

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

|  |   |                           |
|--|---|---------------------------|
| Order Instituting Rulemaking to Develop an         | ) |                           |
| Electricity Integrated Resource Planning Framework | ) | Rulemaking 16-02-007      |
| and to Coordinate and Refine Long-Term Procurement | ) | (Filed February 11, 2016) |
| Planning Requirements                              | ) |                           |
| _____  | ) |                           |

**COMMENTS OF THE JOINT CCAS  
ON PROPOSED PREFERRED SYSTEM PORTFOLIO AND  
TRANSMISSION PLANNING PROCESS RECOMMENDATIONS**

David Pepper  
**BRAUN BLAISING SMITH WYNNE, P.C.**  
915 L Street, Suite 1480  
Sacramento, CA 95814  
Telephone: (916) 326-5812  
E-mail: [pepper@braunlegal.com](mailto:pepper@braunlegal.com)

January 31, 2019

Attorney for:  
Joint CCAs

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

|  |   |                           |
|--|---|---------------------------|
| Order Instituting Rulemaking to Develop an         | ) |                           |
| Electricity Integrated Resource Planning Framework | ) |                           |
| and to Coordinate and Refine Long-Term Procurement | ) | Rulemaking 16-02-007      |
| Planning Requirements                              | ) | (Filed February 11, 2016) |
| _____  | ) |                           |

**COMMENTS OF THE JOINT CCAS  
ON PROPOSED PREFERRED SYSTEM PORTFOLIO AND  
TRANSMISSION PLANNING PROCESS RECOMMENDATIONS**

In accordance with the January 11, 2019 *Administrative Law Judge’s Ruling Seeking Comments On Proposed Preferred System Portfolio And Transmission Planning Process Recommendations* (“Ruling”), Marin Clean Energy (“MCE”), Sonoma Clean Power Authority (“SCP”), Silicon Valley Clean Energy (“SVCE”), the California Choice Energy Authority (“Cal Choice”), Peninsula Clean Energy (“PCE”), and Monterey Bay Clean Power (“MBCP”) (the “Joint CCAs”) respectfully submit the following comments on the Commission’s Proposed System Portfolio and Transmission Planning Process (“TPP”) recommendations.

**I. RESPONSES TO QUESTIONS ON PRODUCTION COST MODELING RESULTS AND THE PREFERRED SYSTEM PORTFOLIO**

**Question 1:**

*Do you support the staff recommendation that the Commission adopt the hybrid conforming portfolio as the basis for the Preferred System Plan for the 2017-2018 IRP Cycle? Why or why not?*

**Response to Question 1:**

The Joint CCAs support the staff recommendation that the Commission adopt the Hybrid Conforming Portfolio (“HCP”) as the basis for the Preferred System Plan (“PSP”) for the 2017-2018 IRP cycle. Although the HCP’s accuracy is hampered by a number of issues, addressing these issues at this late date in the IRP cycle would be inefficient and would risk overlap and inconsistency with the next IRP cycle. The Joint CCAs recognize that this first iteration of the

IRP process is, of necessity, a rough “trial run.” As long as the flaws identified by CCA programs in these comments and elsewhere in this Rulemaking are adequately remedied in the 2019-2020 IRP cycle, the Joint CCAs believe that the HCP should be adopted as a reasonable first attempt at projecting the load-serving entities’ (“LSE”) combined portfolio in 2030.

The HCP supports a number of points that CCA programs have raised from the outset of the IRP Rulemaking. First, as CCA programs have repeatedly noted, CCAs are collectively and individually meeting the State’s Greenhouse Gas (“GHG”) reduction goals. According to RESOLVE, the HCP would reduce GHG emissions in the CAISO footprint to 34 MMT in 2030.<sup>1</sup> Individually, in many cases the conforming portfolios submitted by CCA programs would provide GHG reductions well in excess of those required to meet the programs’ respective shares of required emissions reductions.

