

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

02/02/21
04:59 PM

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)

**REPLY COMMENTS OF CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES ON THE 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**

JAMES H. CALDWELL, JR.
1650 E. Napa Street
Sonoma, CA 95476
Telephone: (443) 621-5168
Facsimile: (415) 387-4708
E-mail: jhcaldwelljr@gmail.com

CARLEIGH OSEN
Policy Coordinator
Center for Energy Efficiency and
Renewable Technologies
1100 11th Street, Suite 311
Sacramento, CA 95814
Telephone: (916) 442-7785
E-mail: carleigh@ceert.org

MEGAN M. MYERS
Attorney at Law
110 Oxford Street
San Francisco, CA 94134
Telephone: (415) 994-1616
Facsimile: (415) 387-4708
E-mail: meganmmyers@yahoo.com

For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

February 2, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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)

**REPLY COMMENTS OF CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES ON THE 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**

The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submit these Reply Comments on the 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 (Proposed Decision), mailed on January 8, 2021. These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the Proposed Decision.

I.

**THE PROPOSED DECISION IS INHERENTLY FLAWED AS THE RECORD DOES
NOT SUPPORT A NARROW NATURAL GAS-BASED RESOURCE PROCUREMENT**

CEERT understands and appreciates the necessary urgency behind this proceeding in anticipation of the approaching summer months. However, the Commission must ensure that decisions made in this proceeding are undoubtedly resulting from a “least regrets” approach. A true “least regrets” approach is critical to guarantee decisions from this proceeding will not inadvertently prevent progress on meeting California’s clean energy goals. CEERT agrees with Californians for Renewable Energy (CARE), The Utility Reform Network (TURN) and the Utility Consumers’ Action Network (UCAN) that the Proposed Decision is based on an incomplete record that does not support the actions ordered.¹ Specifically, CEERT believes the focus on and allowance of long-term additional natural gas procurement is invalid based on the

¹ Opening Comments of CARE, at p. 8; Opening Comments of TURN, at p. 2; Opening Comments of UCAN, at p. 3.

current record of this proceeding, analysis on the causes of the August 2020 outages, and the Commission's existing policies and State law.

According to the Order Instituting Rulemaking, the objective of this proceeding is to “identify and execute all actions within its statutory authority to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021.”² Therefore, it would be prudent that the Commission explore all viable options to effectively increase reliability for this coming summer. Furthermore, it would make sense to ensure the solutions arising from this effort are durable, resilient, and consistent with the longer-term direction of energy policy. Natural gas procurement is not an astute solution and is not comprehensive enough to address the overlapping issues California will face this summer. Thus, CEERT strongly agrees with San Diego Gas & Electric (SDG&E) and the Green Power Institute (GPI) that the Proposed Decision unnecessarily limits resource type for this emergency procurement.³ Additionally, SDG&E correctly infers that the public interest is “...better served by a process that allows the Commission to consider all resources that can provide summer 2021 reliability....”⁴

In addition to creating unnecessary barriers to successfully ensuring reliability for summer 2021 and beyond, the procurement order included in the Proposed Decision fundamentally conflicts with existing State law and Commission policies. The Large-Scale Solar Association, The Solar Energy Industries Association, and Vote Solar (Joint Solar Parties) correctly state that “[d]espite the state’s renewable and greenhouse gas reduction goals, as well as the state mandated loading order, the qualifying resource types lean heavily on fossil fuel generation....”⁵

CEERT concurs with the Joint Solar Parties observation and maintains that this procurement is essentially an exclusive natural gas procurement order. While incremental storage capacity is included as an eligible resource type,⁶ without additional clean energy, this procurement will result in increased utilization of the natural gas fleet to charge that storage at a decreased level of efficiency at the highest price. Thus, CEERT strongly agrees with UCAN that “this [Proposed Decision] will primarily result in additional natural gas fired generation at

² Order Instituting Rulemaking Emergency Reliability, at p. 2.

³ Opening Comments of SDG&E, at p. 2; and Opening Comments of GPI, at p. 3.

⁴ Opening Comments of SDG&E at p. 3.

⁵ Opening Comments of the Joint Solar Parties, at p. 4.

⁶ Proposed Decision, at p. 11.

significant cost and questionable benefit to ratepayers – and, if not substantially revised in response to party comments, urges the Commission to reject it.”⁷

As many parties observe, including the Joint Solar Parties, CEJA and the Sierra Club, and CARE, the Proposed Decision violates the Commission’s Loading Order.⁸ Furthermore, the performance of the natural gas fleet during the August 2020 outages does not warrant exclusive focus on natural gas resources for procurement. In fact, the gas fleet’s performance during the August outages reveals that increasing reliance on fossil fuel resources will not increase grid reliability. As Protect Our Communities Foundation (PCF) correctly states, “a 40 percent unavailability rate at the hour of critical need [during the August outages] is clearly unacceptable.”⁹ CEERT also strongly agrees with CEJA and the Sierra Club that “it makes no sense to allow procurement of additional gas capacity when gas plants had a high forced outage rate during the August 2020 outages, demonstrating that increasing gas plant capacity does not necessarily increase reliability.”¹⁰ We have already paid the gas fleet good money to provide that capacity when needed. Rather than penalize them when they do not perform, the Proposed Decision offers to pay these generators more money with long term contracts, effectively paying them twice.

