

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  
(Filed May 7, 2020)

**REPLY COMMENTS OF CENTER FOR ENERGY EFFICIENCY AND  
RENEWABLE TECHNOLOGIES ON ADMINISTRATIVE LAW JUDGE'S RULING  
SEEKING COMMENTS ON PROPOSED PREFERRED SYSTEM PLAN**

**V. JOHN WHITE**

Executive Director  
Center for Energy Efficiency and  
Renewable Technologies  
1100 11<sup>th</sup> Street, Suite 311  
Sacramento, CA 95476  
Telephone: (916) 442-7785  
E-mail: [vjw@ceert.org](mailto:vjw@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](mailto:meganmmyers@yahoo.com)

For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

October 11, 2021

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submit these Reply Comments on Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Plan (PSP), issued in (R.) 20-05-003 (Integrated Resource Plan (IRP)), on August 17, 2021 (ALJ Ruling). These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the ALJ Ruling.

**I.**

**THE COMMISSION AGREES WITH MULTIPLE PARTIES THAT THE  
COMMISSION MUST FURTHER ANALYZE THE FEASIBILITY OF A 30 MMT  
GREENHOUSE GAS (GHG) PORTFOLIO**

Throughout this proceeding, CEERT has recommended that the Commission adopt a 30 MMT GHG target in the next planning cycle.<sup>1</sup> Numerous parties, including but not limited to Advanced Energy Economy (AEE); American Clean Power – California (ACP-CA); California Community Choice Association (CalCCA); California Environmental Justice Alliance and Sierra Club (CEJA and Sierra Club); Environmental Defense Fund (EDF); Long Duration Energy Storage Association of California (LDESAC); Union of Concerned Scientists (UCS); and Vote

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<sup>1</sup> See, e.g., Reply Comments of Center for Energy Efficiency and Renewable Technologies on Administrative Law Judge’s Ruling Seeking Feedback on Mid-Term Reliability Analysis and Proposed Procurement Requirements, submitted on April 9, 2021, at p. 13.

Solar, the Solar Energy Industries Association, and Large-scale Solar Association (the Joint Solar Parties) share this opinion.<sup>2</sup> For example, the Joint Solar Parties recommend that the 30 MMT core scenarios “be considered and adopted by the Commission as the basis for state planning efforts at the next possible opportunity.”<sup>3</sup> Similarly, Advanced Energy Economy (AEE) “recommends that the Commission consider directing load serving entities (LSEs) to conduct further analysis on the feasibility of adopting a 30 MMT portfolio.”<sup>4</sup>

CEERT also agrees with EDF that to “ensure California’s entire economy can rely upon the electric grid to decarbonize, the PSP should use the highest beneficial electrification load forecast available.”<sup>5</sup> As argued by CEJA and Sierra Club, committing to a 30 MMT or lower target for the next IRP cycle will keep the State on a trajectory to meeting its critical GHG requirements.<sup>6</sup> All future PSPs must be based on a 30 MMT or lower GHG target in order for the Commission to meet its clean energy targets.

## **II. THE COMMISSION MUST BUILD THE PSP AROUND DIVERSE RESOURCES**

CEERT agrees with numerous parties that the PSP must be built around a diverse portfolio of clean resources that meet system needs.<sup>7</sup> As stated by Hydrostor, Inc. (Hydrostor) “it is incumbent on the Commission to consider resource diversity when approving a PSP.”<sup>8</sup> In addition, CEERT agrees with UCS that the Commission should require load serving entities

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<sup>2</sup> See, e.g., Opening Comments of ACP-CA, at p. 1; Opening Comments of AEE, at p. 3; Opening Comments of CalCCA, at p. 2; Opening Comments of CEJA and Sierra Club, at p. 1; Opening Comments of EDF, at p. 1; Opening Comments of the Joint Solar Parties, at p. 6; Opening Comments of LDESAC, at p. 3; and Opening Comments of UCS, at p. 2.

<sup>3</sup> Opening Comments of the Joint Solar Parties, at p. 6.

<sup>4</sup> Opening Comments of AEE, at p. 3.

<sup>5</sup> Opening Comments of EDF, at p. 1.

<sup>6</sup> Opening Comments of CEJA and Sierra Club, at p. 1.

<sup>7</sup> See, e.g., Opening Comments of Hydrostor, at p. 3; Opening Comments of Coalition for the Optimization of Renewable Development, at p. 5; Opening Comments of LDESAC, at p. 2; Opening Comments of LS Power Development, LLC, at p. 8; and Opening Comments of Ormat Technologies, Inc., at p. 5.

<sup>8</sup> Opening Comments of Hydrostor, at p. 3.

(LSEs) to procure clean resources required to reduce electric sector GHG emissions.<sup>9</sup> LDESAC correctly states that it “is critical for the portfolio to be diverse to ensure accountability.”<sup>10</sup>

### **III. THE COMMISSION SHOULD NOT PROCURE ANY NEW FOSSIL-FUELED GENERATION**

CEERT has consistently argued that the Commission should not procure any additional fossil fuel generation, in either this proceeding or any other.<sup>11</sup> CEERT was pleased when the Commission issued D.21-06-035 (Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)) which clarified that “[i]ncremental capacity from fossil-fueled resources will not be eligible to qualify under this order...”<sup>12</sup> CEERT also appreciated D.21-06-035 “ordering that the resources from Diablo Canyon be replaced with at least 2,500 MW of zero-emitting generation, generation paired with storage, or demand response resources.”<sup>13</sup>

Numerous parties, including but not limited to the AEE, CEJA and Sierra Club, Joint Solar Parties, Southern California Edison (SCE), The Utility Reform Network (TURN), and UCS recommend that the Commission not order the procurement of any new fossil-fueled generation.<sup>14</sup> CEJA and Sierra Club correctly state that “the MTR Analysis further demonstrates that preferred resources can and have been providing critical system reliability. In fact, the MTR

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<sup>9</sup> Opening Comments of UCS, at p. 5.

