

**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 Planning
Requirements.

R.16-02-007
(Filed on February 11, 2016)

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION REPLY COMMENTS ON
PROPOSED DECISION ON 2019-2020 ELECTRIC RESOURCE PORTFOLIOS
TO INFORM INTEGRATED RESOURCE PLANS AND TRANSMISSION PLANNING**

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The California Community Choice Association (“CalCCA”) submits these reply comments on Administrative Law Judge Fitch’s proposed decision addressing 2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning (“PD”) issued on February 21, 2020.

I. INTRODUCTION AND SUMMARY

Parties’ opening comments addressed a wide range of important issues regarding the PD’s direction. The Commission must take note, however, of a common thread tying together most parties’ comments: the need to balance the competing policy goals of decarbonization, reliability, and affordability. While CalCCA fully supports the continued efforts to pursue decarbonization while maintaining system reliability, CalCCA echoes the collective concerns raised by parties regarding issues of cost and potential policy tools to address cost impacts moving forward. CalCCA supports the Commission elevating this critical issue through an explicit policy statement in its final decision.

II. TO BE A TRUE LEADER IN CLIMATE CHANGE, THE COMMISSION MUST MORE CLEARLY ARTICULATE THE IMPORTANCE OF CUSTOMER COSTS IN PROCUREMENT DECISIONS

Several parties, coming from different perspectives, highlight the need for a greater focus on customer costs. CalCCA agrees that customer costs should receive more focused attention in the Commission’s final decision. To be a true leader in climate change, California must demonstrate that progress toward greenhouse gas (“GHG”) reductions can be made cost effectively and without severe financial impacts on all California ratepayers, particularly California’s disadvantaged communities and businesses.

CalCCA commends The Utility Reform Network (“TURN”) for its thoughtful comments addressing the need for cost-effective planning and procurement. TURN supports the “PD’s hesitancy to immediately direct full procurement based on the Proposed RSP” recognizing key areas of uncertainty in the planning process. TURN highlights two critical variables that remain unsettled: RESOLVE modeling does not account for the procurement of 3,300 MW of new capacity resources directed in D.19-11-016, and the import resource adequacy (“RA”) limitation may be overly conservative.¹

Other parties raise cost-related concerns.

- ✓ Southern California Edison Company also points out that changes to capacity or cost assumptions have been made to the Reference System Portfolio (“RSP”) without sufficient opportunities for party comment, leading to a “deficient, incomplete, and uneconomic RSP.”²
- ✓ Pacific Gas and Electric Company notes the need for “a more robust analytical framework to assess the trade-offs between key metrics such as reliability, GHG emissions, resource diversity, and cost”³

¹ *Opening Comments of The Utility Reform Network on the Proposed Decision* at 5

² *Opening Comments of Southern California Edison Company on Proposed Decision* at 13-14.

³ *Opening Comments of Pacific Gas and Electric Company* at 4.

- ✓ The Joint CCAs observe that the Commission should adopt cost-reducing policies and additional cost containment policies to achieve deep reductions at reasonable costs.⁴
- ✓ The City and County of San Francisco highlights the importance of alternative portfolios in identifying local project cost adders that may not be recognized in the RSP inputs and assumptions.⁵
- ✓ Other parties observe that the PD fails to consider the full costs of retaining natural gas-fired generation⁶ and the potentially overly conservative constraint on import RA.⁷

This near-universal acknowledgement of the critical importance of mitigating the risk of unnecessary customer costs requires explicit recognition and Commission commitment to mitigating this risk and enabling Load Serving Entities to do the same through their individual procurement and rate making processes.

The PD acknowledges parties concerns of potential “over-procurement and/or unnecessary ratepayer costs” raised by parties⁸ and makes passing reference to “least cost” principles.⁹ Particularly in this time of economic strain, however, CalCCA urges the Commission to make a clear, firm commitment to addressing the impact of its procurement policies on customers. CalCCA recommends that the Commission modify the PD to include the following Finding of Fact:

To secure its leadership role in combatting climate change across the globe, California must demonstrate solutions that achieve progress without exacerbating customers’ vulnerability to rising electricity costs.

⁴ *Comments of Peninsula Clean Energy et al.* at 6-7.

⁵ *Opening Comments of the City and Count of San Francisco* at 2.

⁶ *Sierra Club and California Environmental Justice Alliance Opening Comments* at 6.

⁷ *Opening Comments of the Union of Concerned Scientists* at 5-6.

⁸ Proposed Decision at 33.

⁹ *See, e.g., id.* at 64, 72, and 74.

Declaring this principle will signal that policymakers are guarding customers' vulnerability to electricity costs – both customer bills and external costs such as criteria pollutants – while advancing the state's progress toward climate goals.

III. CONCLUSION

CalCCA appreciates this opportunity to provide input on the PD and supports adoption of the PD subject to the recommendations presented in CalCCA's opening and reply comments.

Respectfully submitted,



Evelyn Kahl
General Counsel to the
California Community Choice Association

March 17, 2020

APPENDIX A

Proposed Finding of Fact

To secure its leadership role in combatting climate across the globe, California must demonstrate solutions that achieve progress without exacerbating customers' vulnerability to rising electricity costs.