

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



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Order Instituting Rulemaking to Establish  
Policies, Processes, and Rules to Ensure  
Reliable Electric Service in California in the  
Event of an Extreme Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 19, 2020)

**RESPONSE OF VOTE SOLAR, THE LARGE- SCALE SOLAR ASSOCIATION,  
AND THE SOLAR ENERGY INDUSTRIES ASSOCIATION TO PROPOSALS  
AND QUESTIONS REGARDING EMERGENCY CAPACITY  
PROCUREMENT BY THE SUMMER OF 2021**

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PROCUREMENT BY THE SUMMER OF 2021**

Pursuant to the December 11, 2020 *E-mail Ruling Directing Parties to Serve and File Responses to Proposals and Questions Regarding Emergency Capacity Procurement by the Summer of 2021* ("December 11 Ruling"), Vote Solar, the Solar Energy Industries Association ("SEIA"), and the Large-scale Solar Association ("LSA") submit the following responses.

**I. INTRODUCTION**

The proposals advanced in the December 11 Ruling indicate an intent by the California Public Utilities Commission to authorize an expedited procurement process, limited to certain resources types, to meet a need that has not been clearly define in the summer of 2021. Vote Solar, SEIA and LSA understand the Commission's objective to ensure that California does not again experience rolling blackouts such as those that occurred in August of 2020. That said, we are concerned that in a rush to meet this objective, progress in other Commission proceedings towards meeting the State's greenhouse gas and renewable energy goals may be undermined. Our responses to the questions set forth in the December 11 Ruling are designed to ensure a process that can meet any clearly identified capacity need in the summer of 2021, while not undercutting the state's long term energy goals.

## II. RESPONSE TO PROPOSALS

### A. Procurement Type Initial Proposal

The December 11 Ruling offer the following description of proposed procurement type:

- The procured capacity must have a commercial operation date (COD) by summer 2021 (proposal for COD is June 1, 2021).
- The resource types that should be considered for procurement include:
  - Incremental efficiency upgrades to existing power plants,
  - Re-contracting for generation that is at-risk of retirement,
  - Incremental energy storage capacity, and
  - Firm forward imported energy contracts.
- RA only contracts or contracts that include tolling agreements may be proposed
- Potential resources can include Utility Owned Generation

The December 11 Ruling offers the following questions regarding procurement type:

*1. In considering incremental authorization for procurement, what parameters should the Commission place on contracts regarding pricing, contract term, and operational characteristics?*

The Commission must adhere to State Policies, including the loading order which mandates that energy efficiency and demand response be pursued first, followed by renewables and lastly clean-fossil generation. For the purpose of this proposed procurement, storage should be considered as a demand response resource and hybrid solar plus storage and wind plus storage should be considered as a renewable resource even if the storage is partially charged from the grid. Fossil generation should be considered last and only for the summer of 2021. Longer contract terms should be considered for other resources in the loading order. Pricing should be determined on a competitive basis. The resources must be available during the hours adjacent to the net peak hour during the summer months.

2. *Should the Commission limit the total volume of incremental procurement authorized?*

Yes, the Commission should determine the summer 2021 need that must be satisfied by this proposed procurement. Longer term procurement should be considered only if it is determined that it also supports California's goals for the reduction of greenhouse gas emissions.

3. *Should procurement that cannot achieve a commercial operation date by June 1, 2021 also be considered in this procurement authorization?*

The Commission should prioritize resources that can achieve commercial operation by June 1, 2021, but should not prohibit the procurement of renewable and storage resources that have a later commercial operation date, as those resources could still help alleviate supply shortages. For example, if the critical days in 2021 occur in the same months as 2020 (August and September), then resources online by August 1, 2021 would help mitigate those events. Likewise, the Commission should not reject projects that might not be online in 2021, but could help in summer 2022. Thus, in evaluating bids, it might be useful "weight" projects based on their online date. Such a weighting system should give top priority to resources that can come online by June 1, 2021; second priority to resources that can come online by August 1, 2021; and third priority to resources that can come online by June 1, 2022.

