

**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.

R.20-05-003

**COMMENTS OF SHELL ENERGY NORTH AMERICA (US), L.P. D/B/A
SHELL ENERGY SOLUTIONS ON THE JANUARY 13, 2023 PROPOSED DECISION
OF ADMINISTRATIVE LAW JUDGE FITCH**

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Subject Matter Index of Recommendations and Proposed Changes

Pursuant to Commission Rules of Practice and Procedure, Rule 14.3(b), Shell Energy provides the below summary of its recommended changes to the Proposed Decision:

- Shell Energy recommends the Commission adopt the Proposed Decision, subject to the following modification: allocate each load-serving entities' (LSEs) responsibility to procure the additional 4,000 MW of resources for 2026-2027 based on current load forecasts, rather than employing the (now outdated) forecasts relied upon in D.21-06-035.

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I. INTRODUCTION

Shell Energy North America (US), L.P. d/b/a Shell Energy Solutions (Shell Energy)¹ submits these opening comments on the January 13, 2023 Proposed Decision of Administrative Law Judge Fitch Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator for 2023-2024 Transmission Planning Process (“Proposed Decision” or “PD”).

Shell Energy generally supports the Proposed Decision and appreciates the Commission and Staff’s recognition of the supply challenges faced by California LSEs. Shell Energy’s opening comments are focused on the supplemental Mid-Term Reliability (“MTR”) procurement that would be ordered by the Proposed Decision. Shell Energy requests that the PD be revised to allocate procurement responsibility based upon load-serving entities’ (“LSEs”) current forecasted load, rather than allocated to current LSEs based upon outdated load forecasts. Otherwise, LSEs will incur obligations to procure resources for load that they are not currently forecasted to serve.

¹ Shell Energy is an electric service provider (“ESP”) serving retail customers in the service territories of PG&E, SCE and SDG&E.

Shell Energy appreciates the clarity and flexibility that the PD would bring to MTR procurement, including clarifications concerning the use of bridge resources. As noted in an Energy Commission workshop held on January 20, 2023 in the Energy System Reliability docket (21-ESR-01), meeting MTR procurement targets will require an unprecedented rate of resource build, yet project developers are being impacted by supply chain vulnerabilities, interconnection and permitting delays, and increased prices and competition for equipment,² all of which can result in project delays. The flexibility offered in the PD around baseline resources and bridge resources provides the best opportunity for the Commission to recognize the risk of project delays, while at the same time incentivizing LSEs to secure capacity that might ameliorate the impact of those delays.

II. SUPPLEMENTAL PROCUREMENT SHOULD BE ALLOCATED BASED UPON CURRENT LOAD FORECASTS

D.21-06-035 allocated procurement responsibility to LSEs based on a hybrid of their 2021 energy forecasts and 2021 year-ahead resource adequacy forecasts, except for ESPs. For ESPs, D.21-06-035 directed the use of only the resource adequacy forecasts and Energy Division staff conveyed ESPs individual allocations confidentially.³ In response to comments by San Diego Gas and Electric Company (SDG&E), D.21-06-035 updated the individual LSE allocations based on the most recent CEC IEPR Form 1.1c to ensure the allocations used the most-current forecast data.⁴

The Proposed Decision would allocate responsibility to procure the additional 4,000 MW of resources for 2026-2027 employing the same method used in D.21-06-035 and employing the

² CEC Presentation at 14, *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=248455&DocumentContentId=82897>.

³ D.21-06-035, Conclusions of Law No. 19.

⁴ D.21-06-035 at 85.

same forecast data—a combination of both the 2021 year-ahead resource adequacy forecasts and the energy load forecasts of individual LSEs from the 2020 IEPR for 2021.⁵ As the PD notes, responsibility for the new procurement will only be allocated to LSEs currently in the market, and the allocation of the D.21-06-035 procurement requirements will not be readjusted.⁶ Thus, under the methodology adopted in D.21-06-035, capacity allocated to LSEs that are no longer in the market will not be procured.

Shell Energy suggests that it would be more appropriate to use current load forecast data to allocate any supplemental procurement ordered in 2023. Otherwise, LSEs that experienced declining load over the intervening period between the original and the supplemental procurement will be required to procure resources for load they are no longer anticipated to serve. This excess procurement would negatively impact the rates paid by their customers. It would be more equitable, and consistent with the Commission’s cost-causation principles, to allocate procurement obligations based upon the most current load information. Furthermore, allocation amongst current LSEs based on current load forecast will address the issue identified in the PD where procurement formerly allocated to LSEs that no longer serve load would go unprocured.

III. CONCLUSION

For the reasons explained above, Shell Energy requests that the PD be modified to use current load forecasts to allocate the additional 4,000 MW of procurement ordered by the PD. Shell Energy otherwise supports the Proposed Decision as drafted and recommends the Commission adopt the Decision promptly and without further modification.

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⁵ PD at 28.

⁶ *Id.*

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Respectfully submitted,

/s/

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Appendix A

Pursuant to Commission Rules of Practice and Procedure, Rule 14.3(b), Shell Energy provides the below proposed changes to the Proposed Decision. Proposed insertions are shown in underline and proposed deletions are shown in ~~strikethrough~~.

Conclusions of Law:

8. Capacity requirements to individual LSEs should be assigned based on current load forecasts on the same basis as assigned in D.21-06-035, for reasons of fairness in cost allocation and equitable cost obligations borne by an LSE's customers.

Ordering Paragraphs:

3. The allocation of net qualifying capacity obligations described in Ordering Paragraph 2 to individual load serving entities (LSEs) shall be done using the same method as described in Decision 21-06-035, using a combination of both of the ~~2021~~ 2023 year-ahead resource adequacy forecasts and energy load forecasts of individual LSEs for ~~2021~~ from the ~~2020~~ 2022 Integrated Energy Policy Report of the California Energy Commission, a draft of which issued on November 8, 2022, and a final version is expected to be adopted during the February 15 business meeting of the California Energy Commission. ~~adopted in February 2021.~~