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**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

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
REPLY COMMENTS ON ORDER INSTITUTING RULEMAKING**

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The California Community Choice Association (CalCCA)¹ submit these reply comments in response to the *Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes* (OIR), issued on May 14, 2020, and the June 15, 2020, *Administrative Law Judge’s Ruling Scheduling Prehearing Conference and Seeking Comments on Proposed Proceeding Schedule* (ALJ Ruling) pursuant to Rule 14.3(d) of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure.

I. INTRODUCTION

Assigned Commissioner Randolph observed during the PHC: “We have certainly come a long way with IRP since 2016, with a lot of big milestones and a lot of important lessons learned.”² CalCCA agrees and appreciates the opportunity to continue the dialogue on the Integrated Resource Planning (IRP) process and, specifically, the questions posed by Administrative Law Judge (ALJ) Fitch in the July 14, 2020, prehearing conference (PHC).

¹ California Community Choice Association represents the interests of 20 operational 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 José Clean Energy, Silicon Valley Clean Energy, Solana Energy Alliance, Sonoma Clean Power, Valley Clean Energy, and Western Community Energy.

² 1 Tr. 2:26-3:1.

ALJ Fitch identified several consensus proposals from the opening OIR comments, suggesting that these issues will be addressed as the rulemaking unfolds.³

- “*There needs to be a tighter link between planning and procurement.*”⁴ CalCCA agrees with PG&E⁵, SCE⁶, the City and County of San Francisco,⁷ and other parties that the procurement orders, if any, emanating from the Procurement Track should result from the extensive modeling undertaken within the Planning Track, utilizing common methodologies, input assumptions, constraints, and other parameters.
- “[*A*]ny analysis that’s done should include a planning horizon out to 2045....” As ALJ Fitch clarified, while the models will be run out to 2045, the targets will still be set for 2030. CalCCA supports modeling out to 2045 consistent with state policy established in Senate Bill 100. While the modeling horizon likely exceeds the reasonable planning horizon, there may be important qualitative lessons from the modeling results which inform near term strategies on issues like fossil resource retention, electrification impacts, development of long-lead time resources, and other strategies.
 - *The impacts of the COVID-19 pandemic should be incorporated into IRP modeling.* CalCCA agrees that important load trends should be accounted for in IRP modeling, although estimating the long-term impacts of the pandemic will be challenging.

CalCCA supports action on these three issues regardless of the process that ultimately guides this rulemaking.

³ See generally 1 Tr. 17-18.

⁴ 1 Tr. 17:10-12.

⁵ *Opening Comments of Pacific Gas and Electric Company*, June 15, 2020 (PG&E Comments) at 2.

⁶ *Comments of Southern California Edison Company*, June 15, 2020 (SCE Comments) at 4, 10-12.

⁷ *Comments of City and County of San Francisco*, June 15, 2020 (CCSF Comments) at 2-3.

ALJ Fitch also highlighted a process “dilemma” arising from parties’ proposals to analyze other discrete issues that go beyond the current modeling approach:⁸ (1) gas plant retirements; (2) long-term local reliability; (3) replacement power for the Diablo Canyon Power Plant (DCPP) retirement; (4) procurement of long-duration storage; and (5) out-of-state (OOS) and offshore wind development (together, Supplemental Issues). ALJ Fitch raised concern that pursuing these issues would require additional analytical tools not yet developed and would further burden already-constrained Staff resources.⁹

To resolve this dilemma, ALJ Fitch proposed two alternative paths to move forward on the planning track.

- Path 1: “[A]nalyze [LSEs’] individual integrated resource plans that are due September 1st, 2020 in a robust way, taking into account the individual LSE preferences, analyzing any shortfalls and basing a Preferred System Portfolio on the aggregation of those plans.”

ALJ Fitch observed that the result of this path will be a plan with a “solid basis in reality, instead of just theoretical modeling,” which would carry into California Independent System Operator (CAISO) transmission planning.

- Path 2: “[C]onduct better long-term locational planning analysis, followed by giving planning and procurement direction to the LSEs....”

Implicit in her description of the paths was the assumption that taking Path 2 would prevent analysis of the September 1 IRP Plans and development of the PSP.

CalCCA’s comments focus centrally on resolving the perceived process dilemma. CalCCA recommends that the Commission make Path 1 the priority for devotion of Staff’s constrained modeling resources. The two paths, however, should not be viewed as mutually exclusive. Cognizant of Staff limitations, CalCCA suggests a “Path 2 light” approach to enable

⁸ 1 Tr. 18:19-21.

