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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 PROPOSED PREFERRED SYSTEM PLAN**

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## SUMMARY OF RECOMMENDATIONS

- Confirm that the full 11.5 NQC GW from the MTR Decision is not layered on top of the LSE plans – both (1) the amount of MTR resources added on top of LSE plans; and (2) the procurement within LSE’s IRPs should be counted toward the 11.5 NQC GW, by the amount of the excess procurement relative to D.19-11-016 and the amount provided by LSE IRPs.
  - Adopt the 38 MMT Core Portfolio as the PSP with the sensitivity of the 22.5 percent “high-need” PRM not persisting past 2026, if the sensitivity, tested in SERVVM for the years 2026 through 2030, is reliable;
  - Commit that modeling for the next PSP will take into account climate change assumptions, including potential future prolonged low hydro years and the social cost of carbon;
  - Commit to lowering the 38 MMT GHG target to 30 MMT in the next PSP;
  - Ensure flexibility in the procurement of resources by measuring and encouraging best efforts to meet procurement targets in LSE plans without the imposition of penalties or backstop procurement; and
  - Ensure that any new procurement order does not require resource or technology specific procurement requirements.
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The California Community Choice Association<sup>1</sup> (CalCCA) submit these Comments in response to the *Administrative Law Judge's Ruling Seeking Comments on Proposed Preferred System Plan* (ALJ Ruling), issued on August 17, 2021.

**I. INTRODUCTION**

CalCCA appreciates the opportunity to comment on the ALJ Ruling regarding the proposed Preferred System Plan (PSP). As evidenced by the recent accelerated “emergency” procurement orders requiring parties to procure 14,800 megawatts (MW) in response to strained electricity markets,<sup>2</sup> adequate planning and modeling is crucial moving forward to ensure stable

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<sup>1</sup> California Community Choice Association represents the interests of 22 community choice electricity providers in California: Apple Valley Choice Energy, Baldwin Park Resident Owned Utility District, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, 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, City of San José, Administrator of San José Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

<sup>2</sup> See D.19-11-016, *Decision Requiring Electric System Reliability Procurement for 2021-2023*, R.16-02-007 (Nov. 13, 2019) (requiring 3,300 MW of incremental system resource adequacy resources to be procured [by all LSEs], with at least 50 percent online by August 1, 2021, 75 percent by August 1, 2022, and 100 percent by August 1, 2023); D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 30, 2020) (MTR Decision) at 36-38 (requiring 11,500 MW of incremental capacity to be procured by all LSEs).

markets and reliable service for California customers. CalCCA has commented on the lack of robust analysis and modeling associated with these orders.<sup>3</sup> The analysis set forth in the ALJ Ruling and the September 1, 2021 workshop, however, demonstrate robust modeling and analysis, and CalCCA is appreciative of the substantial efforts put forth to ensure an accurate picture of the procurement needs for the next decade.

The comments below respond to the 25 Questions for Parties in the ALJ Ruling in the order that they appear in the ALJ Ruling.<sup>4</sup> While generally supportive of the California Public Utilities Commission’s (Commission) individual Integrated Resource Plan (IRP) plan aggregation, and the reliability and green-house gas (GHG) modeling analysis, CalCCA recommends the following:

- Confirm that the full 11.5 NQC GW from the MTR Decision is not layered on top of the LSE plans – both (1) the amount of MTR resources added on top of LSE plans; and (2) the procurement within LSE’s IRPs should be counted toward the 11.5 NQC GW, by the amount of the excess procurement relative to D.19-11-016 and the amount provided by LSE IRPs;
- Adopt the 38 MMT Core Portfolio as the PSP with the sensitivity of the 22.5 percent “high-need” Planning Reserve Margin (PRM) not persisting past 2026, if the sensitivity, tested in Strategic Energy Risk Valuation Model (SERVM) for the years 2026 through 2030, is reliable;
- Commit that modeling for the next PSP will take into account climate change assumptions, including potential future prolonged low hydro years and the social cost of carbon;
- Commit to lowering the 38 million metric ton (MMT) GHG target to 30 MMT in the next PSP;

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<sup>3</sup> See, e.g., *Comments of California Community Choice Association on the Proposed Decision and Alternate Proposed Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 10, 2021) at 5 (“the change to the high-need scenario [ordering 11,500 MW instead of 7,500 MW of additional procurement] based on such broad-brushed, high level conclusions, without the rigorous analysis and reliable modeling necessary to pinpoint the requisite procurement amount, runs the risk of significant over-procurement at customers’ expense”).

<sup>4</sup> ALJ Ruling at 50-54.

- Ensure flexibility in the procurement of resources by measuring and encouraging best efforts to meet procurement targets in LSE plans without the imposition of penalties or backstop procurement; and
- Ensure that any new procurement order does not require resource or technology specific procurement requirements.