Second, the HCP demonstrates that CCA programs can be relied upon to drive new renewable resource development and the transition to a statewide renewable energy economy. Over 90% (well over 10,000 MW) of the HCP’s proposed new procurement would come from CCA programs, while investor-owned utilities (“IOU”) and energy service providers (“ESP”) combined account for less than 10% (under 1000 MW) of proposed new procurement.<sup>2</sup> Tellingly, nearly 100% of CCA programs’ new resource buildout proposed in the HCP is from renewable resources: over 6,500 MW of new solar (fixed and tracking); nearly 3,000 MW of new wind; and 1,000 MW of new 4-hour battery storage; and a small amount of geothermal.<sup>3</sup> The CCA programs do not propose any new fossil fuel generation or GHG-emitting biogas or biomass resources.<sup>4</sup>

---

<sup>1</sup> *Administrative Law Judge’s Ruling Seeking Comments On Proposed Preferred System Portfolio And Transmission Planning Process Recommendations* (January 11, 2019), Attachment 2 at Slide 88.

<sup>2</sup> *Id.* at Slide 35.

<sup>3</sup> *Id.* at Slide 34.

<sup>4</sup> *Id.* at Slide 34.

Third, the HCP demonstrates that CCA programs can be relied upon to drive new resource development and achieve the States' GHG reduction goals *based on the local goals set by their governing boards*, and in *collaboration with the Commission*, without the need for the Commission to mandate renewable procurement. The HCP is composed, in significant part, of conforming portfolios voluntarily selected by CCA programs. These portfolios show that CCA programs will independently select renewable resources that drive GHG reductions.

Fourth, the HCP demonstrates that a portfolio with new procurement almost entirely driven by CCA programs is *reliable*. Commission Staff has established that the HCP, driven by over 10,000 MW of new CCA procurement, would achieve a high level of grid reliability, with a Loss Of Load Expectation ("LOLE") of .003, a mark that significantly exceeds the accepted reliability standard of 0.1 LOLE.<sup>5</sup>

While the Joint CCAs support the adoption of the HCP for the PSP in this initial IRP cycle, the HCP is hampered by a number of flaws that should be remedied in the 2019-2020 IRP process. First, the HCP is flawed because it is based only on *conforming portfolios*, ignoring the *preferred portfolios* submitted by a number of CCA programs. While some CCA programs submitted a single portfolio that served as both their conforming portfolio and their preferred portfolio, a number of CCA programs submitted separate preferred and conforming portfolios. These preferred portfolios are more accurate than the conforming portfolios, since they represent CCA programs' actual planned procurement, rather than procurement based on the "menu" of options provided by the Reference System Plan ("RSP"), and in some cases are based on more accurate inputs and assumptions than the RSP. For instance, Pico Rivera Innovative Municipal Energy ("PRIME") submitted a preferred portfolio that included a significantly higher, and more accurate, load forecast. Similarly, MCE submitted a preferred portfolio with more accurate load

---

<sup>5</sup> *Id.* at 60, 67.

forecast that reflects the high penetration of Behind the Meter (“BTM”) solar resources expected in MCE’s service area.

The use of CCA programs’ preferred portfolios rather than their conforming portfolios is more consistent with the CCA programs’ procurement independence set forth in statute and recognized by the Commission in this proceeding.<sup>6</sup> In addition, the use of CCA programs’ preferred portfolios is consistent with the ultimate goal of achieving the State’s GHG reduction goals. In future iterations of the IRP process, the Joint CCAs anticipate that a number of CCAs may, consistent with their own internal planning processes and environmental goals, submit preferred portfolios that include *more renewable resources* and *greater GHG reductions* than their conforming portfolios. In the next IRP cycle, the Commission should produce and perform production cost modeling on at least two versions of the HCP – one version based on aggregated conforming portfolios, and a second based on a combination of IOU conforming portfolios (recognizing the Commission’s regulatory mandate and extensive authority to direct IOU procurement) and CCA preferred portfolios.

Second, the HCP is flawed by the use of broad “top-down” statewide inputs and assumptions, even when more accurate LSE-specific information is available. While the Joint CCAs do not oppose the use of statewide inputs and assumptions to develop high-level statewide projections, the Commission should recognize the inherent limitations of such broad-brush projections, and where available rely on more granular inputs, assumptions, and load forecasts developed by each LSE. For instance, as SCP noted in its 2017-2018 IRP Compliance Filing, a number of the elements of the Commission’s 2017-2018 IRP methodology led to inaccurate projections for SCP due to the Commission’s use of statewide rather than LSE-specific

---

<sup>6</sup> See, Pub. Util. Code Section 366.2(a)(5) (“a community choice aggregator shall be solely responsible for all generation procurement activities on behalf of the community choice aggregator’s customers, except where other generation procurement arrangements are expressly authorized by statute”); Section 454.52(b)(3); D.18-02-018 at 26, 29-30.

