for a lower emissions target is now. The Commission cannot and should not approve a portfolio that is likely to exceed high end of CARB’s range. ... and that will hamper the State’s ability to meet future targets.”); NRDC at p. 3 (“Given the uncertainty in forecasts of electric sector GHG emissions in 2030, it is very unlikely that the proposed RSP will result in a resource mix that will result in emissions within CARB’s recommended range.”); EDF at p. 1-2: “If the Commission waits too long to adopt a lower emissions target, it may be too late for the electric sector to make the most cost-effective investments to achieve 2030 climate goals. This could ultimately lead to higher costs for ratepayers in the long term.”).

² CAISO at pp. 4 and 6 (“the Commission should provide policy direction to ... Set clear direction on *how and when* to reduce reliance on the existing gas-fired generation fleet so that stakeholders can consider and implement concrete plans to ensure system and local area reliability...” Emphasis added.)

³ PD at section 8.2.

⁴ CAISO at p. 4. Also see ALJ Fitch’s November 6, 2019, Ruling on the Proposed Reference System Plan, Attachment A, at slide 64.

2030 and achieving greater resource diversity in the procurement track. These comments are consistent with CalWEA’s proposal to use the procurement track, in conjunction with the LCR studies already completed by the CAISO, to achieve these ends in time for consideration by the CAISO in the current transmission planning process (“TPP”) cycle.⁵ For example:

- The CAISO states: “The Commission should issue a decision on medium-term reliability, renewable procurement, and related actions by summer 2020” (at p.3); “The Commission should not consider [the solar and battery dominated] results the ‘optimal’ portfolio that the state should pursue—rather, it is simply a solution based on the quantitative inputs and the modeling optimization algorithm seeking to achieve very limited, specific and overarching policy objectives ... The model itself does not consider other relevant limitations and factors that warrant objective qualitative consideration” (at p. 4); and “the Commission should provide policy direction to: Diversify the resource fleet ... Intentionally test a limited and manageable quantity of new(er) technologies to prove these resources at scale before transitioning away from current technology ... [and] Set clear direction on how and when to reduce reliance on the existing gas-fired generation fleet so that stakeholders can consider and implement concrete plans to ensure system and local area reliability” including planning for transmission projects with long lead times” (at pp. 4-7).
- CEJA/SC state (at p. 5) that the RSP must be rejected because (among other reasons) it does not meet the SB 350 requirement that the IRP process “minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities” and “projects high emissions in two of the most polluted air basins in the country—South Coast and San Joaquin.” And (at p. 6): “The PD’s assumption that fossil fuel plants will not retire is inconsistent with state law and policy... and should be revised as the Commission determines the targeted clean energy procurement needed to retire polluting generation as soon as possible.”
- CEERT states (at p. 7) that “the restrictive generation assumptions for transmission planning ensure that transmission projects needed to bring offshore wind to serve California (i.e. the underwater DC line from Diablo Canyon to the West Side of LA) will not be studied

⁵ CalWEA opening comments at section II.

during the next transmission planning cycle, even though the proposed project would directly reduce the need to burn gas in the LA basin for reliability.”

- Western Grid explains (at pp. 3-5) how its proposed subsea cable project, which could facilitate the closure of almost 2,000 MW of LA Basin gas plants while providing access to offshore wind, is being undervalued by the CAISO as a direct result of the Commission’s inclusion of LA Basin gas plants in its resource plans.

Further, using the procurement track to develop concrete planning goals would provide an opportunity for the parties to consider the modeling changes that lead to the proposed RSP and to refine the RSP as necessary, as several parties have called for.⁶ CalWEA agrees that review and refinement of the resources in the RSP should occur prior to ordering customer-funded investments.⁷

IV. RESPONSIBILITY FOR CAPITAL-INTENSIVE PROCUREMENTS SHOULD ALSO BE ADDRESSED IN THE NEAR-TERM

TURN and PG&E have highlighted the need to focus on the question of “how a large number of disparate LSEs will be able to act collectively in a timely fashion to drive new investment in ... large, capital-intensive resources.” (TURN at p. 4) While PG&E advocates (at p. 4) that “important open issues, such as the determination of procurement need and obligation, the allocation of procurement responsibility and costs, and the need and compensation for backstop procurement, need to be resolved *before* the next procurement track cycle” (emphasis added), CalWEA agrees with TURN that this issue can be pursued in parallel with other steps in

⁶ See, e.g., SCE at p. 13-14 (“Many of the most recent modeling changes have been incorporated into this PD without allowing parties sufficient time to review and comment on the analysis. Some of these recent changes ... have led to the selection of previously unselected resources (i.e. out of state wind and pumped hydro) in the new RSP ... SCE proposes at least four months of additional time to accommodate stakeholder review and incorporate feedback into the RSP”); and PG&E at p. 4 (“PG&E ... cautions that before significant customer-funded investments are ordered in the procurement track of this or a subsequent IRP proceeding, a more robust analytical framework to assess the trade-offs between key metrics ... needs to be established as a critical foundation for any resource-specific procurement directives.”)

⁷ For that reason, AWEA-CA’s suggestion (at p. 5) that 3 GW of regional wind should be included in the 2020-21 TPP cycle as a category 1 policy base case should be rejected pending further consideration in the procurement track. Similarly, the RSP’s inclusion of pumped hydro storage should be carefully considered in view of other options, as suggested by SCE (at p. 8) and EDF (at p. 6).

this docket, namely, in parallel (or immediately following) the procurement track envisioned by CalWEA above.

V. THE PD SHOULD BE REVISED TO REQUIRE LOAD-SERVING ENTITIES TO REPORT ON RESOURCE SHUFFLING

CalWEA agrees with TURN and NRDC that the PD should adopt their joint proposal to require LSEs to report on the potential for resource shuffling among their proposed resources because “eliciting such information from LSEs would be a good step for the Commission to take as it continues to explore these concerns” (TURN at p. 7) and because “LSEs can provide these essential data through minimal effort” (NRDC at p. 5). We further support TURN’s recommendation (at p. 7) that the Commission take the additional step toward assessing the potential GHG impact of resource shuffling by adding a variable to the RESOLVE model and Clean System Power Calculator.

VI. THE PD SHOULD CLARIFY THAT GHG PLANNING PRICES USED IN THE AVOIDED COST CALCULATOR IN THE YEARS PRIOR TO 2030 SHOULD BE CONSISTENT WITH IRP RESULTS

The PD appropriately establishes that the 2030 GHG abatement cost price to be adopted in the IRP should also be used as the 2030 GHG planning price in the Avoided Cost Calculator (ACC) to ensure that supply- and demand-side resources are assessed consistently. For the same reason – ensuring a level playing field for supply and demand resources – CalWEA agrees with PG&E (at p. 5) that the Commission should clarify that the GHG planning price for the years *before* 2030 used in the Integrated Distributed Energy Resources (“IDER”) proceeding should also align with the IRP.

Respectfully submitted,

/s/ Nancy Rader

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March 17, 2020

On behalf of the California Wind Energy Association

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Reply Comments of the California Wind Energy Association on Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 17, 2020, at Berkeley, California.

/s/ Nancy Rader
Nancy Rader
Executive Director
California Wind Energy Association