



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

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Order Instituting Rulemaking to Continue  
Electric Integrated Resource Planning and  
Related Procurement Processes.

Rulemaking 20-05-003

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY COMMENTS**  
**ON PROPOSED AND ALTERNATE PROPOSED DECISIONS REQUIRING**  
**PROCUREMENT TO ADDRESS MID-TERM RELIABILITY (2023-2026)**

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Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, Southern California Edison Company (“SCE”) respectfully submits these reply comments on the Proposed Decision (“PD”) and the Alternate Proposed Decision (“APD”) Requiring Procurement to Address Mid-Term Reliability (2023-2026).<sup>1</sup>

**I.**

**PROCUREMENT OF FOSSIL-FUELED RESOURCES SHOULD BE AN OPTION FOR  
ALL LOAD-SERVING ENTITIES**

There is significant opposition to requiring the investor-owned utilities (“IOUs”) to procure fossil-fueled resources based on lack of demonstrated need and reliability benefits, environmental concerns, cost, feasibility, and the inequity of requiring only the IOUs to conduct the procurement.<sup>2</sup> SCE agrees with parties who explained that procurement of fossil-fueled resources should be an option up to a specific cap, not a requirement.<sup>3</sup> Moreover, this option (or any fossil-fueled procurement that is required) should apply to all load-serving entities (“LSEs”), not just the IOUs.<sup>4</sup> The IOUs are equally committed to clean resource procurement as community choice aggregators,

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<sup>1</sup> SCE’s reply comments refer to the PD unless addressing an issue specific to the APD.

<sup>2</sup> See AEE Comments at 4-5; CEERT Comments at 8-9; CEJA, Sierra Club, Defenders of Wildlife Comments at 4-8; EDF Comments at 7-8; GPI Comments at 7-11; LSA/SEIA Comments at 3-4; NRDC Comments at 2; PCF PD Comments at 4-11/PCF APD Comments at 4-12; PG&E Comments at 8-11; SCE PD Comments at 9-11; SDG&E Comments at 1-8; Shell Energy Comments at 8-11; TURN Comments at 5; UCS Comments at 3-4; Vote Solar Comments at 7-11.

<sup>3</sup> See AEE Comments at 4-5; CEERT Comments at 8; EDF Comments at 7-8; NRDC Comments at 2; PG&E Comments at 9-10; SCE PD Comments at 10-11.

<sup>4</sup> See Calpine Comments at 4-5; PG&E Comments at 8-9; SCE PD Comments at 10-11; SDG&E Comments at 3-8; Shell Energy Comments at 8-11.

both Shell Energy and Calpine indicate that non-IOU LSEs have or should have the option to purchase gas capacity, and requiring the IOUs to procure fossil-fueled resources on behalf of other LSEs results in a distorted view of the greenhouse gas (“GHG”) emissions of the non-IOU LSEs’ portfolios. As Shell Energy states, “[a]ll LSEs share equally in the obligation to maintain system reliability; the PD cites no valid reason to exclude other LSEs from this incremental procurement.”<sup>5</sup> Should the Commission require the IOUs to procure fossil-fueled resources on behalf of the system, SCE agrees with PG&E that the Commission should explore how GHG-emitting attributes can be allocated to all LSEs so the IOUs do not bear an unequal GHG burden for this procurement.<sup>6</sup>

## II.

### **CLEAN ENERGY PROCUREMENT SHOULD BE PART OF A SECOND PROCUREMENT**

#### **PHASE**

EDF and the Joint Environmental Parties argue the PD should be revised to include a clean energy replacement obligation for Diablo Canyon.<sup>7</sup> The Joint Environmental Parties assert that the Commission should require procurement of emissions-free resources capable of producing 16,165 GWh of annual output, the 2019 output of Diablo Canyon, and that such procurement should not be used for Renewables Portfolio Standard (“RPS”) compliance for 10 years to ensure Diablo Canyon is replaced with no increase in GHG emissions.<sup>8</sup> These proposals should be rejected. There has been no analysis on the timing and required attributes of clean energy procurement for GHG reduction and/or Diablo Canyon replacement, and certainly no finding that 16,165 GWh of annual output is needed.

While SCE agrees clean energy procurement is needed to meet California’s GHG and clean energy goals, the Commission should direct such procurement in a second phase after it has analyzed LSEs’ aggregated Integrated Resource Plans and conducted the necessary studies to determine the timing, required attributes, and proper allocation of such procurement accounting for LSEs’ current clean energy portfolios.<sup>9</sup> The PD allocates procurement requirements to LSEs using both year-ahead peak load and energy load forecasts of individual LSEs, with no consideration of the existing GHG

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<sup>5</sup> Shell Energy Comments at 9.

<sup>6</sup> See PG&E Comments at 11.

<sup>7</sup> See EDF Comments at 3-4; Joint Environmental Parties Comments at 1-6.

<sup>8</sup> See Joint Environmental Parties Comments at 5.

<sup>9</sup> See SCE PD Comments at 3, 7, 9-10.

emissions of their portfolios, which is not appropriate for clean energy procurement and is likely to result in unlawful cost shifting.