information.<sup>7</sup> For instance, the Commission used statewide California Energy Commission (“CEC”) forecasts and assumptions to develop the 2017-2018 IRP’s annual load forecast and to assign individual load forecasts to each LSE. Problematically, neither the IRP’s statewide load forecast nor its LSE-specific forecast for SCP took into account SCP-specific assumptions regarding population growth, housing stock and fire rebuild efforts in Sonoma and Mendocino Counties, SCP opt-out rate, electric vehicle growth, other electrification, behind the meter solar, and expected energy efficiency.<sup>8</sup> The Commission’s failure to incorporate these more accurate locally developed assumptions resulted in a significantly less accurate load forecast for SCP. In order to remedy this issue in future IRP cycles, the Commission should develop a process that starts with a statewide framework, but includes a mechanism for incorporating more accurate LSE-specific or area-specific information where such information is available.

Third, Commission Staff used different models to develop the RSP on the front end of the IRP process, and to assess the HCP on the back end. Specifically, staff used RESOLVE to develop the RSP, and a production cost model called SERVVM to assess the consolidated LSE conforming portfolios. This led to some conflicting results, and a less accurate product than may otherwise have been achieved. While the Joint CCAs appreciate Staff’s stated intent to work on ways to better align the two models, additional steps should also be taken. At a minimum, in future IRP cycles the Commission should use both RESOLVE and SERVVM on the back end to evaluate the consolidated portfolios. In addition, it may be useful to use SERVVM at the beginning of the IRP process to assess one or more potential conforming portfolios based on the RSP.

Fourth, this IRP did not account for reasonably anticipated load migration from IOUs to CCAs (and potentially ESPs). This issue is discussed in detail in the Joint CCAs’ response to

---

<sup>7</sup> Sonoma Clean Power, *2018 IRP Integrated Resource Plan Exhibit A - Narrative* (Submitted August 1, 2018) at 5.

<sup>8</sup> *Id.*

Question 17, below. Remedying this issue should be one of the Commission's top priorities in the next IRP cycle. The Joint CCAs stand ready to work with Commission staff and other stakeholders to develop a reasonable, broadly acceptable methodology for projecting new CCA formation and IOU load departure through the IRP planning horizon.

Fifth, the HCP was developed by consolidating individual LSE conforming portfolios that were developed using templates that do not fully or accurately reflect LSE procurement. Specifically, the IRP templates did not include a clear way to account for "portfolio product" contracts. In portfolio product contracts, the seller agrees to provide the buyer with a certain amount of power, with certain specified environmental attributes, from a large pool of resources. With such contracts, the purchaser knows the amount of power provided and the attributes of that power, but not the specific asset(s) that provided that power. These products are *extremely common* in the California electricity market, and are offered by a range of vendors, including Pacific Gas and Electric Company ("PG&E"). Because these contracts are not neatly tied to a specific asset, they are somewhat difficult to account for in the generation unit-specific IRP process. However, given the fact that these contracts guarantee certain attributes – attributes that purchasers pay a premium for – these contracts should not be treated as generic system power and should instead accurately reflect the guaranteed attributes. In addition, in the next IRP cycle the template should include combined solar and storage projects.

In light of these significant issues, the Joint CCAs urge the Commission to adopt the HCP with the understanding that, while this first "trial run" iteration of IRP provides useful insights regarding broad trends, this iteration of IRP has revealed a number of issues that must be remedied in the 2019-2020 IRP cycle.

///

**Question 2:**

*If you do not recommend the hybrid conforming portfolio form the basis of the PSP, what portfolio should the Commission utilize and why?*

**Response to Question 2:**

The Joint CCAs recommend that the hybrid conforming portfolio be adopted as the basis of the PSP, subject to the above-listed issues being addressed in the next IRP cycle.

**Question 3:**

*Are there reasons for the Commission to utilize a different portfolio (or portfolios) for transmission infrastructure planning (in the TPP) as distinct from the portfolio describing procurement actions of LSEs? Discuss.*

**Response to Question 3:**

See the Joint CCAs' response to Questions 18 and 20, below.