## II. RESPONSE TO QUESTIONS FOR PARTIES IN ALJ RULING

The following provides CalCCA’s responses to the 25 questions in the ALJ Ruling.

### 1. Please comment on the individual IRP portfolio aggregation performed by Commission staff.

CalCCA is generally supportive of the Commission’s approach aggregating the portfolios of the individual load serving entities (LSEs) filed on September 1, 2020, as described in Section 2 of the ALJ Ruling, “Aggregation of LSE Plans” as well as Attachment A to the ALJ Ruling. Commission staff spent considerable effort checking for errors, as well as correcting and clarifying LSE plans to ensure accurate data.

CalCCA requests clarification on the interaction of resources ordered in the Mid-Term Reliability (MTR) Decision, and the baseline described in the ALJ Ruling, which consists of “an updated baseline of resources that are online and delivering to the California Independent System Operator (CAISO), or are in development with executed and approved contracts.”<sup>5</sup> As shown by Table 3 below, CCAs are exceeding their Decision (D.) 19-11-016 requirements in 2022 and 2023. This excess should count towards the 11.5 NQC GW from the MTR order. Additionally at the September 1, 2021 Commission Workshop, Commission Staff presented the Preferred System Plan (PSP) Analysis, where the chosen PSP portfolio did not require the full 11.5 NQC GW in the MTR order when considering LSEs’ IRPs. Therefore, CalCCA requests confirmation that the full 11.5 NQC GW from the MTR Decision is not layered on top of the LSE plans —

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<sup>5</sup> *Id.* at 4.

both (1) the amount of MTR resources added on top of LSE plans; and (2) the procurement within LSE’s IRPs should be counted toward the 11.5 NQC GW, by the amount of the excess procurement relative to D.19-11-016 and the amount provided by LSE IRPs.

**2. Comment on the reliability analysis of the aggregated 38 MMT LSE plans.**

CalCCA is appreciative of the Commission’s recognition of the diversity of resources in the September 1, 2020 plans of community choice aggregators (CCAs) as compared to those planned by the investor-owned utilities (IOUs) or Electric Service Providers (ESPs).<sup>6</sup> While LSEs were required to submit plans that met their portion of the 46 MMT GHG target by 2030 as set forth in D.20-03-028, as noted by the Commission many CCAs have planned for higher amounts of GHG-free resources, as detailed in Table 1 below:

**Table 1: CCA Portfolios filed September 1, 2020**

CCA	MMT
Central Coast Community Energy	31
Clean Power San Francisco	24
Desert Community Energy	32
Marin Clean Energy	30
Peninsula Clean Energy Authority	26
Redwood Coast Energy Authority	30
San Diego Community Power	34
Silicon Valley Clean Energy	17
Sonoma Clean Power	29

The CCA plans reflect their commitment to GHG-free resources and renewable energy.

CalCCA requests clarification on Table 1 of the ALJ Ruling (“LOLE Results from Aggregated LSE Plan Portfolios”) regarding the substantial 7 TWh/year difference in 2030 annual load figures for the 38 MMT portfolios (258,290,192 megawatt hour (MWh)) versus the 46 MMT portfolios (265,501,285 MWh).<sup>7</sup> In theory, these numbers should be very close to one

<sup>6</sup> *Id.* at 8.

<sup>7</sup> *Id.* at 10, Table 1.

another (as are, for example, the 2026 results of 255,116,344 MWh (46 MMT) and 255,094,310 MWh (38 MMT)) because the SERVVM model is being run for the same year with the same sets of load inputs.

**3. Comment on the appropriateness of the scenarios and sensitivities developed in RESOLVE to be considered as the preferred portfolio. Suggest any alternative sensitivities or changes to the analysis.**

After determining that the aggregated LSE plan portfolios (both the 38 MMT and 46 MMT portfolios) failed to meet GHG and reliability targets due to insufficient new capacity, the Commission utilized Renewable Energy Solutions Model (RESOLVE) to construct scenarios for potential PSP candidates.<sup>8</sup> The Commission analyzed several sensitivities in RESOLVE, finding that by 2030 the 38 MMT Core results indicate that the reliability and GHG constraints are met through the aggregated LSE plan resources plus the resources ordered in the MTR Decision, along with 286 MW addition of utility-scale solar that RESOLVE found necessary for the period 2030-2032.<sup>9</sup>

The Commission provided LOLE analysis through SERVVM for some of the sensitivities listed in the ALJ Ruling, but not all.<sup>10</sup> Specifically, the Commission did not provide SERVVM analysis for the 38 MMT “non persistence” sensitivity in which the “high need” PRM of 22.5 percent adopted in the MTR Order does not persist past 2026 (referred to herein as the “Non-Persistence Sensitivity”). The Non-Persistence Sensitivity is important for comparison to the 38 MMT Core and is consistent with previously established IRP planning assumptions. Although

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<sup>8</sup> *Id.* at 12-13.