Additionally, the Commission has already determined that Senate Bill (“SB”) 1090 and D.18-01-022 requirements are met by accounting for the retirement of Diablo Canyon and ensuring the electric sector is still on the trajectory to satisfy the 2030 GHG emissions target.<sup>10</sup> The Commission rejected the argument that there can be no increase in GHG emissions at the very moment the Diablo Canyon units go offline, stating:

The Joint Parties to the PFM would have us read the SB 1090 requirements and the D.18-01-022 commitments more narrowly, such that there would not be any increase in emissions at the very moment that the Diablo Canyon units go offline. For a number of reasons, this is not a reasonable reading of the intentions of the Legislature or the Commission.<sup>11</sup>

Therefore, there is no obligation to replace Diablo Canyon’s energy one-for-one<sup>12</sup> and there is no basis for precluding any clean energy used to replace Diablo Canyon from counting for RPS compliance. Neither SB 1090 nor D.18-01-022 suggest that any clean energy to replace Diablo Canyon must be incremental to RPS goals, and precluding such procurement from counting for RPS compliance, as suggested by the Joint Environmental Parties, would significantly increase customer costs for no reason. The Commission should establish the appropriate GHG target to meet the state’s policy goals – 38 million metric tons (“MMT”) by 2030 – and require LSEs to procure to meet that target in the second phase.

Finally, the PD attempts to solve both system reliability needs and GHG reduction by including a requirement for firm zero-emissions resources for Diablo Canyon replacement that appears to require both capacity and clean energy. SCE strongly urges the Commission to direct clean energy procurement in a second phase after it has completed the analysis needed to determine the timing and attributes needed for the clean energy procurement required to achieve the 38 MMT GHG target and any residual reliability procurement, and the appropriate allocation among LSEs. If the Commission elects to retain the categories in the PD, the Commission should clarify whether each category requires capacity and energy, combine the categories to the extent possible, and set

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<sup>10</sup> See D.19-04-040 at 147-149.

<sup>11</sup> *Id.* at 148.

<sup>12</sup> See *id.* (“Expecting an exact one-for-one replacement of energy from Diablo Canyon that is timed perfectly to coincide with the Diablo Canyon closure would be a costly and illogical way to ensure that the emissions trajectory of the electric sector is on track to meet the State’s goals.”).

independent targets for energy and capacity, where applicable, that do not require capacity and energy components to come paired from a single resource. Any energy requirement should be based on the amount of clean energy needed by the system, not a blind one-for-one replacement of Diablo Canyon. Public Advocates Office asks the Commission to “clarify that storage that is paired with a renewable resource and charges only from that resource is eligible to meet the firm zero-emissions procurement requirement, but that grid charging storage is not eligible.”<sup>13</sup> SCE agrees LSEs should have to contract for the amount of clean energy required by the Commission, but there is no reason the capacity and energy should have to be behind the same meter and clarifying that the capacity and energy components do not have to come paired from a single resource would provide LSEs with significantly more flexibility to procure the most beneficial and cost competitive resources.

### III.

#### **OTHER ISSUES**

SCE also addresses other aspects of the PD below:

- The Commission should clarify that long-duration storage does not need to be provided by an 8-hour storage resource and that two 4-hour storage resources or any other storage resource or combination of resources that can provide continuous output over eight consecutive hours would qualify.<sup>14</sup>
- The Commission should adopt PG&E’s clarification that all procurement and utility-owned generation efficiency improvements, upgrades, and uprates that meet the requirements in the decision should count toward the procurement targets, including Commission-mandated procurement and utility-owned generation efforts approved in the General Rate Case.<sup>15</sup>
- The CAISO requests the Commission “clarify whether the online dates are when the resource is first available for operation or when LSEs and suppliers show the resource as resource adequacy capacity.”<sup>16</sup> As in D.19-11-016, the Commission should consider resources that do not yet count for resource adequacy (“RA”) but are online and contractually required to submit bids in the CAISO markets consistent with the RA must-

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<sup>13</sup> Public Advocates Office Comments at 3.

<sup>14</sup> See CalCCA Comments at 13; PG&E Comments at 14.

<sup>15</sup> See PG&E Comments at 12-13.

<sup>16</sup> CAISO Comments at 6.

offer obligations to be online for the purposes of the procurement requirements.<sup>17</sup> This is particularly important if the Commission maintains a 2023 online date requirement but, given the amount of procurement ordered and the challenges in bringing that number of resources online, this treatment should also be extended to 2024 and beyond. The CAISO has emergency operational access to a resource as soon as it reaches commercial operation<sup>18</sup> and the resources would be contractually required to submit bids consistent with the RA must-offer obligation; therefore, it is appropriate to treat them as online for purposes of the procurement requirements.

- The Commission should reject TURN’s recommendation that the long-lead time resource category be limited to those with an 85% capacity factor.<sup>19</sup> There is no analysis demonstrating a need for such resources and this would only further limit LSEs’ procurement options and increase costs for customers.
- Finally, the Commission should also reject TURN’s suggestion that LSEs be given an option to opt out of their procurement requirements.<sup>20</sup> Notably, no non-IOU LSE’s comments request this option, and the PD appropriately concludes that “[p]rocurement of diverse resources is an important skill and obligation for all LSEs if we are to achieve the state’s reliability and environmental goals.”<sup>21</sup>

Respectfully submitted,  
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<sup>17</sup> See D.19-11-016 at Conclusion of Law 27.

<sup>18</sup> See CAISO Comments at 6.

<sup>19</sup> See TURN Comments at 8-9

<sup>20</sup> See *id.* at 11-12.

<sup>21</sup> PD at 60.