<sup>10</sup> Opening Comments of LDESAC, at p. 4.

<sup>11</sup> *See, e.g.*, Opening Comments of Center for Energy Efficiency and Renewable Technologies on the Proposed Decision and the Alternate Proposed Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026) (Opening Comments of CEERT on PD and APD), submitted on June 10, 2021, at p. 2.

<sup>12</sup> D.21-06-035, at p. 3.

<sup>13</sup> *Id.*, at p. 2.

<sup>14</sup> *See, e.g.*, Opening Comments of AEE, at p. 6; Opening Comments of CEJA and Sierra Club, at p. 16; Opening Comments of the Joint Solar Parties, at p. 9; Opening Comments of SCE, at p. 25; Opening Comments of TURN, at p. 13; and Opening Comments of UCS, at p. 5.

Analysis finds that replacing clean resources with an equivalent amount of gas net qualifying capacity results in a *less reliable* system.”<sup>15</sup>

As such, CEERT agrees with the Joint Solar Parties that the preliminary results of the California Energy Commission’s (CEC’s) Mid-Term Reliability (MTR) “reliability analysis do not indicate any need to procure fossil-fueled resources.”<sup>16</sup> In addition, AEE correctly states that:

There appears to be nothing in CEC’s MTR reliability analysis that would suggest that procurement of additional natural gas capacity is beneficial or even necessary to maintain midterm reliability. Moreover, procurement of incremental gas capacity could unduly raise costs for customers, unnecessarily prolong environmental justice challenges with the existing gas generation fleet, and conflict with California’s increasingly stringent renewable energy goals. In short, CEC’s analysis finds that the Commission’s recent procurement orders broadly satisfy midterm reliability targets, and more focus is needed on addressing near-term (i.e., 2022) reliability constraints via DR and other demand-side resources that can be deployed rapidly.<sup>17</sup>

CEERT recommends that the Commission find that fossil-fueled generation resources are not needed in the PSP.

#### **IV. CEERT CONTINUES TO RECOMMEND CLARIFICATION ON THE DEFINITION OF GREEN HYDROGEN**

CEERT has previously argued that the Commission should clarify the definition of “green hydrogen” and that it should be defined “to close potential loopholes that would allow high emission technologies to fall under the definition.”<sup>18</sup> CEERT recommends that the term be modified to “green electrolytic hydrogen” which would be made from renewable generation and renewable hydrogen and which can spur development of electrolyzers.<sup>19</sup> CEERT continues to advocate that the Commission should not adopt any initiative the would result in increased

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<sup>15</sup> Opening Comments of CEJA and Sierra Club, at p. 16.

<sup>16</sup> Opening Comments of the Joint Solar Parties, at p. 9.

<sup>17</sup> Opening Comments of AEE, at p. 6.

<sup>18</sup> Opening Comments of CEERT on PD and APD, at p. 9

<sup>19</sup> *Id.*

investment in the gas system.<sup>20</sup> Furthermore, CEERT recommends that any definition of green hydrogen should not exclude production of hydrogen from biomass or in-state biogas which can produce renewable hydrogen from fuel cells or other non-combustion technologies. In addition, there should be a requirement that the best available technology emission controls should be used on any combustion of green hydrogen to prevent any increase in emissions of oxides of nitrogen. The Commission should ensure that there will be no NOX emissions before requiring or authorizing the use of hydrogen blends in gas plants.

As such, CEERT shares the concerns of EDF that the current definition of green hydrogen is “likely over-estimating the climate benefit from using hydrogen.”<sup>21</sup> Furthermore, as EDF states the “Commission should consider both the near- and long-term warming effects of leaked hydrogen before authorizing its procurement.”<sup>22</sup> TURN correctly recommends that “the Commission should establish clear criteria that ensure any ‘renewable’ hydrogen meets the strictest possible standards and results in demonstrated environmental benefits.”<sup>23</sup> EDF correctly states that it “is imperative for the Commission to quantify and evaluate leak rates before authorizing the use of green hydrogen.”<sup>24</sup>

CEERT argues that adoption of its definition of green electrolytic hydrogen would cure these issues. However, it does agree with NRDC that “there are many unanswered questions that need to be addressed, and dynamics that need to be considered, before moving forward with the proposal in this Ruling.”<sup>25</sup> CEERT recommends that the Commission order workshops on this issue to develop the proper definition of green hydrogen.

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<sup>20</sup> Opening Comments of CEERT on PD and APD, at p. 10.

<sup>21</sup> Opening Comments of EDF, at p. 12.

<sup>22</sup> *Id.*, at p. 13.

<sup>23</sup> Opening Comments of TURN, at p. 14.

<sup>24</sup> Opening Comments of EDF, at p. 13.

<sup>25</sup> Opening Comments of NRDC, at p. 7.

**IV.  
CONCLUSION**

CEERT appreciates the opportunity to submit these Reply Comments.

Respectfully submitted,

October 11, 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](mailto:meganmmyers@yahoo.com)