<sup>9</sup> *Id.* at 16.

<sup>10</sup> In addition, while CalCCA appreciates the Commission analyzing the many sensitivities as compared to the 38 MMT core, it questions the purpose of such sensitivities other than understanding the context in which it chooses one portfolio over the other. Why one sensitivity must be chosen over another is unclear. The Commission should simply provide justification for the sensitivity it ultimately adopts as the PSP, and why it chose that over the others.



the MTR Order determined that resources *approximating* a 22.5 percent PRM would be needed to replace Diablo Canyon, it would be premature to adopt this as an official PSP target after 2026 because there has been no loss of load expectation (LOLE) analysis demonstrating that necessity. In fact, the 2030 LOLE results demonstrate that the 38 MMT Core (with the 22.5 percent PRM) is substantially *below* the 0.1 LOLE standard (at 0.054 LOLE) in that year, potentially resulting in an overbuilt system.<sup>11</sup>

The Commission should not expressly or implicitly adopt a 22.5 percent PRM for the years after 2026 -- i.e. future LSE plans submitted in IRP should not be forced to conform to a 22.5 percent PRM after 2026 -- absent adequate modeling and planning reserve setting analysis. CalCCA therefore recommends that the Commission re-run RESOLVE with a 17.5 percent PRM for the years 2026-2030. A PRM of 17.5 percent already has support in the record of the Commission's Extreme Weather rulemaking, and is thus a reasonable starting point for an estimate of system need.<sup>12</sup> The portfolio output by RESOLVE can then be tested in SERVUM (using similar assumptions as the 38 MMT Core without the Non-Persistence Sensitivity<sup>13</sup>) for the years 2026 and 2030. If the 38 MMT Core with the Non-Persistence Sensitivity portfolio is determined to be reliable (i.e. below 0.1 LOLE), the Commission should adopt it as the PSP, rather than the 38 MMT Core. If the 38 MMT Core with the Non-Persistence Sensitivity portfolio is determined to be not reliable, the Commission should incrementally increase the PRM in years 2026-2030 until the 38 MMT Core with the Non Persistence Sensitivity portfolio is found to be reliable.

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<sup>11</sup> See ALJ Ruling, Attachment B at 224.

<sup>12</sup> See MTR Decision, Ordering ¶ 14, at 82 (“PG&E, SCE, and SDG&E should be directed to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve this effective 17.5% PRM for the months of concern”).

<sup>13</sup> See ALJ Ruling, Attachment A at 71.

Finally, CalCCA notes that the Commission should only use the PRM output by the analysis described above for IRP planning purposes. Using it to set resource adequacy requirements is out of scope of the current proceeding.

#### **4. Comment on the SERVVM analysis and results of the 38 MMT Core Portfolio.**

CalCCA is appreciative of the Commission's SERVVM analysis for this PSP, and generally supports the adoption of the 38 MMT Core Portfolio (with modifications regarding the Non-Persistence Sensitivity as detailed above in response to question 3). However, CalCCA recommends that any future SERVVM analysis take into account climate change, and specifically: (1) potential future prolonged low hydro years; and (2) the social costs of carbon emissions.<sup>14</sup> In addition, consistent with the Commission's recommendation in the MTR Order to lower the GHG target required by D.20-03-028 from 46 MMT to 38 MMT for this PSP,<sup>15</sup> CalCCA recommends that the Commission consider lowering the target in the next cycle to 30 MMT to ensure the progression towards California's 2045 carbon-neutrality goals.

First, the Commission's SERVVM analysis fails to take into account future prolonged low hydro years, relying instead on historical hydro conditions. The Modeling Conventions used for the 38 MMT Core Portfolio state that:

Certain assumptions reflect historical data without projections of future climate change; for example, hydro assumptions based on weather year 1998-2017, which means recent low hydro years since 2018 are not part of the analysis. Current low hydro conditions may recur in future years given climate change, particularly in California, which may exacerbate reliability conditions due to decreased overall

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<sup>14</sup> Cost-optimized energy portfolios must include all costs borne by customers, not just portfolio costs, including the costs of wildfires, drought, heat waves and heat-related outages induced by emissions from the electricity sector. Customers pay both sets of costs, so incorporating only portfolio costs while ignoring externalities will not deliver a portfolio optimized for customers.