⁹ 1 Tr.

parties to begin broaching the Supplemental Issues without imposing additional modeling obligations on Staff.

Finally, CalCCA agrees with the City and County of San Francisco (CCSF)¹⁰, PG&E¹¹, SCE¹², SDG&E¹³, and other parties that the current IRP cycle does not provide adequate time for robust modeling by both parties and Energy Division staff. CalCCA re-iterates its support for a transition to a three-year IRP cycle, or, at minimum, establishing clear, firm timelines which ensure LSEs have sufficient time from the release of the RSP and final filing requirements to the submission of LSE portfolios. CalCCA supports continued discussion of appropriate timeframes and deadlines regardless of whether the Commission adopts a two- or three-year cycle.

II. CALCCA PROPOSES TO PRIORITIZE PATH 1 AND IMPLEMENT “PATH 2 LIGHT”

CalCCA urges the Commission to engage Staff vigorously to pursue Path 1, while creating opportunities through a separate track to develop a process for addressing the five discrete Supplemental Issues parties have identified. These Supplemental Issues should be broached to the extent that they do not require additional Staff modeling resources, relying substantially on modeling results under Path 1 and input from other stakeholders.

A. The Commission Should Make Path 1 the Central Priority in this IRP Cycle

LSE portfolio aggregation and analysis (Path 1) should remain the Commission’s top priority in anticipation of the adoption of the Preferred System Portfolio. LSE portfolio aggregation will provide Energy Division with necessary information for understanding the current state of the world (the resource baseline) and plans already in motion (resources under

¹⁰ CCSF Comments at 5-6.

¹¹ PG&E Comments at 4-5.

¹² SCE Comments at 5-6.

¹³ *Comments of San Diego Gas & Electric Company*, June 15, 2020, at 7.

contract and development). Further, the aggregation of plans that consider past and planned LSE procurement is necessary to analyze and ultimately adopt a methodology for allocating a future procurement mandate, to the extent new resources are needed.

B. The Commission Should Facilitate Analysis of Key Supplemental Issues to the Extent No Additional Energy Division Staff Modeling Is Required

Path 2 contemplates several other important planning and procurement areas for exploration. While these merit continued focus, the Commission should identify opportunities to leverage existing analyses and processes to inform action in these areas. CalCCA thus proposes:

- 1) to develop a “Supplemental Issues” track to review and assess available studies to inform and expedite gas plant retirement;
- 2) to refine the process for integrating the CAISO and IRP processes to increase the opportunity to address local requirements in the IRP planning and procurement tracks, while continuing to rely on the CAISO for LCR analysis;
- 3) to analyze replacement requirements for DCCP in the normal course of Path 1, which can be used to inform the procurement directives needed to fill identified resource gaps, if any; and
- 4) to better integrate the output from the IRP regarding long-duration storage and OOS and offshore wind development into the CAISO transmission planning process (TPP).

These steps will begin to broach the Supplemental Issues parties have raised, leveraging existing resources and processes, without placing additional modeling and analytical burden on Staff.

1. Leverage Existing Analyses to Initiate Gas Plant Retirement Planning

While no additional Staff analysis should be undertaken to inform gas plant retirement planning, the Commission should create a home for this issue and collective stakeholder

analysis. The CAISO local capacity requirements (LCR) process already provides considerable information regarding local reliability needs and should form the foundation of any gas plant retirement analysis. In addition, the Commission could review publicly available information on generator operations, recognizing that stakeholders have undertaken their own analyses of gas plant impacts and retirement.¹⁴ Through this review and analysis, stakeholders may be able to identify *low-hanging fruit* – least-cost, best fit opportunities to invest in local preferred resources to retire fossil resources with low capacity factors, high emissions rates, and significant ratepayer costs. Development of a stakeholder working group within a “Supplemental Issues” track of this IRP would enable the Commission to develop a more robust record of these opportunities to inform future cycles, with limited impacts to the Commission’s staffing resources.

2. Refine the Integration Process for the CAISO LCR and the IRP

The CAISO LCR process offers considerable insights into local reliability needs. There is no need to duplicate the CAISO’s process in this rulemaking. However, the Commission and stakeholders should work within the LCR process to further develop the analytical record, with a goal of using LCR process outputs as IRP process inputs in a future IRP cycle. In this process, CalCCA supports a more granular local reliability needs analysis for specific areas, such as the Los Angeles Basin and Fresno areas.