4. *Are there any additional considerations regarding the procurement type that the Commission should consider in issuing a procurement authorization?*

The Commission should not short circuit any environmental review associated with the expansion of combustion technologies that increase harmful air emissions.

5. *Are there additional specific issues the Commission should consider in authorizing procurement to ensure that the procurement is cost-effective under the existing circumstances, would addresses system needs, and be in the public interest?*

Procurement should be done to also leverage the development of resources in load pockets that have local capacity requirements and could reduce the operation of gas generation particularly projects that impact disadvantaged communities.

## **B. Procurement Process**

The December 11 Ruling proposes that the authorized contracting vehicles should include bilateral negotiations and the offers from recent IRP request for offers (RFO) bid stacks and sets forth the following questions regarding the procurement process:

*6. Are there other expedited processes besides bilateral negotiations or revisiting offers from recent IRP RFO bid stacks that could be used to ensure cost-competitive resources are procured to be online for Summer 2021?*

The Commission has adopted a new PURPA-compliant standard offer program for renewable projects up to 20 megawatts. The Commission should immediately revise the standard offer contracts to permit the inclusion of project-charged storage. The same recommendation should be applied to the recently reopened ReMAT Program.

*7. Can or should actions be taken to expedite the permitting and interconnection processes associated with this procurement?*

Yes. The Commission should revise Rule 21 interconnection to permit the export of power from behind-the-meter projects that includes battery storage and can be dispatched in a way to meet the net peak load requirements.

*8. What existing investor-owned electric utility procurement processes (for example, Procurement Review Group consultation independent evaluator oversight, etc.) should be utilized for this Procurement?*

An independent evaluator would be useful. However, time is of the essence so the Commission should consider measures to shorten the time period required to approve contracts.

**9.** *What information must be included in any filings seeking final approval from the Commission, including in any potential advice letter filings that might be evaluated and resolved by the Commission's Energy Division?*

If fossil fuel technologies are to be considered, the advice letters should include an assessment of the impact on state greenhouse gas emissions and impact on disadvantaged communities of criteria pollutant emissions.

**10.** *Are there any additional considerations regarding the procurement process that the Commission should consider in issuing a procurement authorization?*

Nothing in this emergency reliability procurement should delay the schedule of procurement required through the IRP procurement track.

#### **C. Procurement Cost Recovery and Ratemaking Treatment**

The December 11 Ruling proposes that electric investor-owned utilities should procure these resources on behalf of all customers in their service territories. The costs should then be recovered through the existing cost allocation mechanism, submitting that such allows capacity benefits to be allocated to and net costs to be recovered from all benefiting customers on a non-bypassable basis. To this end the December 11 Ruling questions:

**11.** *Are there any additional considerations regarding cost recovery and ratemaking treatment the Commission should consider in issuing a procurement authorization?*

The cost allocation process should not deter other load serving entities from procuring resources that will be available for the summer of 2021.

#### **D. Process for Commission Review**

The December 11 Ruling proposes that, given the tight time frame of this procurement, a Tier 1 Advice Letter approval process would ensure cost recovery certainty and allow for

expedited procurement. The December 11 Ruling states that the exception to this process would be Utility Owned Generation contracts, which it submits will require a Tier 2 Advice Letter approval process. The December 11 Ruling also questions:

*12. Are there any additional considerations regarding the process for commission review that the Commission should consider in issuing a procurement authorization.*

This proceeding should be closely coordinated with the Resource Procurement Framework that is being considered in the Integrated Resource Planning proceeding (R. 20-05-003). It is important that longer-term procurement not be delayed as the needs facing the state with the imminent closure of the Diablo Canyon power plant are large and consequential both for reliability and reduction of greenhouse gas emissions.

Respectfully submitted December 18, 2020 at San Francisco, California.

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<sup>1</sup> In accord with Commission Rule 1.8, the representative of SEIA has been authorized to sign these comments on behalf of Vote Solar and LSA.