<sup>15</sup> See MTR Order at 19.

hydro generation. Likewise, other planning assumptions may not fully represent a climate change future.<sup>16</sup>

Given predictions of declining hydropower over time, the Commission should be including in its SERVVM analysis at least a derate of hydro capacity to reflect climate change. The SERVVM results predict 25,393 gigawatt hours (GWh) of hydro generation in 2026 and 25,394 GWh in 2030 for the CAISO area — reflecting an average value across the 1998-2017 weather years.<sup>17</sup> According to the California Energy Commission, however, 2020 (drought year) hydro production *for the entire state of California* (i.e., a footprint that includes and is larger than CAISO, which only serves about 80 percent of California load)<sup>18</sup> was only 21,414 GWh, which is substantially lower than the SERVVM values inputted.<sup>19</sup>

Lower hydro production is likely to continue given the prolonged drought, and thus the CPUC should adjust its historical hydro data going forward. Table 1 below shows drought indices in the west, with darker colors indicating more severe droughts. Since 2021, the dark brown colors indicate that severe drought has increased, in both persistence and magnitude, beyond any level seen since 2000.<sup>20</sup>

## **Table 2. U.S. Drought Monitor Data**

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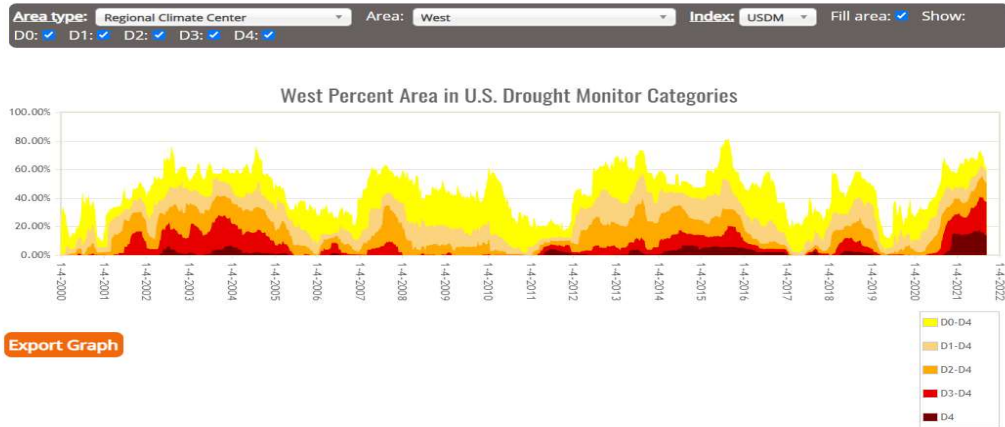
<sup>16</sup> ALJ Ruling, Attachment B at 221.

<sup>17</sup> *Id.* at 223.

<sup>18</sup> See Website of the California Independent System Operator, “About Us,” (“[t]he ISO manages the flow of electricity across the high-voltage, long-distance power lines for the grid serving 80 percent of California and a small part of Nevada.”) <http://www.caiso.com/about/Pages/OurBusiness/Default.aspx>.

<sup>19</sup> California Hydroelectric Statistics and Data, Total Hydro Electricity Production (Annual Totals; Excludes Imports), California Energy Commission, at [https://ww2.energy.ca.gov/almanac/renewables\\_data/hydro/index cms.php](https://ww2.energy.ca.gov/almanac/renewables_data/hydro/index cms.php)

<sup>20</sup> U.S. Drought Monitor, Data, Time Series, <https://droughtmonitor.unl.edu/CurrentMap.aspx>. D0 is abnormally dry, D1 is a moderate drought, D2 is severe drought, D3 is extreme drought, and D4 is exceptional drought.



In addition, the Commission should in the future incorporate into its modeling the social costs of carbon emissions (i.e., the damage costs to society resulting from climate change). In D.19-05-019, the Commission adopted a three-element Societal Cost Test (SCT) to be tested in the IRP proceeding “initially for information purposes, but ultimately to move forward in ensuring that cost-effectiveness analyses accurately reflect the environmental policies of the Commission and California.”<sup>21</sup> In addition, Public Utilities Code section 701.1 requires as a “principal goal” of electric utility resource planning, in addition to other ratepayer protection objectives, to “minimize the cost to society” and to “improve the environment.”<sup>22</sup> Given the significant costs associated with carbon emissions, the Commission should conduct and review the results of testing the SCT for consideration in future IRP cycles consistent with D.19-05-019.<sup>23</sup>

<sup>21</sup> D.19-05-019, *Decision Adopting Cost-Effectiveness Analysis Framework Policies For All Distributed Energy Resources*, R.14-10-003 (May 21, 2019) at 29.

<sup>22</sup> Cal. Pub. Util. Code §701.1(a)(1).