**Question 4:**

*Comment on whether or not the hybrid conforming portfolio is likely to result in a reliable system in 2030.*

**Response to Question 4:**

The Joint CCAs agree with Commission Staff's conclusion that the HCP, a statewide portfolio driven in large part by over 10,000 MW of new renewable resource procurement by CCA programs, would be highly likely to result in a reliable system in 2030. The Joint CCAs believe that this conclusion will hold up in future iterations of the IRP cycle that more accurately account for local information and reflect CCA programs' planned procurement by aggregating CCA programs' preferred portfolios rather than their conforming portfolios.

Of particular interest to the Joint CCAs, the HCP includes a significant decrease in IOU procurement and increase in IOU reliance on system power through 2030. This increased reliance on system power does not reflect a procurement shortfall and should not raise any reliability concerns. The IOUs' plans to increase their reliance on system power going forward represents a strategy for hedging against reasonably expected load departure due to CCA formation. As discussed in the Joint CCAs' response to Question 17, below, this hedging

strategy is entirely reasonable, and is consistent with the State's policy of protecting local choice, avoiding "on behalf of" procurement, and avoiding the complex and contentious problems created by stranded assets. As such, the IOUs' planned increasing reliance on system power should be viewed as proxy for expected load departure rather than an indication of any future reliability challenge. This reliance on system power (and any perceived shortfall created by this reliance) should disappear in future iterations of the IRP process as the Commission implements and refines a process that accounts for expected load departure, and CCA programs form or expand and procure on their new customers' behalf.

**Question 5:**

*Are the adjustments made by staff to the geographic resource allocations proposed by LSEs to develop the hybrid conforming portfolio, as described in Section 2.1 above, warranted? What modifications would you make to these assumptions and why?*

**Response to Question 5:**

The Joint CCAs support the changes made by Staff to the geographic resource allocations proposed by LSEs. The geographic changes made by Staff involved only a small percentage of total expected procurement, and correct minor locational issues that were bound to come up. LSEs made their geographic resource choices without knowledge of the planned locations of other LSE's new resources. This fact, combined with the rough nature of the first iteration of the IRP process, means that LSEs' aggregated geographic resource allocations were almost certain to include some practical flaws. As CCA IRP plans move from planning toward execution, plans will self-correct to choose resources that are not transmission constrained. As a general matter, excess resources and resource potential should be available to meet expected demand. For instance, if Solano wind is oversubscribed, lots of excess wind resources are available in other areas.

LSEs are likely to differ significantly with regard to their priorities. Some LSEs may have little to no preference regarding the geographic location of a resource or resources, while others may have extremely strong interests in ensuring that their new procurement is located in a

specific region or regions, without triggering unnecessary transmission upgrades. Similarly, while some parties may be fine with certain resources being re-designated as “energy only,” this may raise significant issues for others. As such, the Joint CCAs appreciate that when aggregated portfolios showed that planned projects in an area exceeded transmission capacity or resource potential, the Energy Division contacted parties planning on building resources in those areas and gave willing parties the opportunity to either relocate or re-designate their projects. This practice should be continued in future iterations of the IRP process, and the Commission should continue to ensure that LSEs that view a project or project’s location as “high priority” are accommodated to the greatest extent possible. This is especially true for CCA programs, which, as the Commission has recognized, retain procurement autonomy. If the Commission wants the IRP process to be truly accurate, the Commission should work to ensure that CCA IRP submissions reflect CCA programs’ actual procurement plans (including locational preferences) without making unnecessary modifications to CCA portfolios.

**Question 6:**

*Comment on the implications of the increased reliance on imports represented by the hybrid conforming portfolio.*

**Response to Question 6:**

As discussed in detail in response to Question 7, below, the Joint CCAs note that a large share of the imported power relied on by CCA programs’ is imported hydroelectric power from the Pacific Northwest (“PNW”). As discussed below, the Joint CCAs agree with the Commission’s conclusion that this planned reliance does not raise any legitimate resource availability, reliability, or transmission capacity concerns.