Furthermore, this natural gas procurement is not only at odds with State law and Commission policies but is not in the best interest of the people of California. Additional natural gas procurement will not increase grid reliability and is not a cost-effective action, thereby increasing ratepayer cost without effectively solving the State’s reliability issues. Furthermore, the financial burdens and public health impacts¹¹ from fossil fuel generation are disproportionately borne by the State’s most vulnerable populations. In their Opening Comments, CEJA and Sierra Club correctly state that

“...allowing additional procurement for new fossil fuel capacity is inconsistent with [SB] 100, California’s commitment to decarbonization, SB 32, SB 350, the Loading Order, statutes that require analysis of other resources before procurement of carbon resources, and this Commission’s prior decision and planning... and is likely to lead to stranded assets as California decarbonizes.”¹²

⁷ Opening Comments of UCAN, at p. 5.

⁸ Opening Comments of the Joint Solar Parties, at p. 4; Opening Comments of CEJA and the Sierra Club, at p. 6; and Opening Comments of CARE, at p. 3.

⁹ Opening Comments of PCF, at p. 8.

¹⁰ Opening Comments of CEJA and the Sierra Club, at p. 8.

¹¹ *Id.*, at p. 2.

¹² *Id.*, at p. 4.

Actions taken in this proceeding are not exempt from the Commission’s duty under the aforementioned statutes and policies. The Commission must focus its efforts to facilitate a just and orderly transition away from dependence on the natural gas fleet towards clean energy resources. This Proceeding had the potential to either help advance that objective or serve to impose additional barriers to meeting State climate goals on-time, cost-effectively, and in a just manner. This Proposed Decision chooses the latter.

Thus, the Commission should expand the Proposed Decision to allow the best “least regrets” decisions to come forward. The Commission should remove arbitrary resource type parameters, as this erroneously assumes that cleaner alternatives cannot be online for summer 2021. Thus, CEERT believes that *all resources* that can meet the 2021 online date should be included in this procurement, including behind-the-meter resources¹³ and solar + storage hybrid resources.¹⁴ Furthermore, CEERT agrees with TURN’s recommendation to extend the preferred online date from June 1, 2021 to September 1, 2021¹⁵ to align with the net peak not only shifting to later in the day, but also to later in the year, and thus allowing for more “least regrets” possibilities.

CEERT strongly agrees with GPI, in referring to Southern California Edison’s (SCE’s) comments, that the “Commission should not prioritize new generation at the expense of demand reduction options, which in many cases can come online far faster than new generation.”¹⁶ Furthermore, UCAN correctly observes that the Commission ignores “the very real possibility that the gas procurement expedited under this decision will obviate the need for, and opportunity to rely instead upon, [excluded] resources.”¹⁷ Skipping the Loading Order and resorting to gas procurement first is not a “least regrets” decision approach and will create additional, unnecessary barriers to California’s decarbonization as long-term gas resource contracting will push out essential clean energy resource procurement to the next decade.

Thus, CEERT agrees with Union of Concerned Scientists and TURN that if additional natural gas procurement is ultimately allowed, there must be strict, short-term contract

¹³ Opening Comments of CESA, at p. 2

¹⁴ Opening Comments of the Joint Solar Parties, at p. 5.

¹⁵ Opening Comments of TURN, at p. 2.

¹⁶ Opening Comments of GPI, at p. 3.

¹⁷ Opening Comments of UCAN, at p. 4.

stipulations in place¹⁸ to ensure the State's continued reliance on fossil fuels is limited to the greatest extent possible and to avoid hindering California's clean energy transition any further. Any and all potential long-term natural gas contracting should be completed through the Integrated Resource Planning (IRP) process.

II. CONCLUSION

As Summer 2021 rapidly approaches, it brings potential reliability issues, wildfire season, and the State's recovery efforts from COVID-19. Thus, California must focus on making immediate, true "least regrets" decisions that can address grid reliability and resiliency, climate change and State climate goals, and economic growth. Beginning this effort with natural gas procurement is not a "least regrets" decision. The Commission should extend the Proposed Decision to include a wide-array of resource types, as outlined in D.19-11-016 and in compliance with the Loading Order, before resorting to increased reliance on harmful fossil fuel generation. Furthermore, if the Commission moves forward with this overly narrow procurement approach, it must limit natural gas contract length to prevent additional regression on the State's decarbonization goals.

Respectfully submitted,

February 2, 2021

/s/ MEGAN M. MYERS

Megan M. Myers

On Behalf of the Center for Energy Efficiency and
Renewable Technologies

110 Oxford Street

San Francisco, CA 94134

Telephone: 415-994-1616

E-mail: meganmmyers@yahoo.com

¹⁸ Opening Comments of UCS, at p. 4 and Opening Comments of TURN, at p. 1.