<sup>23</sup> Recent scientific work has also demonstrated the impacts of the mortality costs of carbon above and beyond the social costs of carbon. See Besler, D.L., *The Mortality Cost of Carbon*, *Nature Communications* 12:446 (2021), <https://doi.org/10.1038/s41467-021-24487-w>. Those costs amount to  $2.26 \times 10^{-4}$  excess death per ton of carbon emitted through 2100. *Ibid.* At this rate, a change from a target of 38 MMT and 30 MMT would save approximately 1,800 lives through 2100 in 2030 alone. Assuming a linear reduction to 38 MMT in 2030 and then to 15 MMT in 2045 as indicated in the IRP Appendix A, the 38 MMT would implicate approximately 183,000 deaths through 2100, while a linear decline from 2021 to 15 through a 30 MMT 2030 target would implicate approximately 161,000

## 5. Comment on the appropriateness of the 38 MMT Core Portfolio as the PSP.

CalCCA's evaluation of appropriateness of the 38 MMT Core Portfolio (with the Non-Persistence sensitivity) is set forth in the response to Question 3, above.

CalCCA notes, however, that a portfolio's "out" years, especially past 2030, cannot be binding on LSEs in any way, given that the PSP will change again in two years, and that LSEs were not asked to plan for 2031-2032 in their September 2020 filings. Therefore, CalCCA is concerned with statements made in the ALJ Ruling that "[a]ny resources associated with the PSP, or resource attributes thereof, will be *expected to be developed by the LSEs,*" and that "[LSEs'] procurement will need to match their emissions and reliability responsibilities associated with the PSP by 2030 and in the interim years."<sup>24</sup> While CalCCA supports the Commission's IRP planning, consistency among the various procurement orders is crucial to providing LSEs with confidence in their procurement planning. For example, while the MTR Order provides a framework for extensions in the procurement of long lead time resources if good cause and a good faith effort to procure are demonstrated by LSEs,<sup>25</sup> the language in the PSP Ruling appears to conflict with that framework and raises concerns that the Commission is considering altering that framework to require the long lead time resources to come online by 2026.<sup>26</sup>

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deaths, while a linear decline to 0 MMT in 245 would implicate approximately 133,000 deaths from the operation of California's energy system. Moving from the proposed PSP to a 2045 decarbonization target would save approximate 50,000 lives.

<sup>24</sup> *Id.* at 22 (emphasis added).

<sup>25</sup> MTR Decision at 36-38.

<sup>26</sup> In fact, as noted by the Commission in the recent Proposed Decision clarifying the confidentiality rules for the renewables portfolio standard program, the average length of time from contract to operation of renewable resources is now approximately 2.3 – 2.6 years, supporting the proposition that resources in the out years do not need immediate procurement actions. *See Proposed Decision Clarifying and Improving Confidentiality Rules for the Renewables Portfolio Standard Program*, R.18-07-003 (Sept. 16, 2021) at 33-34.

**6. Comment on whether the load forecast assumptions should be adjusted to include higher load, particularly related to EV adoption or high electrification more broadly.**

CalCCA supports adjusting the load forecast assumptions to assume the high electrification and EV scenarios, given the carbon-neutrality goals and the state goals that all in-state sales of new passenger cars and trucks will be zero-emission by 2035.<sup>27</sup>

**7. Comment on the proposal to use the 38 MMT Core Portfolio as the reliability and policy-driven base case in the TPP.**

CalCCA supports the base case of 38 MMT Core, with the study and potential adoption of the Non-Persistence sensitivity regarding the PRM in 2026-2030. CalCCA also encourages the Commission to continue the progression of lowering the GHG target in the future to 30 MMT and beyond.

**8. Comment on the proposed policy-driven sensitivity portfolio for the TPP based on the 30 MMT GHG limit in 2030 with the high electrification load assumptions. Suggest any additional or alternative scenarios that should be analyzed as policy-driven sensitivities.**

CalCCA supports the transmittal of an additional sensitivity study to the CAISO to be analyzed for future transmission needs. The sensitivity portfolio of 30 MMT GHG emissions limit in 2030, with the high electrification load assumptions, is appropriate given the need to continue the progression of lower GHG emissions as we get closer to 2045. In addition, the 30 MMT GHG emissions will reflect increased renewable resources. From a policy perspective, the Commission and the CAISO must also consider the interplay of the PSP, the TPP and limitations and delays on bringing projects online related to the CAISO interconnection queue. CalCCA appreciates the Commission advancing this additional sensitivity study that will allow for the necessary time to plan for a lower GHG target with high electrification.

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<sup>27</sup> Cal. Executive Order N-79-20.

