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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'S
COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENTS ON PORTFOLIOS TO BE USED IN THE 2021-22
TRANSMISSION PLANNING PROCESS**

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November 10, 2020

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The California Community Choice Association (CalCCA)¹ submits these Comments in response to the *Administrative Law Judge's Ruling Seeking Comments On Portfolios To Be Used In The 2021-22 Transmission Planning Process*, issued on October 20, 2020 (ALJ Ruling).

I. INTRODUCTION

The ALJ Ruling seeks comments on three attachments: Framework for TPP Portfolio Selection; Descriptions of the Proposed Portfolios for the 2021-2022 TPP; and Methodology for Resource-to-Busbar Mapping and Assumptions for the 2021-2022 TPP. CalCCA supports the general frameworks proposed with the following recommendations:

1. Submit Policy-Driven Sensitivity #1 as the Base Case to reflect LSE and stakeholder preferences for a more aggressive decarbonization pathway.

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, CleanPowerSF, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, Desert Community Energy, East Bay Community Energy, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, 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. Revise the Busbar Mapping methodology for battery storage to align with updated CAISO processes for deliverability assessment for storage resources.

Responses to Questions for Parties

1. **Please Comment on Attachment A, the Framework for TPP Portfolio Selection, and recommend any changes that should be made.**

CalCCA appreciates the thoughtful Framework put forward by Commission staff, and offers the following recommendations to ensure the TPP portfolios selected are aligned with LSEs' procurement plans.

CalCCA supports the proposed baseline reconciliation process outlined in "Modeling Assumptions: 2020-2021 TPP Report Release 1" and recommends that Overarching Principle 2 be modified as follows to enshrine the importance of updating the Reference System Portfolio (RSP) with new information provided from LSEs' plans:

Portfolios selected for the upcoming TPP cycle should reflect the most up-to-date RSP or PSP portfolios adopted by the Commission, updated with new LSE baseline contracts and other information from LSE IRPs and updates when possible.

In addition to enshrining the inclusion of updating the baseline resource list, modifying Overarching Principle 2 as proposed would allow the Commission to consider other critical information received through LSE IRPs that was not available when selecting an RSP.

Specifically, this modification would be useful in addressing the unique portfolio selection issue in this IRP cycle resulting from D.20-03-028, which left open the Commission's ultimate preference between a 46 million metric ton (MMT) Preferred System Portfolio (PSP) or a 38MMT PSP. As discussed further in Question 2, there is ample justification for the Commission to adopt a PSP meeting a 38MMT emissions target, and, as a least regrets strategy, to transmit the Commission's current 38MMT portfolio as the Base Case for the 2021-2022 TPP. While not technically the adopted RSP, the 38MMT portfolio was given similar consideration and analysis as

the 46MMT RSP and better reflects the procurement intent of LSEs. Modifying 2A as proposed would recognize this unique situation at a level of detail appropriate for guiding principles.

2. Do you recommend any changes to the proposed Base Case portfolio in Attachment B? If so, provide justification for your recommended changes.

Yes. In lieu of submitting the 46MMT RSP as the Base Case, CalCCA recommends submitting the 38MMT Policy-Driven Sensitivity #1 as the Base Case for several reasons:

- Most CCAs, along with other LSEs, indicated in their IRPs that they were planning on procuring resources in the future that would meet or exceed the 38 MMT target.
- There is increasing doubt that a 46MMT case will achieve California’s decarbonization requirements as evidenced by the Commission’s own Framing Study² and the California Energy Commission’s Senate Bill (SB) 100 study³.
- Recent analysis by CAISO indicates that the 38MMT portfolio may actually result in 41MMT of emissions in 2030⁴, and may significantly *underestimate* the resource buildout necessary to maintain reliability.

In light of both LSE preferences and the policy justification for more aggressive decarbonization, submitting the 38MMT portfolio as the Base Case represents a “least regrets” strategy for the Commission to ensure transmission planning and development is available for the additional resources planned by LSEs and necessary for the achievement of state goals. To the extent the Commission ultimately adopts a 46MMT PSP which does not require the level of transmission development indicated by the submitted 38MMT portfolio, it is likely that any incremental

² California Public Utility Commission, Framing Study, Energy Division Presentation R.16-02-007 (Nov. 6, 2019) Attachment A.

³ L. Gill, California Energy Commission, "SB 100 Joint Agency Report: Charting a path to a 100% Clean Energy Future" Presentation, September 2, 2020, Docket 19-SB-100, TN#234549.

⁴ Comments of the CAISO. http://www.caiso.com/Documents/Oct23-2020_Comments-on-Integrated-Resource-Planning-R20-05-003.pdf at 5.

transmission would not go unused as the state continues to aggressively develop renewable resources on the path to 2045.

While recent reliability events have highlighted the importance of rigorously stress testing all portfolios, it is important to recognize that the 38MMT portfolio is not inherently less reliable than the 46MMT portfolio. Inversely, the 38MMT portfolio retains, in all years except 2030, the same baseline resource set as the 46MMT portfolio, but adds considerably more renewable generation and storage to the system. In light of CAISO's recent analysis indicating more buildout is necessary than what was indicated in the 38MMT portfolio, the Commission's submitted Base Case should plan for *at least* as much new resource development as the 38MMT portfolio.