///

**Question 7:**

*Comment on the hydroelectric feasibility analysis conducted by staff. Should the Commission require additional or different approaches to reliance on hydroelectric resources? What are your specific recommendations?*

**Response to Question 7:**

The CCA programs strongly support the staff conclusions regarding the reasonableness of LSEs' planned procurement of PNW Hydro. This analysis is consistent with previous comments submitted by CalCCA in this proceeding:

There is little doubt that the future procurement plans [of the CCAs] are feasible. The RESOLVE model documents 7,844 MW of large hydro capacity within CAISO with another 4,766 MW within other regions of California (e.g., Imperial Irrigation District and Los Angeles Department of Water and Power), and 38,370 MW within the Northwest and Southwest regions. As already indicated, approximately 4,000 MW of Large Hydro/ACS is already under contract in 2018 and more than adequate capacity should be available in future years based on expected re-contracting and the large amount of capacity in the RESOLVE model. Even assuming that the entire 1,000 MW of additional hydro resources planned by CCAs are expected from out-of-state Large Hydro, adequate transmission capacity appears available to meet those needs. More specifically, there is 4,800 MW and 3,100 MW of transmission capacity at the California Oregon Intertie and Pacific DC Intertie, respectively, which can adequately meet the planned CCA demands.<sup>9</sup>

These conclusions should be explicitly incorporated in the 2019-2020 IRP. In addition, the emissions factor for unspecified PNW imports should be modified to reflect their high average hydro content and relatively low GHG emissions compared to generic system power.

**Question 8:**

*Comment on any actions the Commission should take to mitigate drought risk, especially for in-state hydroelectric resources.*

**Response to Question 8:**

To address and mitigate drought risk, in the next IRP cycle Commission Staff should, at a minimum, include low in-state hydroelectric year scenarios in the modeling.

---

<sup>9</sup> *Comments of California Community Choice Association on Integrated Resource Plans of Load Serving Entities* (September 12, 2018) at 3.

**Question 9:**

*Comment on the potential for WECC-wide resource shuffling and how the Commission should address it.*

**Response to Question 9:**

As a threshold matter, it is important that the Commission keep the question of resource shuffling in perspective. Some parties have been especially dogged about raising concerns regarding resource shuffling, voicing these concerns so often that it would be easy to mistakenly assume that resource shuffling has been established to be an actual problem. This, however, is simply not the case. The CCA Parties are unaware of any actual evidence on the record in this proceeding – or any other proceeding – that provides a concrete example of resource shuffling actually occurring. Prior to attempting to “fix” resource shuffling, stakeholders must first identify when and where it is happening. Absent this, any attempt by the Commission to address resource shuffling would be a solution in search of a problem.

Even if one could reasonably *speculate* that some renewable power imported into California could possibly be locally replaced with additional fossil generation, such conjecture would fall far short of concrete evidence of an actual problem, and would provide no insight regarding the (likely small) scope and impact of the problem if it actually does exist.

Further, there are strong reasons to believe that concerns regarding resource shuffling are either unfounded or, at the minimum, highly exaggerated. First, a significant share of the imported resources that CCA programs rely on are imports of PNW hydroelectric power. PNW hydroelectric providers have submitted comments explaining that their exports to California are primarily *excess* hydroelectric capacity.<sup>10</sup> In other words, the exports to California are not “shuffled” with any generation to meet local need. Further, any power exported from the PNW is unlikely subject to be “shuffled” with GHG-emitting fossil generation due to the PNW area’s

---

<sup>10</sup> *Response of Public Utility District No.2 of Grant County WA to Stakeholder Comments on Load Serving Entities Integrated Resource Plans* (September 26, 2018) at 4.

very high GHG-free resource portfolio. For instance, today only 11% of Washington State’s unspecified fuel mix is from natural gas,<sup>11</sup> while by 2022 roughly 90% of the energy generated in Washington State will be from GHG-free resources.<sup>12</sup>

Second, concerns regarding resource shuffling ignore the impact of environmental laws, policies, and goals adopted by other states, localities, and individual utilities. The California Air Resources Board (“CARB”) specifically prohibits resource shuffling under its cap-and-trade program. The hydroelectric providers in the PNW are governed by the Northwest Power Act, which prohibits electricity generation providers from selling energy to out-of-state LSEs before serving their load in the PNW. In addition, these providers are subject to a number of state laws that reduce the likelihood of resource shuffling. For instance:

Washington State’s renewable portfolio standard will increase to 15% in 2020. Washington State also has GHG emission reduction goals to reduce GHG emissions to 1990 levels by 2020, and 25% below 1990 levels by 2035. Washington State is on track to meet or exceed these interim targets with the measures outlined above and is considering deeper de-carbonization goals consistent with the State of California.<sup>13</sup>

These policies are not limited to Washington State. Oregon has a 50% renewables portfolio standard (“RPS”) for IOUs and a multi-sector Cap-and-Trade Program.<sup>14</sup> In light of these considerations, it is highly unlikely that hydroelectric providers have the ability to engage in resource shuffling, given the penalties associated with violating the CARB’s regulations, the Northwest Power Act, and State RPS, cap-and-trade, and GHG-reduction requirements.