**9. Comment on whether and how the Commission should act to encourage specific non-transmission alternatives to be built, if identified as part of the CAISO TPP process, both for the two specific projects identified in the 2020-2021 TPP, as well as in general for future such opportunities.**

CalCCA is generally supportive of the ability of non-IOU LSEs to develop storage projects as transmission upgrade alternatives, as well as other potential procurement for transmission system benefit, as long as an appropriate mechanism is developed for such LSEs to recover costs. As recognized in the ALJ Ruling, however, it is unclear whether the Commission is the appropriate entity to order or approve the project and/or the cost recovery for the project. CalCCA assumes the costs for such a project would be recovered through the CAISO's transmission access charge (TAC) approved by the Federal Energy Regulatory Commission (FERC), which would require all LSEs including, IOUs, ESPs, CCAs, and publicly-owned utilities (POUs) within the CAISO to pay for such costs. In addition, entities wheeling through the CAISO should also be required to pay through a FERC approved tariff.

**10. Comment on the options raised in Section 7.2 of this ruling to address procurement for system benefit more broadly. Suggest whether and how a particular cost recovery framework can be adopted quickly or discuss additional considerations that should be explored.**

CalCCA is generally supportive of the ability of non-IOU LSEs to develop projects (such as large and/or long lead time resources) for the benefit of the system (mutual benefit procurement), as long as an appropriate cost recovery mechanism is developed. As set forth in the 2020 Procurement Framework Staff Proposal, the Commission could grant conditional approval for cost recovery, allowing a non-bypassable cost surcharge to be passed on to customers.<sup>28</sup> Resource adequacy credit would be allocated to LSEs for RA showings, based on load share. The cost recovery component would be like the existing Cost Allocation Mechanism

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<sup>28</sup> *Staff Proposal for Resource Procurement Framework in Integrated Resource Planning*, CPUC Energy Division (Nov. 18, 2020), at A-64.

(CAM) for utilities, but would allow any LSE to recover costs if they choose to procure the resource.

**11. Comment on the busbar mapping approach.**

Given the significant amount of renewable energy contemplated by the PSP, as well as the additional renewables that will be required in the future, the busbar mapping process will need to consider land use and siting issues associated with those resources. The significant buildout of solar, wind and battery storage that will be necessary requires land use assumptions to be seriously considered in the process. In addition, the Commission should coordinate with the California Energy Commission regarding land use issues and buildout of new resources.

**12. Comment on whether the Commission should require the procurement of resources contained in the individual IRP filings and have LSEs face penalties and/or backstop procurement requirements with cost allocation arrangements, similar to those for D.19-11-016 and D.21-06-035.**

CalCCA appreciates the Commission's inquiry into making sure that the LSE plans are actualized in order to ensure the reliability and GHG emissions reductions goals are met. CCAs are using best efforts to procure the resources needed in the short and long term, and have often over procured, allowing such procurement to satisfy subsequently issued Commission procurement orders (as described in the response to question 15, below). In the PSP Ruling, the Commission discusses a "bottom up" approach in which the procurement of the individual IRP planned resources is required for each LSE, with penalties for failure to achieve the capacity and/or energy requirements. A backstop procurement requirement and cost allocation arrangement may also be part of this "bottom up" approach. Alternatively, the Commission proposes a "top down" approach (similar to the procurement orders in D.19-11-016 and D.21-06-035) in which required procurement is allocated to each LSE on a pro-rata basis.



CalCCA agrees that in order to prevent the strained conditions that the market has faced in the past few years, the Commission must ensure that entities are buying forward and using best efforts to meet their procurement targets. However, especially with respect to long lead time resources, entities need sufficient flexibility to pivot based on market circumstances and individual LSE needs. For example, projects may experience delays that make it infeasible to meet targeted online dates despite LSEs contracting with project developers up to their procurement requirement to achieve commercial operation as expeditiously as possible. While LSEs may execute contracts with project developers with delay provisions, circumstances outside the control of the LSE may impact commercial online dates. These circumstances can include supply chain problems, transmission interconnection delays, or COVID-19 impacts, among others.

CalCCA prefers an approach that accounts for the prior action or inaction taken by LSEs in adopting new requirements. Generally, this will lead to a “bottom up” approach in which the needs for the system as a whole (in terms of both reliability and policy goals) are accounted for. The allocation of any need from such a study would then be allocated on the basis of how much an LSE has done within their own portfolio to address those needs. A “top down” approach is incapable of acknowledging prior actions as it simply allocates system needs on a pro-rata basis to all load. Whether the Commission advances the “bottom up” or “top down” approach, it will be critical to evaluate an LSE’s progress on the basis of need and not on the basis of their filed plans. For example, a plan filed by an LSE may be above the minimum need that the PSP defined. Penalties for failing to meet such a plan while still meeting the needs of the LSE to comply with their portion of the Commission’s adopted need would encourage all LSEs to file a PSP that only meets the bare minimum. For this reason, the Commission must evaluate actual

procurement to the Commission defined level of need for the LSE and not on the basis of their filed plan where the filed plan is above and beyond the minimum requirements.

