



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 UNION OF CONCERNED SCIENTISTS 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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Representing Union of Concerned Scientists

Dated: January 28, 2021

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COMMENTS OF UNION OF CONCERNED SCIENTISTS 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

I. Introduction

Addressing reliability issues before summer 2021—a mere four months away – requires urgent action. But that action also must be based on sound analysis and in keeping with the state’s existing policy goals. Instead, the proposed decision allows an undetermined amount of predominantly gas-fired procurement that could increase emissions of greenhouse gases and criteria air pollutants even as California grapples with the rising costs of climate change. In these comments, the Union of Concerned Scientists (UCS) urges the Commission to complete a need analysis to determine the appropriate amount of resources to procure and to prioritize procurement of energy storage resources as required in the Public Utilities Code.

II. A Need Analysis Should Proceed Procurement

The proposed decision does not include any facts to support a specific amount of procurement that will effectively address summer reliability issues. The proposed decision quotes the Preliminary Root Cause Analysis to justify expediting procurement of new resources. However, UCAN’s comments in reply to the December 11, 2020 ruling show that the full quote suggests that the Preliminary Root Cause Analysis recommended focusing primarily on

“resources such as demand response and flexibility” that “can complement the resources that are already under construction.”¹

The closest the proposed decision comes to identifying a specific amount of procurement necessary is in its reference to D.19-11-016. That decision authorized 3,300 MW of procurement but considered an authorization as high as 5,500 MW.² The proposed decision seems to imply that consideration of a higher authorization in the IRP proceeding justifies this procurement authorization but does not say this outright.

This proposed decision is missing the facts necessary to determine the amount of procurement that would be reasonable. It is unclear how the Commission will judge whether the utilities have procured too little or too much capacity, or how the utilities themselves should determine the amount of supply-side and demand-side resources to procure. There will be no further opportunity for public comment on the procurement, given this proceeding directs utilities to submit their procurement to the Commission via Tier 1 advice letter. It is important that parties know how the Commission and utilities are evaluating the need for supply-side and demand-side resources. The Commission should develop or require a need analysis to direct this procurement, as parties recommended in comments on the December 11, 2020 ruling.³

III. The Commission Must Prioritize Energy Storage Procurement over Gas-Fired Generation

The Commission should direct utilities to give preference to incremental energy storage capacity as required by state law. The proposed decision allows for procurement of incremental capacity from gas plants as well as energy storage. However, it does not state a preference for energy storage. Parties raised this issue in comments on the December 11, 2020 ruling,

¹ UCAN Comments, p. 3 (December 18, 2020); California Independent System Operator, California Public Utilities Commission, and California Energy Commission. Preliminary Root Cause Analysis: Mid-August 2020 Heat Storm, p. 15 (October 6, 2020), <http://www.caiso.com/Documents/Preliminary-Root-Cause-Analysis-Rotating-Outages-August-2020.pdf>.

² Proposed Decision, pp. 10.

³ See CalCCA Comments, p. 9 (December 18, 2020); TURN Comments, p. 3 (December 18, 2020); UCAN Comments, pp. 2-3(December 18, 2020); Justice Parties Comments, pp. 5-7 (December 18, 2020).

referencing the state’s clean energy goals as well as existing state law.⁴ State law requires the Commission to

[w]here feasible, authorize procurement of resources to provide grid reliability services that minimize reliance on system power and fossil fuel resources and, where feasible, cost effective, and consistent with other state policy objectives, increase the use of large- and small-scale energy storage with a variety of technologies...to protect system reliability.⁵

Utilities should be directed to prioritize procurement of energy storage resources. Procurement of incremental capacity from gas-fired power plants or contracting with gas-fired power plants at risk of retirement should not occur unless a need analysis indicates that energy storage and preferred resources are insufficient to meet need. Along these lines, any incremental capacity from gas-fired power plants or contracts with gas-fired generation at risk of retirement should not be given long term contracts. Long-term contracting with gas-fired generation would run counter to California’s clearly stated clean energy policy directives.

The proposed decision should be revised to reflect state policy on energy storage and preferred resources. Specifically, section 5 of the proposed decision should be revised to direct utilities to give priority to incremental energy storage resources, so that this directive is incorporated into the second conclusion of law and the second ordering paragraph (see Appendix). Utilities should be instructed that procurement from gas-fired generation is acceptable only to the extent that energy storage procurement is not feasible.

IV. Conclusion

The Union of Concerned Scientists respectfully requests that the Commission adopt the proposed changes described above and in the attached appendix.

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⁴ CEERT Comments, p. 4 (December 18, 2020); Justice Parties Comments, pp. 3-5, 8-10 (December 18, 2020); CESA Comments, p. 2 (referencing Public Utilities Code Section 380) (December 18, 2020); TURN Comments, p. 4 (December 18, 2020).

⁵ Public Utilities Code Section 400(c).

Respectfully submitted,

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APPENDIX

Recommended Changes to Proposed Decision

UCS's suggested edits refer to conclusion of law #2 and ordering paragraph #2, the conclusion of law and ordering paragraph directing the utilities to procure. As both the conclusion of law and the ordering paragraph reference direction given in section 5 of the proposed decision, UCS is suggesting the following edit to section 5 (bolded and underlined):

5.1. Procurement Type

- Resource must be deliverable during both the peak and net peak demand periods.
- For Commission consideration through a Tier 1 advice letter, a COD by June 1, 2021 is preferred but COD by September 1, 2021 will be considered.
- Potential resources may include utility-owned generation, with Commission consideration for utility owned generation projects with a COD in 2021 through a Tier 2 advice letter.
- Resource types that may be considered for procurement include:
 - Incremental capacity from existing power plants through efficiency upgrades, revised power purchase agreements, etc.
 - Contracting for generation that is at-risk of retirement.
 - Incremental energy storage capacity.
- **Incremental energy storage capacity should be prioritized in procurement.**
- Resource adequacy only contracts or contracts that include tolling agreements may be proposed.