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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 24-01-017

JOINT REPLY COMMENTS OF AMERICAN CLEAN POWER – CALIFORNIA, CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES, AND SOLAR ENERGY INDUSTRIES ASSOCIATION

ON THE ORDER INSTITUTING RULEMAKING TO CONTINUE IMPLEMENTATION AND ADMINISTRATION, AND CONSIDER FURTHER DEVELOPMENT, OF CALIFORNIA RENEWABLES PORTFOLIO STANDARD PROGRAM

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March 14, 2024

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In accordance with the Preliminary Schedule included in the *Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program* ("OIR"), issued by the California Public Utilities Commission ("Commission") on February 1, 2024, American Clean Power – California ("ACP-California")[1], Center for Energy Efficiency and Renewable Technologies ("CEERT")[2], and Solar Energy Industries Association ("SEIA")[3] submit the following joint reply comments on the OIR.[4]

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[1] The American Clean Power Association ("ACP") is the voice of companies from across the clean power sector that are providing cost-effective solutions to the climate crisis while creating jobs, spurring massive investment in the American economy, and driving high tech innovation across the United States. ACP's mission is to transform the U.S. power grid to a low-cost, reliable, and renewable power system. ACP-California is a state project of ACP.

[2] The Center for Energy Efficiency and Renewable Technologies is a partnership of major environmental groups and private-sector clean energy companies. We design and fight for policies that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West.

[3] The Solar Energy Industries Association® is leading the transformation to a clean energy economy, creating the framework for solar to achieve 30% of U.S. electricity generation by 2030. SEIA works with its 1,000 member companies and other strategic partners to fight for policies that create jobs in every community and shape fair market rules that promote competition and the growth of reliable, low-cost solar power.

[4] Pursuant to Rule 1.8(d), ACP-California has been authorized to tender these joint comments on behalf of CEERT and SEIA.

These comments support the proposals of ACP-California and Green Power Institute to increase the Renewables Portfolio Standard ("RPS") targets because doing so is an administratively efficient way of effectuating the Commission's blue-print in the 2022-23 Preferred System Plan ("PSP"). We respond to Cal Advocates' arguments against a change in the RPS targets and explain why expanding the RPS targets in the near and mid-term would not prejudge Integrated Resource Planning ("IRP") procurement designs or crowd out non-RPS eligible, carbon-free resources.

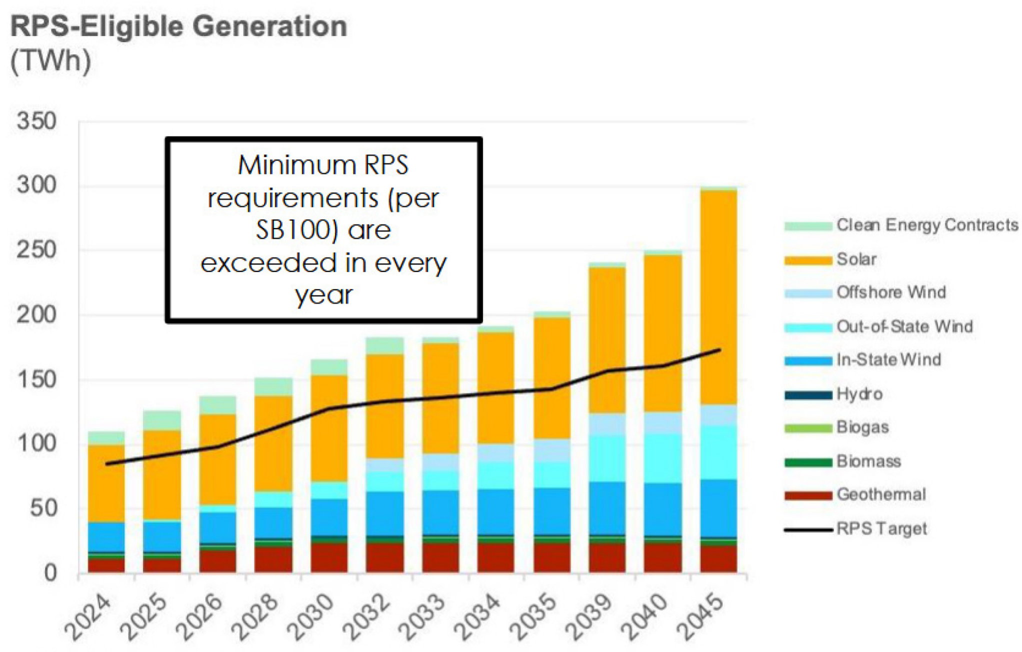
DISCUSSION

1. Increasing the RPS Would Improve the IRP Modeling Process.

Increasing the RPS would improve the IRP process. Cal Advocates argues that including a change in the RPS "could lead to unnecessary additional costs and complexities in both the IRP and RPS proceedings" and would limit flexibility in the modeling process.[5] This argument ignores the fact that the IRP modeling has already selected higher amounts of RPS eligible resources than the minimum RPS percentages. The following figure was derived from the modeling for the 2022-23 IRP Cycle and shows how the minimum RPS percentage was not a binding constraint in the 2022-23 PSP.[6]

[5] Cal Advocates at p. 6.