**13. Comment on whether you would prefer an approach where the Commission determines procurement need for GHG-free resources or the GHG-free attributes of resources at the system level and then uses a need allocation methodology to assign procurement to individual LSEs. If you propose this type of alternative approach, please address the following aspects:**

- **Need allocation, by year**
- **How to address new and existing resources**
- **Whether procurement should be all-source or resource-specific**
- **Resource attributes required (MW, MWh, percentage of GHG-free energy, etc.)**
- **Duration (through 2030, 2032, interim milestones, etc.)**
- **Cost allocation**
- **Compliance, monitoring, and enforcement arrangements.**

CalCCA does not believe there is any reason to deviate from the Commission’s current approach in which LSEs have a carbon target that must be attained using the Clean System Power (“CSP”) Tool. The CSP Tool not only incentivizes procurement towards the GHG targets, but also incorporates the impact of an LSE’s load shape which promotes load modification programs and other incentives for LSEs. A procurement order specifying an amount of GHG-free energy would not incorporate such a load shape.

In addition, CalCCA does not support the resource or technology specific procurement requirements, which prevent flexibility to substitute out resources as markets and/or costs change. Instead, the Commission should specify resource attributes if necessary.

The Commission should also develop a reliability standard with which to evaluate LSE plans. In the last cycle, LSEs received little to no direction on how a plan’s contribution to reliability would be measured by the Commission.

**14. If you believe the Commission should take more of a programmatic approach to GHG-beneficial procurement, explain the process you recommend and your rationale.**

See response to question 13.

**15. Comment on whether and how much procurement required in D.21-06-035 should be accelerated to 2023 and/or suggest additional actions to facilitate additional resources in response to the Governor’s Proclamation from July 30, 2021.**

CCAs have moved aggressively to procure new resources, some of which are scheduled to come online in 2022 and 2023 above and beyond the requirements set forth in D.19-11-016. Based on new PPA data provided by its member CCAs, CalCCA estimates that its members will exceed the D.19-11-006 procurement requirements by 208 September NQC MW in 2022, and 649 September NQC MW in 2023. Table 3 below shows the derivation of these values.<sup>29</sup>

**Table 3: CCA Procurement for D.19-11-016 Mandate, by resource type (Sep NQC MW)**

	2022	2023
Hybrid Solar + Storage	352	911
Standalone Storage	253	253
Wind	137	142
Solar	61	139
Geothermal	12	12
<b>Total NQC MW (sum of lines above)</b>	<b>814</b>	<b>1457</b>
<b>Total D.19-11-016 Procurement Requirement for CCAs</b>	<b>606</b>	<b>808</b>
<b>CCA Procurement in excess of D.19-11-016 requirement</b>	<b>208</b>	<b>649</b>

<sup>29</sup> This table converts nameplate values to NQC values using the September tech factors from the 2021 NQC list, available at <http://www.caiso.com/Documents/NetQualifyingCapacityList-2021.xlsx>. Storage resources receive their nameplate capacity as NQC, unless they are less than four hours, in which case they are derated (duration in hours / 4 hours). As a conservative assumption, hybrid resources receive only the battery’s capacity in NQC – the associated generating unit is ignored.

The resources in excess of the D.19-11-016 requirement, to the extent possible, should count towards a CCAs' procurement requirement for D.21-05-035. In addition, CCAs are using best efforts to accelerate procurement, including the procurement ordered in D.21-05-035 and in response to the Governor's July 30, 2021 proclamation. As stated above in response to question 12, CalCCA does not support the imposition of penalties for existing or any new procurement orders or any additional acceleration of the mandated procurement – rather, the Commission should provide meaningful milestones to measure LSE progress towards procurement, allowing flexibility to the extent necessary.

**16. Comment on the CEC's MTR reliability analysis, the determinations regarding the need for fossil-fueled generation resources, and the actions, if any, that the Commission should take as a result.**

CalCCA is pleased that the Commission is collaborating with the CEC in conducting a LOLE analysis to determine whether additional capacity is necessary beyond the current procurement orders, and to determine whether new gas capacity improves reliability compared to a portfolio of new preferred resources with equivalent NQC values.<sup>30</sup> CalCCA will be submitting comments on October 4, 2021 to the CEC regarding the most recent Midterm Reliability Analysis modeling for the years 2022-2026, provided during the CEC staff workshop on September 23, 2021.

