

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)

**REPLY BRIEF OF CENTER FOR ENERGY EFFICIENCY AND RENEWABLE
TECHNOLOGIES**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

February 12, 2021

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Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits this Reply Brief in Rulemaking (R.) 20-11-003 (Extreme Weather). In this Rulemaking, the Commission seeks to establish policies, processes, and rules to ensure reliable electric service in California in the event of an extreme weather event in 2021. CEERT's Reply Brief is timely filed and served pursuant to the Commission's Rules of Practice and Procedure (Rule 13.11) and the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo), dated December 21, 2020.

I.

MULTIPLE PARTIES AGREE THAT INVESTMENT IN OR EXPANSION OF GAS-FIRED GENERATION MUST BE AVOIDED OR, AT LEAST, LIMITED TO SHORT-TERM CONTRACTS AND THE COMMISSION MUST FOCUS ON LEAST-REGRETS SOLUTIONS TO MAINTAIN RELIABILITY IN SUMMER 2021

CEERT argues in its Opening Brief that, in this proceeding, the Commission should not make any new investments in the gas fleet and that authorization of procurement of gas-fired generation should be made as a "last resort."¹ Furthermore, any such procurement must be limited to short-term contracts of no more than three years in length.² CEERT also reiterates its recommendation that the Commission focus on least-regrets solutions, such as procurement of available clean energy resources and demand-side solutions, including demand response (DR),

¹ CEERT Opening Brief, at p. 2.

² *Id.*

distributed energy resources (DERs) and solar + storage hybrids, to maintain reliability in Summer 2021.³ Several GW of these resources are currently in the California Independent System Operator (CAISO) interconnection queue and can be called upon to meet California's clean energy goals in both the short and long term. Timing considerations for an on line date for these resources are more urgent for the transmission upgrades to ensure deliverability than they are for the resources themselves. Since all of these relatively minor transmission investments have been identified and financed by the developer and approved for payment in the CAISO tariff, the issue is execution, not planning. The execution is the obligation of the IOUs in whose service territory the upgrade is located. Any expediting to ensure an early on line date is squarely within Commission oversight.

CEERT agrees with California Environmental Justice Alliance and Sierra Club (CEJA and Sierra Club) who identify the numerous issues with procurement of new gas capacity or expansion of gas-fired generation in this proceeding, including but limited to, impacts on public health, contribution to the climate crisis and direct harm on human health when inhaled.⁴ CEJA and Sierra Club correctly note that “[p]rocurement of additional fossil-fueled capacity is also inconsistent with the SB 350 requirement to minimize air emissions, with a priority for disadvantaged communities.”⁵

However, CEERT agrees with California Community Choice Association (CalCCA) and The Utility Reform Network (TURN) that if the Commission does decide to expand gas-fired generation or order procurement of new gas-fired generation in this proceeding, the Commission must limit any such procurement to short duration contracts.⁶ TURN correctly states that the

³ CEERT Opening Brief, at pp. 2-3.

⁴ CEJA and Sierra Club Opening Brief, at p. 9.

⁵ *Id.*, at p. 10.

⁶ CalCCA Opening Brief, at p. 14 and TURN Opening Brief, at p. 4.

timing of any procurement for summer 2021 should not result “in resource shuffling of existing RA resources.”⁷ Furthermore, CEERT agrees with CalCCA that “any imminent procurement must be tailored to the specific, imminent, period of need, to avoid unnecessary disruption in the RA markets, and unnecessary costs.”⁸

Finally, numerous parties, including CEJA and Sierra Club, the Demand Response Coalition (DR Coalition),⁹ and ecobee, Inc. (ecobee), like CEERT support the Commission’s adoption of a least-regrets solution in this proceeding which authorizes procurement of clean energy and demand-side resources, as opposed to expansion of gas-fired generation.¹⁰ The DR Coalition correctly states that procuring clean energy and demand-side “resources should be considered ‘least-regrets’ because they support statewide policies to achieve environmental, climate, and social justice goals.”¹¹

In addition, CEERT agrees with CEJA and Sierra Club who argue that if “the Commission finds a need, it should prioritize solutions that can be implemented by summer 2021 and are consistent with climate and air quality goals and requirements, the Loading Order, and Commission precedent.”¹² It is essential for the Commission to make procurement decisions in this, and any other, proceeding that lead to the advancement and procurement of clean energy resources and meet California’s clean energy goals.

⁷ TURN Opening Brief, at p. 4.

⁸ CalCCA Opening Brief, at p. 15.

⁹ The DR Coalition is comprised of the California Efficiency + Demand Management Council, Google LLC, Leapfrog Power, Inc., NRG Energy, Inc., OhmConnect, Inc., Oracle, Tesla, Inc., Voltus, Inc., and Willdan Group, Inc.

¹⁰ *See, e.g.*, CEJA and Sierra Club Opening Brief, at p. 12; The DR Coalition Opening Brief, at p. 5; and ecobee Opening Brief, at p. 1.

¹¹ The DR Coalition Opening Brief, at p. 5.

