

**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)

**COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON  
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON  
ELECTRICITY RESOURCE PORTFOLIOS FOR 2025-2026 TRANSMISSION  
PLANNING PROCESS**

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September 30, 2024

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The Alliance for Retail Energy Markets (“AReM”)<sup>1</sup> respectfully submit these comments on Administrative Law Judge (“ALJ”) Julie A. Fitch’s *Ruling Seeking Comments on Electricity Resource Portfolios For 2025-2026 Transmission Planning Process* (“Ruling”) issued September 11, 2024, in this Integrated Resource Planning (“IRP”) proceeding. These comments respond to select questions for parties provided at the end of the Ruling.

**I. RESPONSES TO SELECTED QUESTIONS**

*Question 1: Please provide any comments or concerns about the updated modeling inputs and assumptions described in Section 2 of this ruling.*

Response: AReM does not oppose the modeling input updates described in the Ruling.<sup>2</sup> However, AReM remains concerned about key assumptions used in developing the current Preferred System Portfolio (“PSP”) that forms the basis for the proposed

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<sup>1</sup> AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

<sup>2</sup> Ruling, p. 3.

2025-2026 Transmission Planning Process (“TPP”) portfolio that are not discussed in the Ruling.

First, AReM remains concerned about the use of a 4,000 megawatt (“MW”) cap on imports during peak demand hours. As discussed in past comments in this proceeding,<sup>3</sup> AReM recommends Energy Division Staff (“Staff”) perform a production cost modeling sensitivity to determine if this limit impacts the modeling results. However, the Ruling makes no mention of any production cost modeling or import sensitivity. And the import contribution toward reliability metrics in the RESOLVE modeling of the proposed TPP base case remains 4,000 MW.<sup>4</sup> Ultimately, instead of placing an arbitrary cap on imports, import availability limits should be based on rigorous analysis, and AReM continues to support such analysis.

Second, AReM also remains concerned about the treatment of publicly-owned utility (“POU”) procurement. For the PSP modeling, AReM recommended Staff include adequate resources to ensure POUs meet applicable state clean energy standards and add separate emissions accounting for POU and California Public Utilities Commission (“Commission”)-jurisdictional load.<sup>5</sup> This would have avoided any modeling in which Commission-jurisdictional load is unfairly held

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<sup>3</sup> AReM, *Comments On Administrative Law Judge’s Ruling Seeking Comment On Proposed 2023 Preferred System Plan And Transmission Planning Process Portfolios*, November 13, 2023, p. 4.

<sup>4</sup> Staff, “Assumptions for the 2025-2026 TPP,” 2025-2026 Transmission Planning Process RESOLVE Package analysis, September 12, 2024, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/long-term-procurement-planning/2024-26-irp-cycle-events-and-materials/assumptions-for-the-2025-2026-tpp>.

<sup>5</sup> AReM, *Comments On Administrative Law Judge’s Ruling Seeking Comment On Proposed 2023 Preferred System Plan And Transmission Planning Process Portfolios*, November 13, 2023, p. 3.

responsible for meeting POU emissions mandates. The Ruling does not mention any update to POU-related modeling assumptions, and AReM continues to support its past recommendations.

*Question 2: Do you recommend any changes to the proposed base case portfolio in Section 2 of this ruling? If so, provide rationale and justification for your recommended changes.*

Response: AReM does not have any comments on this issue at this time.

*Question 3. Do you support the staff-recommended or alternate sensitivity portfolio in Section 3 of this ruling? Which one and why? If you recommend any changes to the sensitivity portfolio you support, or if you recommend a different portfolio altogether, provide a complete description, rationale, and justification for your recommendations.*

Response: AReM supports the staff-recommended sensitivity portfolio because of its lower costs compared to the alternative sensitivity portfolio. However, AReM is concerned that both portfolios increase costs significantly over the base case portfolio: \$3.2 billion for the former and \$4.9 billion for the latter on a net present value basis.<sup>6</sup> Costs are higher predominantly due to the higher costs of long lead-time (“LLT”) resources forced into the sensitivity portfolios.<sup>7</sup> These high-cost LLT resources displace lower-cost clean energy resources, especially solar, storage, and in-state wind.<sup>8</sup>