Third, concerns regarding resource shuffling ignore the economics of renewable power. Renewable power costs are dropping significantly, in some cases renewable power is actually more affordable than power from fossil plants.

---

<sup>11</sup> *Id.* at 4 (FN. 3).

<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

Fourth, concerns regarding resource shuffling ignore the impact of increasing public awareness of climate change and growing customer demand for renewable energy outside of California (particularly in the PNW area).

All of these factors make it much more likely that hydroelectric power imported to California is either not needed to meet local need, or is likely to be “shuffled” *with other renewable power*.

Ultimately, there are limitations on what California’s IRP process can measure and achieve. Concerns regarding increased GHG emissions in other states should be addressed by California in cooperation with the appropriate agencies of the state in question.

**Question 10:**

*Comment on additional hydroelectric analysis that should be conducted in the future.*

**Response to Question 10:**

The Joint CCAs agree with the Commission’s conclusions regarding PNW hydro and do not believe that any further analysis in this IRP cycle is warranted. Staff’s conclusions should be adopted 2019-2020 IRP cycle and used in developing the 2019-2020 RSP. In addition, as MCE and SCP argued in recent comments, in future iterations of the IRP process the Commission should use RESOLVE to project future PNW hydro availability.<sup>15</sup>

**Question 11:**

*Comment on the calibrated LOLE study conducted for 2030. What are the implications or policy actions that should result, if any?*

**Response to Question 11:**

The Joint CCAs believe that the calibrated LOLE study’s conclusions are reasonable. The calibrated LOLE study’s results do not require any action by the Commission in the 2017-2018 IRP cycle.

---

<sup>15</sup> *Comments of Marin Clean Energy and Sonoma Clean Power Authority on Inputs and Assumptions for Development of the 2019-2020 Reference System Plan (January 4, 2019) at 5.*

**Question 12:**

*Comment on the differences between the hybrid conforming portfolio and the portfolio associated with the RSP calibrated to the 2017 IEPR assumptions. What are the implications of these differences and how should they be addressed?*

**Response to Question 12:**

The CCA Parties view the differences between the HCP and the RSP as natural (and inevitable) differences between a centrally planned and projected portfolio and a portfolio that more accurately reflects LSEs' actual preferences.

If anything, the CCA parties are surprised and encouraged by how closely aligned the HCP and RSP turned out to be. The Commission should view the differences between the RSP and HCP as *improvements* to the RSP. The RSP is the portfolio selected as a result of statewide modeling. The HCP takes the broad perspective provided by the RSP and adds, to a limited extent, resource choices informed by individual LSEs' far more intimate and detailed knowledge of their operations, plans, and the specific needs of the communities and customers they serve. This is particularly true of CCA programs, which, by statute, are formed for the purpose of allowing local communities to choose their own energy/resource mix. Further improvements along these lines can be achieved in future IRP cycles using an HCP consisting of IOU conforming portfolios and CCA programs' preferred portfolios.

**Question 13:**

*Comment on the criteria pollutant emissions results for the hybrid conforming portfolio. Is there further analysis that staff should conduct on criteria pollutant emissions for these high-level portfolio purposes? Explain.*

**Response to Question 13:**

The Joint CCAs do not have a response to Question 13 at this time, but reserve the right to comment on this matter going forward.

**Question 14:**

*Comment on the GHG emissions results from the hybrid conforming portfolio analysis in SERVVM. What are the implications and what should the Commission change as a result? (presuming that a new RSP will be analyzed in 2019-2020 already).*

**Response to Question 14:**

The Commission should not take any action in the 2017-2018 IRP cycle based on the GHG emissions results from SERVVM. This iteration of the IRP process has served its function and revealed problems to be addressed in future IRP iterations. The difference between SERVVM and RESOLVE's GHG emissions projections for the RSP and the differences between SERVVM's projections for the RSP and HCP are among these problems.

For the 2019-2020 IRP cycle, the Commission should make a range of corrections to the IRP process, including those discussed elsewhere in these comments. Among these changes, the Commission should take steps to further align SERVVM and RESOLVE, and should use RESOLVE as the primary tool for assessing the HCP's emissions.

