

**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)

**COMMENTS OF THE LARGE- SCALE SOLAR ASSOCIATION,
THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND VOTE SOLAR
ON PROPOSED DECISION DIRECTING PACIFIC GAS AND ELECTRIC COMPANY,
SOUTHERN CALIFORNIA EDISON COMPANY, AND SAN DIEGO GAS &
ELECTRIC COMPANY TO SEEK CONTRACTS FOR ADDITIONAL POWER
CAPACITY FOR SUMMER 2021 RELIABILITY**

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CAPACITY FOR SUMMER 2021 RELIABILITY**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Large-scale Solar Association ("LSA") the Solar Energy Industries Association ("SEIA"), and Vote Solar comment upon the *Proposed Decision Directing Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Seek Contracts for Additional Power Capacity for Summer 2021 Reliability* that was issued in the above captioned proceeding on January 8, 2021 ("Proposed Decision").

I. INTRODUCTION

The Proposed Decision directs each of the state's major investor-owned electric utilities ("IOUS") to contract for capacity that is available to serve peak and net peak load in the summer of 2021 and submit contracts that conform with that directive for approval by the Commission no later than February 15, 2021. In doing so, the Proposed Decision differs from the Assigned Commissioner's Ruling that was issued in this proceeding eleven days prior (on December 28, 2020), directing these same IOUs to contract for capacity that is available to serve peak and net

peak load for both the summer of 2021 and summer 2022.¹ The ACR also directed the IOUS to submit conforming contracts for approval by the Commission no later than February 15, 2021.

The difference between the directives in the Proposed Decision and the ACR is substantive.

The Proposed Decision fails to provide adequate explanation for the variance, resulting in market confusion. Absent modification of the Proposed Decision to authorize IOU capacity procurement to meet peak and net peak load during the summer of 2022, the Commission will exacerbate a lack of confidence in the California regulatory environment, rendering future procurement (on an expedited basis or not) more difficult. Accordingly, the Proposed Decision should be modified to align with the ACR, providing for procurement for both the summers of 2021 and 2022.

In addition, the Proposed Decision limited the qualifying resource types to: (1) incremental capacity from existing power plants through efficiency upgrades, revised power purchase agreements; (2) contracting for generation that is at-risk of retirement; and (3) incremental energy storage capacity. While such limitation may make sense if procurement is confined to resources that were required to be on-line in the summer of 2021, if the authorized procurement is extended to projects on-line in the summer of 2022, then additional resources such as solar plus storage should be included as a qualifying resource.

II. THE PROPOSED DECISION SHOULD BE ALIGNED WITH THE ACR TO AUTHORIZE PROCUREMENT FOR SUMMER 2022

In directing the IOUs to procure capacity for the summer of 2021 and 2022, the ACR states that "the substance of this ruling will be brought to the full Commission in the form of a

¹ See *Assigned Commissioner's Ruling Directing the State's Three Large Electric Investor-Owned Utilities to Seek Contracts for Additional Power Capacity to be Available by the Summer of 2021 or 2022*, R. 20-11-003 (December 28, 2020) ("ACR")

proposed decision."² This statement was of crucial import to validate the legitimacy of the ACR's directive as Section 311 of the Public Utilities Code provides, in applicable part, that:

Every finding, opinion, and *order made by the commissioner* or commissioners so designated, pursuant to the investigation, inquiry, or hearing, *when approved or confirmed by the commission* and ordered filed in its office, *is the finding, opinion, and order of the commission.*

In reliance on the forthcoming validation by the Commission, and given the ACR's February 15 deadline for the submission of procurement results to the Commission, the IOUs commenced procurement activity.³

The Proposed Decision, however, dramatically deviates from the ACR, limiting the scope of authorized procurement to the summer of 2021. The only explanation for this deviation is:

While we believe swift action is needed to ensure intended benefits are provided for summer 2022, we believe these benefits can be reasonably realized through consideration in a subsequent decision in this proceeding.⁴

The Proposed Decision does not state why it believes the Commission can wait to address capacity needs for summer 2022 later in this proceeding. Indeed the record of this proceeding illustrates that, despite the Commission's directives to the IOUs, the probability of securing any notable amounts of new supply capacity for the summer of 2021 is slim at best. A substantial lead time is necessary to bring any new source of capacity on line given the time needed. Waiting until a future date to address summer 2022 capacity issues may effectively take the acquisition of new incremental capacity off the table for 2022 as well.⁵

² *Id.*, p. 2.

³ See Southern California Edison Company's December 31, 2020, *Market Announcement for Bilateral Contracting for the Summer of 2021 and 2022.*

⁴ Proposed Decision, p. 4.

⁵ See *Southern California Edison company's Comments on 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*, R. 20-11-003(November 30, 2020), p. 14 (noting that a solicitation for new resources in 2022 would face significant challenges to coming on line in time); *see also*

The Scoping Memo in this proceeding clearly provided that procurement of capacity for summer of 2022 was within the scope of the proceeding.⁶ The ACR directed such procurement. The Proposed Decision's unexplained deviation will not only hinder the ability to ensure the reliability of the electric grid in the summer of 2022, but, further undermines confidence in the Commission regulated procurement market. The Proposed Decision's deviation from the ACR, unless corrected, sets a dangerous precedent. Directives by commissioners given with the promise of full Commission validation are less likely to be followed as that full Commission validation may never materialize. The Proposed Decision must be modified to conform to the ACR's procurement directives for both the summer of 2021 and the summer of 2022.

III. SOLAR PLUS STORAGE SHOULD BE INCLUDED IN THE QUALIFYING RESOURCE TYPES

The Proposed Decision limits the qualifying resources types for the authorized procurement. Despite the state's renewable and greenhouse gas reduction goals, as well as the state mandated loading order,⁷ the qualifying resource types lean heavily on fossil fuel generation (e.g., contracting for generation that is at risk of retirement). While authorized procurement for the summer of 2021 may practically preclude contracting for certain renewable resources, those same limitations may not be insurmountable for procurement with an on-line date of summer 2022, if the Commission acts *now* to authorize such procurement. As stated

Response of the Independent Energy Producers to December 11 Ruling, R. 20-11-003 (December 18, 2020), pp. 1-2; *Middle River Powers LLC to Administrative Law Judge December 11, 2020 E-Mail Ruling*, R. 20-11-003 (December 18, 2020), pp. 1-2.

⁶ *Assigned Commissioner's Scoping Memo and Ruling*, R. 20-11-003 (December 21, 2020), p. 2, Issue No. 1.

⁷ The loading order mandates that energy efficiency and demand response be pursued first, followed by renewables and lastly clean-fossil generation.

above, the Proposed Decision already designates incremental energy storage as a qualifying resource type. This category should be expanded to include solar plus storage projects.

IV. CONCLUSION

For the reasons stated above, the Proposed Decision should be modified to (1) authorize procurement for the summer of 2022, consistent with the ACR, and (2) include solar plus storage among the qualified resource types.

Respectfully submitted January 28, 2021 at San Francisco, California.

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⁸ 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.