Displacing lower-cost resources with higher-cost resources does not make sense for planning purposes. These cases only serve to increase costs for no emissions benefit, and only a limited gas retirement benefit, namely 0.9-1 gigawatt

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<sup>6</sup> Ruling, p. 12.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*, p. 10.

of additional gas retirements in 2045.<sup>9</sup> It also seems redundant with high LLT resource portfolios that have already been studied in past TPPs.<sup>10</sup>

A better use of modeling resources would be to model a case with a lower emissions target, possibly as low as zero million metric tons of greenhouse gas (“GHG”) emissions by 2045. This would provide a more aggressive buildout of clean energy resources and higher gas retirements to study instead of a displacement of cost-effective resources by high-cost resources. Doing so may also reveal an economic role for LLT resources to replace existing natural gas capacity.

*Question 4. Do you recommend any changes to the busbar mapping methodology or process described in Section 5 of this ruling and in Attachment A? If so, provide rationale and justification for your recommended changes.*

Response: AReM does not have any comments on this issue at this time.

*Question 5: Do you recommend any changes specifically to the selection criteria within the busbar mapping methodology related to “gas capacity not retained” in Attachment A? If so, provide rationale and justification for your recommended changes.*

Response: AReM does not have any comments on this issue at this time.

*Question 6. Do you recommend any additional criteria or processes for improving the busbar mapping for future iterations, specifically in the potential improvement areas listed below? If so, provide rationale and justification, as well as pertinent data sources, for your recommended changes:*

- a. Assessing commercial development interest beyond interconnection queues and other sources currently used in the methodology;*
- b. Application of existing or additional land-use and environmental impact criteria to mapping stand-alone battery storage resources;*
- c. Mapping battery storage to existing renewable generators and utilizing their existing interconnections;*

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<sup>9</sup> Calculated comparing values in Table 1 of the Ruling (p. 6) to Table 2 of the Ruling (p. 12).

<sup>10</sup> Ruling, p. 8.

- d. *Mapping additional storage energy to existing storage to increase its duration, but not exceeding its existing maximum interconnection ability; or*
- e. *Other potential improvements not specifically covered above in this question, to improve efficient use of existing and already-planned transmission.*

Response: AReM does not have any comments on this issue at this time.

*Question 7. Include any comments in response to this ruling that are not covered in the other questions above.*

Response: In the past, Staff performed loss of load expectation (“LOLE”) analysis of the TPP portfolio to confirm it met the 0.1 LOLE standard. This includes the 2023-2024 TPP base case portfolio<sup>11</sup> and the PSP adopted as the 2024-2025 TPP base case portfolio.<sup>12</sup> However, the Ruling makes no mention of any LOLE modeling for the recommended 2025-2026 TPP base case. AReM recommends this modeling be performed prior to the TPP portfolio adoption as it agrees with the Commission that “it is important for the [TPP] portfolio to be determined to be sufficiently reliable.”<sup>13</sup>

## II. SUMMARY

In summary, AReM recommends:

1. Staff follow AReM’s past recommendations to replace the 4,000 MW import cap with accurate import assumptions backed by rigorous analysis.

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<sup>11</sup> D.23-02-040, p. 58.

<sup>12</sup> D.24-02-047, pp. 69, 75.

<sup>13</sup> D.23-02-040, p. 59.

2. Staff also follow AReM's past recommendations regarding treatment of POU procurement to avoid any modeling in which Commission-jurisdictional load is held responsible for meeting POU clean energy and emissions mandates.
3. The Commission adopt the Staff-recommended sensitivity portfolio and not the alternative sensitivity portfolio if those are the only two options considered.
4. The Commission consider adopting a sensitivity portfolio with a lower GHG emissions trajectory to provide a more aggressive buildout of clean energy resources for study purposes.
5. Staff perform an LOLE analysis of the TPP base case portfolio prior to its adoption by the Commission.

### **III. CONCLUSION**

AReM appreciates the opportunity to respond to this Ruling and looks forward to reviewing the comments of other parties.

Respectfully submitted,



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September 30, 2024