However, at the end of the day, SERVVM and RESOLVE are different models that are designed to perform different functions. It is unlikely that the Commission will ever achieve perfect alignment of these different models' conclusions. As such, the Commission should use the models in a manner consistent with their primary intentions. RESOLVE should be the primary model used to develop the RSP and assess GHG emissions. SERVVM should be a secondary (support) model used to assess costs and reliability of the aggregated portfolio. SERVVM's GHG emissions results may provide some insights or a helpful "second opinion" but should not be relied upon as the primary measure of an aggregated portfolio's emissions.

**Question 15:**

*Comment on the curtailment results of analyzing the hybrid conforming portfolio.*

**Response to Question 15:**

The Joint CCAs do not have a response to Question 15 at this time, but reserve the right to comment on this matter going forward.

**Question 16:**

*Should the Commission place additional or tighter requirements on LSEs filing IRPs in the next IRP cycle? Suggest specific requirements and explain your rationale.*

**Response to Question 16:**

The CCA Programs only respond to this question as it applies to CCA IRP submissions. “Additional” or “tighter” requirements on CCAs submitting IRPs are neither needed nor appropriate. As discussed in the Joint CCAs’ response to Question 1, above, the HCP demonstrates that CCA Programs, working with the Commission, but ultimately making their own procurement decisions, can be counted on to achieve the State’s GHG reduction, renewable energy, and reliability goals. The Joint CCAs recognize the incredible value that the IRP process provides CCA programs. Through IRP, the Commission has given CCA programs a set of tools and insights that will allow them to better plan future resource procurement and identify the resources that most cost-effectively achieve state requirements, and, in many cases, their own more ambitious internal environmental goals. Empowered by this process, and working in coordination with the Commission, CCA programs can be counted on to exercise their independent procurement authority in a manner consistent with the state’s goals without further Commission intervention.

In addition to being unnecessary, any “additional” or “tighter” requirements on CCA programs would be inappropriate. The Commission’s role in certifying CCA IRPs is defined by statute (and further elaborated in D.18-02-018). Both Public Utilities Code Section 454.52 and this Decision include language that recognizes and preserves CCA programs’ planning and procurement independence. Any “additional” or “tighter” requirements for CCA programs would almost certainly overstep this role and impinge on CCA programs’ procurement independence.

**Question 17:**

*Comment on any other aspects of the hybrid conforming portfolio analysis.*

**Response to Question 17:**

The Ruling and Attachments note that the IOUs plan very little new procurement, and generally plan to increase their reliance on system power as their baseline resources retire or contracts expire.<sup>16</sup> The Commission notes that this is likely a strategy to avoid stranded assets in the event of future departing load. This hedging strategy is a *good thing*, and in future IRP iterations the Commission should develop a methodology for projecting CCA formation and IOU load departure, and actively encourage, if not require, that IOUs hedge against projected load departure.

Hedging against reasonably projected load departure avoids stranded assets with associated stranded costs that the IOUs would likely attempt to allocate to departing customers through cumbersome, inefficient, and highly contentious mechanisms like the Power Charge Indifference Adjustment (“PCIA”) or some successor charge. In addition, hedging against reasonably projected load departure is consistent with CCA procurement independence and local choice, as it represents a reasonable step to avoid “on behalf of” procurement.

Load departure should be formally accounted for in IRP. In the 2019-2020 IRP cycle, one of the Commission’s top priorities should be to work cooperatively with CCA programs, the IOUs and other interested parties to develop a formal methodology for projecting IOU load departure due to CCA formation. This methodology should allow the development of multiple scenarios with different levels of load departure for each IOU. In addition, the methodology, and IOU hedging strategies, should take the timing of expected load departure and lead-up times necessary for the development of various resource types into account. At an absolute minimum, the IRP should account for *announced* CCA formation. For instance, the City of San Diego has

announced its intent to form a CCA program. In light of this announcement, the Commission should neither require nor allow San Diego Gas & Electric Company (“SDG&E”) to plan for procurement on behalf of customers that will be served by the City’s CCA program well before 2030.