Generally, CalCCA is supportive of the Commission's and the CEC's efforts to conduct an in depth LOLE analysis to inform the PSP. The initial conclusions generated by the MTR reliability study, particularly the conclusion that a portfolio of preferred resources can provide

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<sup>30</sup> See *In the Matter of: Midterm Reliability Modeling*, Docket No. 21-ESR-01.

equivalent system reliability to gas resources,<sup>31</sup> are consistent with CCAs' commitment to renewable and preferred resources.

**17. Comment on the definition of eligible renewable hydrogen proposed in this ruling.**

CalCCA provides no recommendations at this time.

**18. Comment on the percentage of renewable hydrogen facilities that should be required, if any, and the timing of the transition from a blend to full renewable hydrogen combustion, including the option for inclusion of fuel cells. Discuss the feasibility and cost of achieving a 100 percent renewable hydrogen blend by 2036 in your comments.**

The proposal to require specific percentages of renewable hydrogen for any new fossil procurement is premature as the costs for renewable hydrogen are extremely high. Such a policy may be appropriate when the renewable hydrogen market is more mature, as the costs are likely to drop in future. Until then, any fossil procurement that will include renewable hydrogen should be evaluated on its own merits with cost impacts explored.

**19. Comment on proposed measures regarding NOx emissions from facilities using renewable hydrogen.**

CalCCA provides no recommendations at this time.

**20. Comment on whether the Commission should take any initial actions on geographically-targeted procurement, particularly with respect to Aliso Canyon, or more broadly, and respond to the factors discussed in Section 12 of this ruling.**

CalCCA provides no recommendations at this time.

**21. Comment on whether and how the Commission should act to preserve transmission deliverability rights in the central coast area that could be utilized for offshore wind or other resources.**

CalCCA provides no recommendations at this time.

**22. Comment on the amount of offshore wind, if any, that should be included in the 2022-2023 TPP base case. Comment on how the results of the 2021-2022 TPP offshore wind sensitivity case should influence this issue.**

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<sup>31</sup> See *id.*, Presentation, Lead Commissioner Workshop; Midterm Reliability Analysis & Incremental Efficiency Improvements to Natural Gas Power Plants (Aug. 20, 2021).

CalCCA is supportive of studying the potential for additional resources to offset the strained energy conditions in California. However, given that the results of the offshore wind sensitivity portfolio being studied by the CAISO in the 2021-2022 TPP to evaluate transmission needs and costs related to offshore wind at various potential locations off the California coast are not yet available, CalCCA does not support including the offshore wind in the 2022-2023 TPP base case until a CAISO sensitivity study is complete and included in the PSP for analysis. Instead, offshore wind should be studied within the 20-year transmission planning process as a sensitivity to determine the cost effectiveness of such offshore wind resources and the potential transmission needed to support such resources.

**23. Comment on whether and how the Commission should act to support the development of OOS renewables/wind and the transmission to deliver it. Be as concrete and specific as possible in your recommendations.**

CalCCA is supportive of studying the potential for additional new resources to offset the strained energy conditions in California. However, CalCCA does not support the Commission mandating procurement of resources from a particular state or states, particularly without having the results of the 2021-2022 TPP study which will determine the availability of in-state and out-of-state transmission to support the out-of-state resources. While the Commission assumes that “some amount of additional transmission development will be necessary to facilitate procurement of OOS renewable resources, including wind,”<sup>32</sup> the Commission should delay any action regarding such OOS resources until the necessary transmission and associated costs are known.

**24. Comment on specific actions the Commission can take to ensure retention of existing resources needed both for reliability and/or GHG emissions purposes.**

CalCCA recommends that the Commission allow procurement of existing resources to count towards future procurement obligations. In order to ensure the retention of existing

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<sup>32</sup> ALJ Ruling at 47-48.

resources that the system needs and prevent their retirement, the Commission must incentivize LSEs to re-contract with those resources whose contracts are ending. The easiest way to do this is by allowing LSEs to use contracts with existing or repowered resources to meet part of any future procurement obligations, instead of only allowing the procurement of incremental resources to count towards LSEs' obligations.

**25. For any of the potential procurement requirements discussed in this ruling, allocation of need to LSEs is a required step. Comment on how the methodologies should account for in-CAISO POU load and what steps the Commission should take to ensure those POU bear their share of responsibility for reliability and GHG impacts.**

The Commission and CEC should collaborate transparently to exchange information needed to model and account for all LSEs in their respective planning processes and make public any analysis indicating that POU load is contributing to any system shortfalls. This process should leverage the existing parallel POU-IRP process and avoid duplication of planning efforts, especially since the Commission has no jurisdiction over POU.

### **III. CONCLUSION**

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments specified herein and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,



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CALIFORNIA COMMUNITY CHOICE  
ASSOCIATION

September 27, 2021