¹² CEJA and Sierra Club Opening Brief, at p. 2.

II. CEERT AGREES WITH NUMEROUS PARTIES THAT LONGER-TERM PROCUREMENT DECISIONS SHOULD BE MADE IN OTHER COMMISSION PROCEEDINGS

In its Opening Brief, CEERT reiterates its recommendation that longer-term procurement decisions be made in the Integrated Resource Planning (IRP) proceeding.¹³ CEERT agrees with The Alliance for Retail Energy Markets, Direct Access Customer Coalition, and The Regents of the University California in its Role as Electric Service Provider (Joint DA Parties) that the Commission must focus on fulfilling the objectives of this proceeding:

By focusing squarely on data-driven, cost-effective, near-term actions to improve reliability for summer 2021, and appropriately defer all other issues, including actions requiring implementation after summer 2021, to the Integrated Resource Planning (“IRP”) or Resource Adequacy (“RA”) proceedings, as applicable. In addition, the Joint DA Parties caution that any proposed revisions to the RA requirements for the summer months in 2021, as well as any other actions considered in this proceeding, must be closely coordinated between the Commission and the California Independent System Operator (“CAISO”) to avoid overlapping and conflicting requirements for load-serving entities (“LSEs”), which would unnecessarily raise costs for customers.¹⁴

Similarly, CEERT agrees with CalCCA and TURN that significant additional procurement has already been ordered in the IRP proceeding through D.19-11-016 which is the Decision Requiring Electric System Reliability Procurement for 2021-2023, issued in R.16-02-007 (IRP) on November 13, 2019.¹⁵ Since procurement decisions have been or are being made in other Commission proceedings, CEERT urges the Commission to ensure that any procurement in this proceeding not interfere with activities in the IRP or RA proceedings.

¹³ CEERT Opening Brief, at p. 4.

¹⁴ The Joint DA Parties Opening Brief, at p. 2.

¹⁵ CalCCA Opening Brief, at p. 15 and TURN Opening Brief, at p. 11.

III. THE COMMISSION MUST MODIFY PROGRAMS BASED ON RECOMMENDATIONS MADE BY DEMAND-SIDE RESOURCE PROVIDERS

CEERT has consistently argued throughout this proceeding that the Commission accept the demand-side providers' recommendations in this proceeding. CEERT again "supports the recommendations made by numerous demand-side provider parties in this proceeding regarding modification of DR programs because they have the experience to provide the best recommendations."¹⁶ Parties, including but not limited to the DR Coalition; ecobee; the Joint DR Parties;¹⁷ NRG Energy, Inc. (NRG Energy); and Polaris Energy Services (Polaris) all offer feasible and practical proposals that will ensure that demand-side resources can actively participate at least by Summer 2022.¹⁸

CEERT agrees with ecobee that DR "is a relatively untapped resource that the Commission and CAISO could more effectively utilize to mitigate or prevent grid emergencies."¹⁹ The recommendations made by each of these parties is based on the record and Commission policies and "are necessary to ensure that DR will be available to meet extreme weather events during the Summer of 2021 and beyond."²⁰ CEERT also concurs with TURN who "supports the continuing push to maximize the use of customer behaviors and technologies to promote flexible demand response, especially during extreme high temperature events."²¹

The benefits of demand-side resources have long been demonstrated and are "particularly suitable because they can be deployed rapidly and can be contracted only for the years when they

¹⁶ CEERT Opening Brief, at p. 7.

¹⁷ The Joint DR Parties are comprised of CPower and Enel X North America, Inc.

¹⁸ *See, e.g.*, The DR Coalition Opening Brief, at pp. 4-15; ecobee Opening Brief, at pp. 1-11; The Joint DR Parties Opening Brief, at pp. 4-18; NRG Opening Brief, at pp. 1-11; and Polaris Opening Brief, at pp. 1-7.

¹⁹ ecobee Opening Brief, at p. 6.

²⁰ The Joint DR Parties Opening Brief, at p. 7.

²¹ TURN Opening Brief, at p. 50.

are needed, unlike upgrades to existing gas-fired generation which, according to Calpine Corporation, require a longer cost recovery period (citation omitted).”²² This is underscored by Calpine Corporation’s Opening Brief which states that upgrades to existing gas plants “generally involve significant incremental capital costs that are normally recovered over multiple years.”²³ It is long past time for the Commission to give the attention and consideration to demand-side resources, including DR, DERs and hybrid solar + storage, that it has given to natural gas and stand-alone storage.

IV. CONCLUSION

Based on the record, law, and policy applicable to this Rulemaking, as detailed and supported in CEERT’s Opening Brief and this Reply Brief, it is CEERT’s position that the Commission only procure or expand gas-fired generation as a measure of last resort, and if then, only with short-term contracts. Furthermore, the Commission must adopt the recommendations made by demand-side resource providers in this proceeding.

Respectfully submitted,

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²² The DR Coalition Opening Brief, at pp. 5-6.

²³ Calpine Corporation Opening Brief, at p. 6.