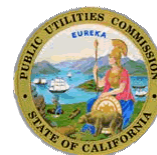


**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

05/18/20
04:59 PM

Application of Pacific Gas and Electric
Company (U 39-E) for Approval and
Recovery of Oakland Clean Energy
Initiative Preferred Portfolio Procurement
Costs.

Application 20-04-013
(Filed April 15, 2020)

**PROTEST OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39-E) FOR
APPROVAL AND RECOVERY OF OAKLAND CLEAN ENERGY INITIATIVE
PREFERRED PORTFOLIO PROCUREMENT COSTS**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

Dated: May 18, 2020

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

Application of Pacific Gas and Electric Company (U 39-E) for Approval and Recovery of Oakland Clean Energy Initiative Preferred Portfolio Procurement Costs.

Application 20-04-013
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**PROTEST OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39-E) FOR
APPROVAL AND RECOVERY OF OAKLAND CLEAN ENERGY INITIATIVE
PREFERRED PORTFOLIO PROCUREMENT COSTS**

The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully files this Protest to the Application (A.) 20-04-013, Pacific Gas and Electric Company's (PG&E's) application for approval of projects selected and recovery of Oakland Clean Energy Initiative (OCEI) preferred portfolio procurement costs. This Protest is timely filed and served pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure.

**I.
OVERVIEW**

CEERT is a nonprofit public-benefit organization founded in 1990 and based in Sacramento, California. CEERT is a partnership of major private-sector clean energy companies, environmental organizations, public health groups and environmental justice organizations. CEERT designs and fights for policies that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West. CEERT is working toward building a new energy economy, including cutting contributions to global warming and reducing dependence on fossil fuels. CEERT has long advocated before the Commission for increased use of preferred resources and for California to move towards a clean energy future.

CEERT has been a party to numerous Commission proceedings relevant to this Application, including, but not limited to, the Resource Adequacy (RA) rulemakings (R.17-09-020 and R.19-11-009), the Integrated Resources Plan rulemaking (R.16-02-007), the Demand Response (DR) rulemaking (R.13-09-011), the Microgrid rulemaking (R19-09-009), and Southern California Edison's Application for Approval of its 2018 Local Capacity Requirement Request for Proposal (A.19-04-016).

II. SUMMARY

Rule 2.6 of the Commission's Rules of Practice and Procedure allows parties to either protest or respond to an application. A "protest" objects to the granting, in whole or in part, of the authority sought in an application; a "response" does not object to that authority, but does present information pertinent to resolving the application.

By this Protest, CEERT objects to both the portfolio of resources selected by PG&E and the cost recovery/cost allocation protocols proposed. CEERT was, from the beginning, a strong vocal and engaged supporter of both the objectives and the process for the Oakland Clean Energy Initiative (OCEI) at both the California Independent System Operator (CAISO) and the Commission. We are reluctantly filing this Protest because we believe the outcome as detailed in this Application fails to measure up to the lofty goals set for the OECI and sets a terrible precedent for future projects with similar characteristics that are less stark than those related to the OCEI. We are fully aware that the relief we seek might result in delay of the retirement of one of the most expensive, most polluting, and least resilient generating facilities on the California grid. We believe that delay is worth the price if the result is a more robust resource portfolio and a process that provides a good template for future procurements.

Further, in compliance with Rule 2.6, this Protest also sets forth the facts constituting the grounds for the Protest, the effect of the application on CEERT, and the reasons CEERT believes the application is not justified.¹ In addition, this Protest sets forth CEERT's position on the proposed category, need for hearing, issues to be considered and proposed schedule.²

III. EFFECT OF THE APPLICATION ON CEERT

According to PG&E:

OCEI is a novel approach to grid reliability, utilizing targeted distributed energy resource deployment and investment in the surrounding grid infrastructure, compared to traditional wires-based transmission solutions. OCEI is a combination of procurement of preferred resources, substation upgrades, transformer upgrades, transmission rerates, and operational load switching.³

By definition, any Local Capacity Requirement (LCR) procurement is a “non-wires alternative,” and the chosen portfolio in this Application is hardly “novel.” The Application addresses cost recovery and cost allocation for contracts with two developers of four-hour lithium ion batteries located at two substations in the Oakland load pocket. The larger of the two installations is located at the site of the existing large, obsolete jet fuel fired peaking plant that provides the LCR requirement in the area today. This plant is one of the oldest, least efficient, most polluting, loudest generating units on the California grid and is located on Jack London square – the cultural and geographic heart of the West Oakland region. The objective of the OCEI is to retire this facility without compromising local grid reliability. This particular location is the only location on the local grid that is capable of receiving energy injection of that magnitude and thus the developer has a strong competitive advantage over alternate sites and

¹ Commission Rules of Practice and Procedure, Rule 2.6(b).