[6] See R.20-05-003 Energy Division Staff Presentation, *2023 Proposed PSP & 2024-2025 TPP Resolve Modeling Results* (October 5, 2023), Slide 62, available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2023-irp-cycle-events-and-materials/2023-proposed-psp-and-2024-2025-tpp-resolve-analysis-slide-deck_20231004.pdf.



It is important to note that in later years of the planning horizon, the delta between the minimum RPS requirements and total RPS eligible capacity increases significantly. Similarly, when the Commission analyzed the broader Clean Energy Standard under Senate Bills ("SB") 100 and 1020, the Commission found that the SB 100 and SB 1020 requirements did not drive resource selection.[7] Assuming the Commission builds on past modeling and greenhouse gas ("GHG") targets in the 2024-25 IRP cycle, increasing the RPS in the near and mid-term is unlikely to materially constrain the modeling.

Moreover, increasing the near- and mid-term RPS requirements (e.g., in 2030) would not limit load-serving entities ("LSEs") from considering other non-RPS eligible resources in their IRP plans. Even if there were new procurement signals for non-RPS-eligible GHG-free resources, we do not believe that there are enough of these resources available or in the development pipeline that would fill the need for incremental resources in the next four to six years. The large investor-

[7] *Id.*

owned utilities' recent petitions to extend the Mid Term Reliability ("MTR") procurement requirements and the Commission's decision to extend the long duration storage tranche of the MTR directive are evidence of this point.

Increasing the RPS percentage in this RPS cycle would send market signals on a predictable timeframe. This would achieve the optimal portfolio of resources, or "blue-print," identified in the 2022-23 PSP and decrease the risk of continuing to fall short on the capacity expansion targets from the PSP.

2. Increasing the RPS Would Promote Coordination with the IRP Proceeding.

The RPS is a well-understood compliance regime that has proven successful in driving investment in new clean capacity resources. Contrary to Cal Advocates' suggestion, expanding the RPS would not create a "new and potentially redundant system of GHG goals and metrics."[8] In past iterations of the RPS, parties have generally supported the integration of the IRP and RPS. There is currently no clear direction for how the State will meet the PSP plans in the 2026-2032 timeframe. We understand the Commission will issue another iteration of the Reliable Clean Power Procurement Plan ("RCPPP"), but the timeframe for implementing the 2022 staff concept paper continues to be delayed. The consequence of this delay is that the near- and mid-term capacity expansion results of the IRP (e.g., 2026-32) will likely go unfulfilled. Even if the Commission issues further procurement directives in the current IRP at some point in this cycle, the timeframe for bringing new resources online to meet the PSP capacity expansion results will likely be short, thereby exposing LSEs to the same costs and risks they faced with prior "just-in-time" procurement orders in the IRP. By contrast, directing a higher RPS in this RPS cycle will

[8] Cal Advocates at p. 7.

require LSEs to start planning for incremental resources in the context of the 2024 RPS plans, thereby putting the State in a position of achieving the PSP.

Finally, an expansion of the RPS would not prejudge the development of the RCPPP. The use of an RPS accounting framework was explicitly contemplated in the 2022 staff concept paper issued in the IRP proceeding (R.20-05-003). Many parties supported using an RPS-style compliance framework for GHG accounting because the RPS is a well-understood, fungible product. Even if the Commission ultimately adopts a different accounting framework for GHG emissions (e.g., the clean-net short calculator), those additional compliance requirements would still be satisfied in some fashion by RPS eligible resources. Moreover, the Commission could increase the RPS in the near and mid-term and still leave considerable headroom for non-RPS-eligible, carbon-free resources or other long lead-time resources that would be procured through the Assembly Bill ("AB") 1373 mechanism. Thus, while we agree that the RCPPP and AB 1373 procurement mechanisms should move forward as soon as possible, increasing the RPS percentage in the near and mid-term is a prudent action that will fulfill the Commission's blueprint for the IRP.

CONCLUSION

The Commission should expand the RPS in the near and mid-term, consistent with the findings of the 2022-23 Preferred System Plan. ACP-California, CEERT, and SEIA appreciate the opportunity to provide these reply comments on the successor RPS OIR.

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Respectfully submitted,

/s/

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