¹⁴ See, e.g., CAISO 2020-2021 Transmission Planning Process Stakeholder Meeting, <http://www.caiso.com/Documents/Presentation-2020-2021TransmissionPlanningProcess-Jun032020.pdf> at PDF 45/58 (requesting proposals to reduce or eliminate the gas-fired generation for targeted LCR areas and sub-areas); UCS, *Turning Down the Gas*, <https://www.ucsusa.org/sites/default/files/attach/2018/08/Turn-Down-Technical-Appendix.pdf>; *Long-Run Resource Adequacy under Deep Decarbonization Pathways for California*, Calpine/E3 https://www.ethree.com/wp-content/uploads/2019/06/E3_Long_Run_Resource_Adequacy_CA_Deep-Decarbonization_Final.pdf

To ensure results from the CAISO's LCR process can readily support the Commission's IRP process, the Commission may be well served by developing a more detailed plan to integrate the CAISO's needs determination with IRP plan development and procurement directives for deficient areas. No further Staff modeling resources are required to explore this integration. The Commission should instead include this issue for comment in the Supplemental Issues track of this rulemaking discussed above.

3. Rely on Path 1 Analysis of the Need Created by the DCPP Retirement to Inform the Procurement Track

CalCCA agrees with CAISO,¹⁵ Joint Solar Parties¹⁶, and other parties that analysis and planning in anticipation of the retirement of the Diablo Canyon Power Plant (DCPP) should be a priority for the Integrated Resource Plan process. This assessment, however, is integral to the Path 1 modeling process; determining the requirements does not require a supplemental analysis or process.

If the Commission determines in Path 1, however, that additional resources are required to replace DCPP, it will require the Commission to answer related questions. What resources will be necessary to replace DCPP? How will the need be allocated among LSEs, and how should early action be rewarded? When must these resources be online? How can the Commission ensure that the required resources will be online when needed? The Commission can address these and other issues in the procurement track that follows the planning track or, if more time is required, in the Supplemental Issues track.

¹⁵ *Comments of the California Independent System Operator*, June 15, 2020, at 2.

¹⁶ *Comments of Vote Solar, The Large-Scale Solar Association and the Solar Energy Industries Association*, June 15, 2020, at 2.

4. Rely on LSEs and Developers to Continue Development of Long-Duration Storage and OOS and Offshore Wind Opportunities While Refining the Integration of IRP Output Regarding these Resources into the CAISO TPP

CalCCA appreciates the Commission’s focus on the development of emerging technologies within the RSP, consistent with efforts by several CalCCA members in the development offshore wind¹⁷, as well as exploratory efforts to identify market opportunities for long-duration storage.¹⁸ While these resources have been identified as optimal resource candidates by RESOLVE, this selection is premised upon these resources’ availability and viability, including resolution of significant transmission interconnection challenges in the case of OOS and offshore wind. CalCCA supports continued efforts to resolve these issues; however, it is unclear the degree to which this requires additional quantitative analysis on the part of the IRP modeling team. Instead, CalCCA encourages LSEs and developers to continue to explore the market potential for these resources ahead of a 2021-2022 IRP cycle, which provides considerable lead time ahead of the 2026 and 2030 resource needs identified in the Reference System Portfolio.

For resources needing significant transmission investments, CalCCA encourages the Commission and CAISO to continue to integrate the IRP with the Transmission Planning Process to identify and begin the process to develop the necessary transmission resources. As with integration of the LCR and IRP process, further consideration could be given in the Supplemental Issues track to refine the integration of these processes.

¹⁷ See <https://www.windpowerengineering.com/mbcpc-signs-up-for-about-1000-mw-of-californias-future-floating-wind-energy/>; <https://redwoodenergy.org/community-choice-energy/about-community-choice/power-sources/offshore-wind-energy/>

¹⁸ See https://www.mcccenergy.org/wp-content/uploads/2020/06/MCE-2020-Joint-CCAs-Long-Duration-Storage-RFI_061720.pdf

III. CONCLUSION

For all of the foregoing reasons, CalCCA requests that the Commission proceed full-steam ahead with Path 1 and take opportunities to facilitate further process refinements for the Supplemental Issues raised in opening comments.

Respectfully submitted,

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

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California Community Choice Association

July 24, 2020