² Commission Rules of Practice and Procedure, Rule 2.6(d).

³ Pacific Gas and Electric Company Oakland Clean Energy Initiative Prepared Testimony (Public Version), submitted on April 15, 2020 (PG&E Prepared Testimony), at p. 1-3.

alternate developers. The other smaller four-hour battery is located at another substation in the load pocket identified by the CAISO as a necessary location for energy injection to mitigate local sub area reliability concerns.

The relief requested by PG&E in A.20-04-013 directly impacts CEERT's mission and its ongoing advocacy for an energy future that promotes low cost, resilient, multi-purpose procurements of carbon free electricity. The portfolio of resources selected by PG&E provides no local energy production⁴, no targeted energy efficiency measures or demand management initiatives. There is no direct customer investment to mitigate non-local ratepayer impacts. Energy to charge the batteries and cover the efficiency losses associated with operation of the battery banks will come entirely from combustion of fossil fuels – either locally at two existing peaking plants owned by the City of Alameda or remotely across the same transmission lines whose potential outage sets the LCR demand. The chosen “portfolio” is brittle and one dimensional, does not address resiliency of the grid to inevitable and significant risks from earthquakes, wildfires and PSPS events, and leaves the Oakland load pocket with no margin for accommodating beneficial load growth through electrification of the very extensive local light, medium, and heavy duty transportation related fossil energy consumption with accompanying greenhouse gas and criteria pollutant emissions that have dramatic environmental justice implications.

Proposed large development projects in the Oakland load pocket such as expansion/electrification at the Port of Oakland and the Treasure Island residential/commercial development also mean that it is highly likely that traditional load growth in the area will be well above the system average in spite of any future aggressive energy efficiency measures. Although

⁴ Net local energy production actually decreases due to energy losses to cycle the batteries.

the circumstances surrounding this particular LCR area are unique, this procurement is arguably one of the most consequential LCR procurements in the state with both extraordinary risks and extraordinary potential to demonstrate a future vision for the twenty-first century California electric grid.

While on paper, this Application meets the narrow definition of the current, specific LCR need quantified by the California Independent System Operator (CAISO), CEERT maintains that the portfolio selected by PG&E is wholly inadequate considering the range of futures for this critical region.

IV. THE APPLICATION DOES NOT ALIGN WITH CALIFORNIA'S VISION FOR THE FUTURE OF THE ELECTRIC GRID

CEERT believes that the Application, either directly or by omission, does not comply with at least the spirit of California's vision for the role of the electric grid in the twenty-first century. Most of the relevant, thorny energy issues facing the state are represented in bold colors and stark alternatives in this relatively small but absolutely critical portion of the Bay Area. Earthquake and wildfire risks are extreme. Transportation related fossil fuel consumption is well above statewide average due to the Port of Oakland and the extensive highway network and public transportation infrastructure located in the load pocket. Beneficial electrification potential for building space conditioning and water heating and sources of non-ratepayer financing for these investments is well above average. Income disparity is extreme and the homeless crisis is front and center. The need for highly reliable, very resilient power supply is rarely found at this level as a percentage of total local demand. The current fossil-based solution for grid reliability is universally called out as one of the best examples of the need for dramatic infrastructure change.

The potential for innovative energy efficiency, demand response and distributed energy resources in this sub area of the grid are extraordinary. The surrounding neighborhoods are home to many of the brightest energy minds on the planet at institutions such as Lawrence Berkeley National Laboratory and the University of California. If these “preferred resources” that are widely touted as resilient, cost effective and prudent investments for the state going forward cannot be cost effectively procured here, they cannot rise to nearly their state-wide potential that is central to achieving our electric sector goals. The Oakland load pocket electric ratepayers as well as the recreational and commercial visitors to this unique, critical area deserve better.

