

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



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R2005003

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

R.20-05-003

**OPENING COMMENTS OF AES CLEAN ENERGY DEVELOPMENT, LLC
(US) ON PROPOSED DECISION ORDERING SUPPLEMENTAL MID-TERM
RELIABILITY PROCUREMENT (2026-2027) AND TRANSMITTING ELECTRIC
RESOURCE PORTFOLIOS TO CALIFORNIA INDEPENDENT SYSTEM OPERATOR
FOR 2023-2024 TRANSMISSION PLANNING PROCESS**

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Date: February 02, 2023

Subject Matter Index of Recommendations and Proposed Changes

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

- Revise the Proposed Decision to remove an ambiguity in the existing language and to clarify the process and consequences of seeking a baseline waiver request. To effectuate this change, AES Clean Energy proposes the Commission insert a new Ordering Paragraph as follows:

[New] Ordering Paragraph 2: “Any load-serving entity (LSE) subject to procurement requirements from Decision (D.) 19-11-016 or D.21-06-035 may file a baseline waiver request seeking to remove a resource from the baseline for either decision if an LSE desires to contract for a resource that has been terminated from a former LSE. Any new LSE seeking such a baseline waiver would not be subject to additional procurement obligations as a result of this request, and the resource’s NQC would be entirely removed from the original baseline.”

- Adopt the Proposed Decision’s recommendation to use the 2023-2024 Transmission Planning Process (TPP) base case with a high electrification load forecast and the 30 MMT GHG target in 2030, which includes 86 GW of new resources by 2035 and more than doubling the existing resource mix.
- Maintain the proposal to keep offshore wind sensitivity to 4.7 gigawatts (GW), as recommended in the October 7, 2022 Administrative Law Judge’s ruling in this proceeding.

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I. INTRODUCTION

AES Clean Energy appreciates the opportunity to submit Opening Comments on the *Proposed Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolio to California Independent System Operator for 2023-2024 Transmission Planning Process* (Proposed Decision), issued on January 13, 2023 in the above-captioned proceeding. AES Clean Energy is one of the top renewable energy growth platforms in the country. AES Clean Energy is focused on accelerating the safe, reliable transition to clean energy solutions such as wind, solar, and energy storage in the U.S. Through its affiliates and subsidiaries, AES Clean Energy maintains an operating portfolio of over three gigawatts and a development pipeline of approximately 18 gigawatts.

**II. AES CLEAN ENERGY SUPPORTS THE PROPOSED DECISION'S NEW
PROCUREMENT TARGETS FOR 2026-2027**

AES Clean Energy supports the Proposed Decision ordering procurement of the 4,000 MW of net qualifying capacity (NQC) in addition to the previously ordered 11,500 MW within the Proposed Decision (D.) 19-11-016 and D.21-06-035. We concur that this procurement is required

due to increasing electricity demand, impacts of climate change, and the likelihood of delays in procuring long lead-time resources. Furthermore, the availability of imported electricity and electric capacity in the market has decreased due to resource aging and the retirement of some older generating units. The additional procurement mandate will help the state meet clean energy production goals, help reduce greenhouse gas (GHG) emissions through 2045, and help the California Independent System Operator (CAISO) justify necessary transmission upgrades.

III. THE COMMISSION SHOULD CLARIFY THAT A NEW LOAD-SERVING ENTITY WOULD NOT INCUR ADDITIONAL PROCUREMENT OBLIGATIONS UNDER A BASELINE WAIVER REQUEST

AES Clean Energy appreciates the Commission’s effort, through this Proposed Decision, to address baseline resource issues and to mitigate the misalignment of baseline resources between D.19-11-016 and D.21-06-035. Specifically, the Proposed Decision suggests a “swap process” to allow load-serving entities (LSEs) to nominate a resource for baseline removal through a Tier 2 Advice Letter filing.¹ An equal amount of procurement obligation based on the appropriate effective load carrying capability (ELCC) would then be added to the requesting LSE’s 2025 procurement obligation.² In addition, under the Proposed Decision’s “swap process,” discussed in Section 2.2.2, the Commission proposes to allow a new LSE to submit a baseline waiver request to remove a resource from the baseline if a contract was terminated with a former purchasing LSE.