3. Do you recommend any changes to the proposed Policy-Driven Sensitivity portfolios in Attachment B? If so, provide justification for your recommended changes.

Yes. Consistent with CalCCA's response to Question 2, CalCCA supports submission of the 46MMT RSP as Policy-Driven Sensitivity #1 given the policy justification to move forward with a 38MMT RSP as the Base Case.

5. Commission staff has proposed various improvements to the March 30, 2020 version of the Methodology (in Attachment C), and alongside these, has raised "alternative options" for consideration. Should any of the alternative options replace the proposed approach, or do you have other options that should be used instead? If so, clearly specify which topic(s) you are referring to and explain your reasoning.

The Commission should adopt the alternative option to additionally consider co-location of battery storage with wind resources. The justification for limiting battery co-locations to solar is that "Batteries co-located with solar are eligible for the federal Investment Tax Credit, but batteries co-located with wind would not receive the Production Tax Credit, and so staff expects that co-locating storage with wind would be less cost-effective."

There is considerable uncertainty regarding the future availability of the Investment Tax Credit and the set of resources to which it will apply. It is possible that federal legislation will enable similar tax treatment for standalone storage resources or even storage resources paired with wind. Further, studying the potential benefits of pairing storage with wind may provide useful analysis which may be beneficial for federal legislators considering such legislation.

6. Do you recommend any further changes to the non-battery mapping steps in Attachment C? What changes and why?

CalCCA recommends that staff ensure that the process be updated to be consistent with the recent deliverability changes instituted by the CAISO.

Specifically, in its recent review of deliverability assessment methodologies, CAISO has proposed new study scenarios that would align load levels with intermittent generation output⁵. The CAISO-proposed new study approach recognizes that, with a diverse grid, the peak reliability need is offset by the generation profiles under certain renewable conditions that mean significantly more of the resources are deliverable across the transmission system. As an example, storage resources producing during evening peak hours may not be competing with their paired solar systems for deliverability.

Implementation of CAISO's revised transmission deliverability methodology would result in accommodating more full capacity deliverability status (FCDS) resources in a given transmission area without triggering the need for transmission upgrades than would the existing California Public Utilities Commission's (CPUC) Energy Division methodology. The CAISO has found that under the

⁵ See <http://www.caiso.com/InitiativeDocuments/RevisedDraftFinalProposal-GenerationDeliverabilityAssessment.pdf>.

new methodology, several transmission upgrades identified using the current methodology would not be needed⁶.

Implementing the CAISO's proposed methodology should not take considerable time and effort, as the CAISO could simply provide updated transmission capability information to the CPUC, allowing easy implementation inside of RESOLVE. CalCCA recommends that the CPUC use CAISO's transmission capability input estimates based upon CAISO's revised deliverability assessment methodology for all three TPP portfolios (i.e., the base case and the two sensitivity portfolios). This is important because some renewable and storage buildout areas are likely to see significant changes in the deliverable capacity numbers with CAISO's new methodology. These changes likely will result in identifying revised renewable portfolios that could utilize existing available transmission before triggering the need for a potentially different transmission upgrades in the CAISO 2021-2022 Transmission Plan. This will yield more cost-effective TPP portfolios.

7. Do you recommend any further changes to the battery mapping steps in Attachment C? What changes and why?

CalCCA generally supports staff's process for mapping battery storage, but suggests one modification to better align with the amount of storage expected to be co-located with solar, particularly in the early years.

Co-located Batteries: The CPUC staff-proposed approach appropriately provides priority to the co-located batteries, since these projects will be able to take advantage of synergies with the co-located solar resources. Staff proposes that the co-located batteries will be sized to a maximum of 60% of the solar resource. After the co-located battery assignments, stand-alone batteries will be assigned to substations without any solar resources using a certain order. CalCCA suggests that,

⁶ CAISO Generation Deliverability Assessment Methodology Issue Paper Stakeholder Call, May 2, 2019, at 21.

especially for the early years of the IRP, the storage should not be limited to 60% of the installed solar resources. CalCCA expects (and has observed) that parties will have a strong incentive to utilize the existing transmission capability that previously would have been utilized to deliver the solar output, and to transfer that deliverability to co-located storage resources. Limiting the storage to 60% of the solar resource will be unnecessarily restrictive.

LCR Area Batteries: CalCCA supports the CPUC staff's proposal for battery busbar mapping based on the assumption that the overall (non-4 hour) LCR area battery limits specified in the CAISO TPP LCR analysis/graphs are applicable for system-only resource adequacy (RA). CPUC staff believes this is appropriate based on discussion with CAISO staff and Staff proposes to use the higher limit for system-only RA. Staff believes this is more likely to enable the mapping of a large amount of battery resources included in recent IRP portfolios. If in practice staff finds that this is more than necessary to map the portfolio, then the portfolio can be trimmed down accordingly. CalCCA agrees and supports staff's proposal, rather than the alternative proposal to consider the (lower) charging limit for 4-hour batteries for local plus system RA to be the binding constraint.

II. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and requests adoption of the recommendations proposed herein.

Respectfully submitted,



General Counsel to the
California Community Choice Association

November 10, 2020