The State cannot afford to pass up the opportunity to improve resiliency, reduce direct costs and pollutant emissions by considering holistic solutions to multiple objectives, demonstrate a vision for the future electric grid, and learn valuable lessons and establish precedents for how these issues will be adjudicated elsewhere.

V.
PROPOSED CATEGORY FOR APPLICATION, NEED FOR EVIDENTIARY HEARINGS, ISSUES TO BE CONSIDERED, AND PROPOSED SCHEDULE

Rule 2.6(d) also gives parties protesting or responding to an application the opportunity to provide comments or objections “regarding the applicant’s statement on the proposed category, need for hearing, issues to be considered, and proposed schedule.” An “alternative schedule” can also be proposed.⁵

CEERT agrees with PG&E that the application should be categorized as “ratesetting.” As to the need for an evidentiary hearing, CEERT disagrees with PG&E that no evidentiary hearing is required. CEERT believes that hearings with full elements of discovery, open public

⁵ Commission’s Rules of Practice and Procedure, Rule 2.6(d).

testimony under oath, and formal briefs by all interested parties is the most efficient and timely way to explore the significant issues raised by this Application that both directly affect all customer rates in PG&E's service territory and set precedent for other potential similar procurements.

The issues to be considered include the following:

- A full and complete explanation of attempts by PG&E to procure Demand Response (DR) resources to form part of the portfolio of resources selected to fill the indicated Local Capacity Resources (LCR) need. Reasons why no DR was selected must be articulated along with lessons learned for future resource procurements.
- A full and complete explanation of attempts by PG&E to procure Energy Efficiency (EE) resources to form part of the portfolio of resources selected to fill the indicated LCR need. Reasons why no EE was selected must be articulated along with lessons learned for future resource procurements.
- A full and complete explanation of attempts by PG&E to procure aggregations of Behind the Meter (BTM) preferred resources to form part of the portfolio of resources selected to fill the indicated LCR need. Reasons why no BTM DERs were selected must be articulated along with lessons learned for future resource procurements.
- A full and complete explanation of attempts by PG&E to procure In Front of the Meter (IFOM) preferred generating resources to form part of the portfolio of resources selected to fill the indicated LCR need. Reasons why no IFOM preferred generating resources were selected must be articulated along with lessons learned for future resource procurements.

- A full and complete explanation of attempts by PG&E to consider costs and benefits of alternate resource portfolios and potential distributed solutions including possible microgrids to both supply LCR capacity and mitigate ongoing risks from earthquakes, wildfires in the hills East of Oakland that directly affect transmission corridors into the Oakland load pocket, and Public Safety Power Shutoff (PSPS) events called to mitigate these risks.
- A full and complete explanation of attempts by PG&E to coordinate this LCR procurement with other Load Serving Entities (LSEs) in the Oakland load pocket including at least East Bay Community Energy (EBCE), the City of Alameda, and the Port of Oakland who together serve the majority of retail customers in the Oakland load pocket and directly benefit from overall grid reliability in the Oakland load pocket. This coordination includes consideration of all potential future development plans in the load pocket that significantly impact future electricity demand.
- A full and complete explanation of the specific attributes of the product PG&E proposes to procure called “Local Area Reliability Services” (LARS), its tangible ratepayer value and historic pricing in comparison with the price PG&E proposes to pay. Included in this explanation would be an analysis as to how this FERC jurisdictional product is incremental to and distinct from the CPUC jurisdictional LCR capacity purchased by EBCE from the same counterparties.
- A full and complete explanation as to why retail customers in PG&E’s service territory remote from the Oakland load pocket and whose electric service is not impacted directly or indirectly by outages in the Oakland load pocket should pay for purchase of LARS that are confined to the Oakland load pocket.

CEERT disagrees with the proposed schedule contained in the Application. Given the lack of supporting information in the Application, it is not practical to propose a revised schedule pending a Commission ruling on the scope of the investigation.

**VI.
REQUEST FOR PARTY STATUS**

Pursuant to the Commission's Rules of Practice and Procedure, CEERT requests confirmation of party status with the following individual to be listed as the appearance for CEERT on the Party Service List in A.20-04-013:

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***FOR: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES***

**VII.
CONCLUSION**

For the reasons stated above, CEERT submits its Protest to A.20-04-013.

Respectfully submitted,

May 18, 2020

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