

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

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

R.20-05-003

**OPENING COMMENTS OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON ORDER INSTITUTING RULEMAKING**

Evelyn Kahl
General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, California 94520
415.254.5454
regulatory@cal-cca.org

June 15, 2020

TABLE OF CONTENTS

I. INTRODUCTION1

II. RECOMMENDED SCOPE CLARIFICATIONS.....2

 A. Create a Framework for and Prioritize Planning for the Phase-Out and Retirement of Natural Gas Generation2

 B. Clarify that This Rulemaking Is Not the Appropriate Forum for the Development and Implementation of a System or Flexible RA Central Buyer Mechanism4

 C. Develop a Process and Timeline for Timely Identification of Procurement Needs Using Robust Modeling.....5

III. CONCLUSION.....6

TABLE OF AUTHORITIES

California Legislation

Senate Bill 100..... 3

CPUC Decisions

D.19-11-016..... 2, 3, 4

CPUC Rules of Practice and Procedure

Rule 6.2..... 1

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

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

R.20-05-003

**OPENING COMMENTS OF THE
CALIFORNIA COMMUNITY CHOICE ASSOCIATION
ON ORDER INSTITUTING RULEMAKING**

The California Community Choice Association¹ submits these comments in response to the *Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes* (OIR), issued on May 14, 2020, pursuant to Rule 6.2 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, and the directives provided by the OIR.

I. INTRODUCTION

CalCCA appreciates the opportunity to participate in the development and refinement of the Integrated Resource Planning (IRP) process. As California's electric system enters its second decade of aggressive renewable development, achieving reliable, cost-effective decarbonization of the electric sector will increasingly hinge on the success of the planning and coordination that inform it. Further, the impending retirement of thousands of megawatts of conventional fossil

¹ California Community Choice Association represents the interests of 20 community choice electricity providers in California: Apple Valley Choice Energy, CleanPowerSF, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Monterey Bay Community Power, Peninsula Clean Energy, Pioneer Community Energy, Pico Rivera Innovative Municipal Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Jacinto Power, San Jose Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

and nuclear resources and the increasing mismatch between operational needs and the design specs of the aging gas fleet require significant planning and preparation.

CalCCA offers three recommendations regarding the proceeding's scope and priorities:

- Create a framework for and prioritize planning for the phase-out and retirement of natural gas generation;
- Clarify that this rulemaking is not the appropriate forum for the development or establishment of a system or flexible resource adequacy (RA) central buyer mechanism; and
- Develop a process and timeline to ensure procurement needs are timely identified using robust modeling and ensuring that there is a strong nexus between the planning and procurement tracks.

Each of these issues materially impacts procurement policies, practices, and/or procedures, are narrowly defined, and demonstrate consistency with one or more of the IRP proceeding goals and thus meet the OIR's scoping standard.

II. RECOMMENDED SCOPE CLARIFICATIONS

A. Create a Framework for and Prioritize Planning for the Phase-Out and Retirement of Natural Gas Generation

Achieving the state's greenhouse gas (GHG) reduction goals will require a reduction in reliance on natural gas generation resources. The timing of the retirement and phase-out of these resources is critical, however, requiring surgical consideration in recommending extensions of once-through-cooling (OTC) compliance deadlines in D.19-11-016.² To avoid being placed in a similar position in the future, the Commission should create a framework for planning the phase-out of natural gas resources and prioritize that planning in the IRP.

² D.19-11-016, Ordering Paragraph 1 at 79-80.

CalCCA joins with other parties, including the California Environmental Justice Alliance (CEJA), in proposing a high-level framework to address natural gas resource phase-out. First, the Commission should develop a policy that determines which local areas to target for this

analysis, prioritizing areas that have poor air quality and a high percentage of disadvantaged communities, among other factors. Second, the Commission should work with CAISO to conduct the analysis of what resources are necessary to retire certain natural gas facilities. This analysis should inform planning and LSE procurement. Third, all replacement resources should be clean preferred resources, demand side management, and/or transmission upgrades needed to support these resources, consistent with Senate Bill 100. CalCCA recommends adoption of a separate Track of this rulemaking to address these issues.

B. Clarify that This Rulemaking Is Not the Appropriate Forum for the Development and Implementation of a System or Flexible RA Central Buyer Mechanism

The Commission recently adopted a local RA central buyer mechanism in the RA proceeding, R.17-09-020. The OIR creates ambiguity, however, regarding consideration of a central buyer mechanism for system and flexible RA. If development and implementation of a system and flexible RA mechanism is undertaken, it should remain in the current RA proceeding, R.19-11-019.

The procedural confusion arises out of the following statement in the OIR:

There is some potential for overlap between issues being considered in the resource adequacy rulemakings and those that will require consideration here. For example, while the resource adequacy proceedings are currently considering issues related to a centralized procurement entity for procurement of local resource adequacy resources, there may be models or parallels to be considered in this proceeding with respect to system-level reliability.³ (p.10)

CalCCA understands that, in effect, D.19-11-016 established the investor-owned utilities (IOUs) as backstop procurement entities for procurement where certain LSEs *voluntarily* elected not to

³ OIR at 10.

undertake their own procurement of system RA resources.⁴ If the Commission issues another procurement directive in this proceeding, no doubt a similar mechanism would be considered. But the complex work of establishing a system and flexible central buyer – if, indeed, one is needed – can be best addressed in R.19-11-009. A central buyer mechanism is a major RA policy initiative, which belongs in an RA proceeding; this OIR is suited to procurement planning, not a major restructuring of the RA market. The scope of this proceeding should be refined to make this boundary clear.

C. Develop a Process and Timeline for Timely Identification of Procurement Needs Using Robust Modeling

The urgent mandate of 3,300 MW of system RA procurement in R.19-11-009 created a rush to develop new renewable resources and energy storage. The mandate gave load-serving entities roughly 19 months to get half of the requirement online by August 1, 2021, with tranches to follow in 2022 and 2023.⁵ While no information is yet available on prices, the urgency of the requirement put developers in the driver’s seat for negotiations. The pace of development very likely will result in higher costs to ratepayers than if a longer lead time had been available. The scope of this OIR thus should include developing a systematic process and clear timeline that allows for robust analyses of needs informed by inputs from the planning track and maximizes the lead time for any required procurement.

⁴ D.19-11-016, Ordering Paragraph 5 at 81-82.

⁵ D.19-11-016, Ordering Paragraph 3 at 80-81.

III. CONCLUSION

For all the foregoing reasons, CalCCA requests that the Commission clarify the scope of this proceeding to include the issues identified herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive style.

Evelyn Kahl

Counsel to the California
Community Choice Association

June 15, 2020