## **II. RESPONSES TO QUESTIONS ON TPP PORTFOLIOS**

### **Question 18:**

*Should the hybrid conforming portfolio be analyzed as the reliability base case in the 2019-20 TPP? Why or why not? What changes would you recommend? Comment on any other aspects of the hybrid conforming portfolio analysis.*

### **Response to Question 18:**

The Joint CCAs support the use of the HCP as the reliability base case in the 2019-2020 TPP. However, given the rough nature of this first IRP cycle and the significant issues that need to be remedied in the next IRP cycle, the Joint CCAs recommend that no significant transmission modifications or investments be made based on the HCP. CAISO should defer any significant decisions until the 2019-2020 IRP portfolio is finalized.

### **Question 19:**

*Should the hybrid conforming portfolio be analyzed as the policy-driven base case in the TPP? Why or why not? What changes would you recommend?*

### **Response to Question 19:**

The Joint CCAs do not have a response to Question 19 at this time, but reserve the right to comment on this matter going forward.

///

---

<sup>16</sup> *Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Portfolio and Transmission Planning Process Recommendations* (January 11, 2019), Attachment 2 at Slides 23, 35.

**Question 20:**

*What are the potential implications if the CAISO analyzes the hybrid conforming portfolio and takes transmission investments to the CAISO Governing Board, if the resource procurement by LSEs between now and 2030 turns out to be significantly different than the hybrid conforming portfolio suggests? If this is a concern, suggest potential remedies or other analysis or actions that could be taken.*

**Response to Question 20:**

CAISO should not take any transmission investments based on the HCP to the CAISO governing board. The 2017-2018 IRP process is a practice run, and the HCP should be treated as a rough draft – informative, but not authoritative. Future iterations of the IRP are likely to be significantly more accurate, and CAISO has more than adequate time between now and 2030 for even long lead-time transmission projects.

**Question 21:**

*Do you support the staff recommendation to transmit two policy-driven sensitivity scenarios (Case B and Case C) to the CAISO for further analysis as policy driven sensitivity scenarios? Why or why not? What changes would you make?*

**Response to Question 21:**

The Joint CCAs do not have a response to Question 21 at this time, but reserve the right to comment on this matter going forward.

**Question 22:**

*Do you agree with the Commission staff assumptions used to develop policy-driven sensitivities, with respect to electric vehicle load, GHG emissions constraints in 2030, etc.? Explain in detail.*

**Response to Question 22:**

The Joint CCAs do not have a response to Question 22 at this time, but reserve the right to comment on this matter going forward.

///

**Question 23:**

*Comment on any other aspects of the Commission's recommendations to the CAISO for TPP purposes.*

**Response to Question 23:**

The Joint CCAs do not have a response to Question 23 at this time, but reserve the right to comment on this matter going forward.

**III. RESPONSES TO QUESTIONS ON COMMISSION POLICY ACTIONS**

**Question 24:**

*What further policy or procurement actions should the Commission take as a result of the analysis presented in this ruling? Explain your recommendations in detail.*

**Response to Question 24:**

The Commission should explicitly find that each CCA program's IRP adequately contributes to a statewide portfolio that achieves the goals of Senate Bill 350. As such, the Commission should certify each CCA program's IRP submission.

In addition, the Commission should find that the HCP as a whole, and in particular new procurement planned by CCA programs, satisfies the State's renewables integration resource need and each CCA programs' individual share of that need.

**Question 25:**

*Is an increase in the RPS compliance requirement, beyond 60 percent RPS in 2030, warranted? Why or why not?*

**Response to Question 25:**

An increase in the RPS compliance requirement beyond 60 percent RPS in 2030 is not warranted at this late point in the 2017-2018 IRP cycle. This question should be addressed in the 2019-2020 IRP cycle.

///

**Question 26:**

*Acknowledging that near- and mid-term reliability issues have been addressed in comments in response to a separate ruling in this proceeding, should the Commission order any resource procurement in the context of the IRP proceeding at this time? How much? Explain your rationale.*

**Response to Question 26:**

The Commission should not order any procurement in the 2017-2018 IRP cycle.

**IV. CONCLUSION**

The Joint CCAs thank the Commission for its consideration of these comments.

Dated: January 31, 2019

Respectfully submitted,

/s/ David Peffer

David Peffer  
**BRAUN BLAISING SMITH WYNNE, P.C.**  
915 L Street, Suite 1480  
Sacramento, CA 95814  
Telephone: (916) 326-5812  
E-mail: peffer@braunlegal.com

Attorney for:  
Joint CCAs