AES Clean Energy seeks clarity under the baseline waiver request on whether the new LSE would incur additional procurement obligations. The Proposed Decision states that the “swap process” would result in an equal amount of the resource’s NQC to be added towards an LSE’s 2025 procurement obligation.³ However, it is unclear to AES Clean Energy if the baseline waiver

¹ Proposed Decision, pp. 17-18.

² *Id.* at 17.

³ *Id.*

request is separate from the “swap process” and therefore not subject to added procurement obligations. AES respectfully urges the Commission to provide clarification on this point through a revision to the Proposed Decision.

To be clear, AES Clean Energy would not support the baseline waiver request resulting in added procurement requirements for the new LSE. The baseline waiver request, as suggested in the Proposed Decision, would only apply if a new LSE wants to contract for a baseline resource for which a former LSE has terminated its contract.⁴ The former LSE may have various reasons for terminating a resource’s contract, and as a result, the resource may have never been built post-termination. Under these circumstances, the new LSE that contracts for the resource should not be responsible for added procurement obligation for a resource that was not built. Instead, the resource’s NQC should be fully counted as incremental procurement.

AES Clean Energy recommends the Commission clarify through a revision to the PD that the baseline waiver request is separate from the “swap process” and will not create additional procurement obligations on the new LSE. The Proposed Decision’s language may be interpreted that under the baseline waiver request, the NQC of the requested baseline resource would be entirely removed from the baseline, “resulting in a slight dilution of the original baseline.”⁵ However, there is ambiguity for this interpretation since the Proposed Decision’s Ordering Paragraphs do not specify the role and consequences of this baseline waiver request in relation to

⁴ *Id.* at 17-18.

⁵ For example, in the Section of the Proposed Decision’s discussing the swap process, the Proposed Decision states: “[a] new LSE may also make a baseline waiver request...In such cases...the resources may be removed from the baseline entirely and counted toward a later obligation of the new LSE, resulting in a slight dilution of the original baseline.” (Proposed Decision, pp. 17-18.) However, the discussion of the swap process in Ordering Paragraph 1 does not differentiate process and consequences of LSEs using the referenced baseline waiver request, rather than the Tier 2 Advice Letter process for a resource “swap.”

the swap process. As such, AES Clean Energy recommends the Proposed Decision be modified to remove this ambiguity, as proposed in Appendix A attached hereto.

IV. AES CLEAN ENERGY SUPPORTS THE 2023-2024 TRANSMISSION PLANNING PROCESS BASE CASE WITH HIGH ELECTRIFICATION LOAD FORECAST

AES Clean Energy supports the proposal in the Proposed Decision to recommend the 2023-2024 Transmission Planning Process (TPP) base case with a high electrification load forecast and the 30 MMT GHG target in 2030, which includes 86 GW of new resources by 2035 and more than doubling the existing resource mix. Since transmission infrastructure developments have extended lead times, the Commission must consider high electrification scenarios in its load forecast for the 2023-2024 TPP and expand the planning horizon to 2035, which will help the state avoid the climate and reliability emergencies associated with last-minute procurement. We also support the Commission's proposal to keep offshore wind sensitivity to 4.7 GW, as recommended in the October 7, 2022, ALJ ruling in this proceeding.⁶

V. CONCLUSION

AES Clean Energy is grateful for the opportunity to submit its opening remarks regarding the Proposed Decision and is eager to continue participating in the discussions.

Date: February 02, 2023

Respectfully submitted,

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⁶ Administrative Law Judge Ruling Seeking Comments on Electricity Resource Portfolios for the 2023-2024 Transmission Planning Process, *Order Instituting Rulemaking (R.) to Continue Electric Integrated Resource Planning and Related Procurement Processes*, R. 20-05-003, October 7, 2022.

APPENDIX A

Pursuant to Commission Rules of Practice and Procedure, Rule 14.3(b), AES Clean Energy includes this appendix setting forth proposed changes to the Findings of Fact, Conclusions of Law, and/or Ordering Paragraphs, consistent with its recommendations included in the comments above. Proposed additions are shown in underline.

Ordering Paragraphs

New Ordering Paragraph 2: “Any load-serving entity (LSE) subject to procurement requirements from Decision (D.) 19-11-016 or D.21-06-035 may file a baseline waiver request seeking to remove a resource from the baseline for either decision if an LSE desires to contract for a resource that has been terminated from a former LSE. Any new LSE seeking such a baseline waiver would not be subject to additional procurement obligations as a result of this request, and the resource’s NQC would be entirely removed from the original baseline.”