Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.  R.20-05-003

CALIFORNIA COMMUNITY CHOICE ASSOCIATION’S
REPLY COMMENTS ON ADMINISTRATIVE LAW JUDGE’S RULING SEEKING
COMMENTS ON PROPOSED PREFERRED SYSTEM PLAN

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SUMMARY OF RECOMMENDATIONS

- Clarify the overlap of the Integrated Resource Plan (IRP) individual plan filings of each load-serving entity (LSE Plans) and the Mid-Term Reliability Decision (MTR Decision);
- Conduct workshops exploring the inconsistencies between the 38 million metric ton (MMT) PSP Core Portfolio and stakeholder models and analyses;
- Initiate a process within the IRP proceeding to determine a target loss of load expectation (LOLE) and resulting planning reserve margin (PRM);
- Reject the CAISO’s recommendation to accelerate the MTR Decision procurement; and
- Improve and refine the process and standards for LSE Plan filings.
The California Community Choice Association (CalCCA) submits these Reply Comments in response to the Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Plan (PSP Ruling), issued on August 17, 2021.

I. INTRODUCTION

CalCCA appreciates the opportunity to provide these reply comments. The considerable time and effort put forth by the California Public Utilities Commission (Commission) staff in devising the Preferred System Plan (PSP) recommendations, as well as the extensive comments and modeling provided by stakeholders in response to the PSP Ruling, all contribute to a robust record to evaluate the PSP.

Several parties including Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E) and the California Independent System Operator (CAISO) provided their own modeling analysis along with their opening comments. The input assumptions of each can vary widely resulting in very different results. Examining different assumptions and the resulting portfolios is a beneficial process if given sufficient time for parties to understand and evaluate the efficacy of the modeling performed. Given the opportunity for the Commission to utilize and potentially incorporate the valuable data provided by Commission staff and stakeholders into the PSP, the Commission should order workshops to discuss and consider the suggested inputs, assumptions and results set forth in the PSP Ruling and stakeholder’s opening comments. Such workshops will provide an opportunity for the Commission to refine its results to ensure an accurate PSP.

In response to opening comments from stakeholders in this proceeding, the Commission should:

- Clarify the overlap of the Integrated Resource Plan (IRP) individual plan filings of each load-serving entity (LSE Plans) and the Mid-Term Reliability Decision (MTR Decision);\(^2\)
- Conduct workshops exploring the inconsistencies between the 38 million metric ton (MMT) PSP Core Portfolio and stakeholder models and analyses;
- Initiate a process within the IRP proceeding to determine a target loss of load expectation (LOLE) and resulting planning reserve margin (PRM);
- Reject the CAISO’s recommendation to accelerate the MTR Decision procurement; and
- Improve and refine the process and standards for LSE Plan filings.

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\(^2\) Decision Requiring Procurement to Address Mid-term Reliability (2023-2026), D.21-06-035 (June 24, 2021) (MTR Decision).
II. THE COMMISSION SHOULD CLARIFY THE OVERLAP OF THE LSE PLANS AND THE MTR DECISION

CalCCA requested in its opening comments that the Commission confirm that in combining the aggregated individual LSE Plans with the procurement order in the MTR Decision, to the extent the LSE plans contain excess capacity from the Decision (D.) 19-11-016 requirements, there may be overlap between the MTR Decision requirements and what is already in the LSE Plans. Therefore, the Commission should confirm that the full 11.5 net qualifying capacity (NQC) gigawatts (GW) from the MTR Decision is not layered on top of the LSE Plans, but that the excess procurement above D.19-11-016’s requirements within an LSE’s Plans can be counted towards the 11.5 NQC GW requirements, if applicable. To that end, CalCCA questions PG&E’s modeling input recommended in its proposed PSP that would “remove incremental resource additions from the 2020 LSE aggregated plans” and “update resources related to MTR procurement to better align with the MTR Decision.” Instead, the Commission should identify any overlap and adjust the portfolio accordingly.


CalCCA appreciates the significant work that went into the Commission’s modeling for the PSP, as well as the contributions of modeling analysis and/or results by SCE, PG&E and the CAISO. In addition, the analysis provided by other stakeholders of the Commission’s modeling

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3 California Community Choice Association’s Comments on Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Plan, R.20-05-003 (Sept. 27, 2021) (CalCCA’s Opening Comments) at 3-4. Opening Comments of all other parties cited herein will be referred to by party name.

4 PG&E Opening Comments at 7.

5 PG&E proposed a portfolio based on preliminary modeling, which it states it will update in its Reply. Id. at 8, fn. 10.

6 CAISO provided modeling conclusions, but the link provided with modeling results and outputs was outdated and the CAISO informed CalCCA that the modeling results and outputs are not yet available. CAISO Opening Comments at 2.
also informs the IRP process. As PG&E correctly noted in its opening comments, “through the collective effort of the entire group the IRP process is improved with improved analytics to better inform future procurements aligned with the IRP process and to avoid other out-of-cycle procurement requirements.” As explored below, the inconsistencies in the current modeling and analysis of the Commission and stakeholders should be addressed prior to the adoption of a PSP. Given the opportunity to finely tune the PSP with the input of Commission staff and stakeholders, the Commission should hold one or more workshops to collectively analyze the assumptions, analysis, results, and proposals of stakeholders in their Opening Comments and modeling as compared to Commission staff’s modeling and analysis. After the workshops, the Commission can incorporate information gleaned from the workshops into any re-runs of the modeling and a decision regarding the PSP, and into future IRP planning.

A. Stakeholder Modeling Input and Assumption Inconsistencies Reflect the Lack of Predictability and Transparency in IRP Planning Standards

Stakeholder comments reflect differing approaches taken on the inputs and assumptions to inform the preferred portfolio, all of which deserve further analysis given the lack of predictable standards and transparency at the outset of the planning process. Modeling assumptions including the load forecast basis (including “load adders” or modifiers), integration of the procurement ordered by the MTR Decision, predicted thermal generation retirements, import assumptions, LOLE target, PRM, Effective Load Carrying Capacity (ELCC) methodology and other inputs informed the Commission’s modeling, as well as the modeling of SCE, PG&E and the CAISO. Given the recent emergency procurement orders signaling the need for better IRP long-term planning, the Commission should hold one or more workshops at which all modeling and analysis of the stakeholders can be considered.

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7 PG&E Opening Comments at 1-2.
Commission staff provided substantial explanation regarding its process in adopting the 38 MMT Core Portfolio. However, the inputs and assumptions on which the sensitivities and the proposed PSP portfolio are based are not clear, are in some cases not substantiated, and are also extensively questioned by parties in opening comments. First, with respect to the load forecast, while many parties including The Public Advocates Office (Cal Advocates), California Energy Storage Alliance (CESA), Green Power Institute (GPI), PG&E and SCE advocate for the use of the 2020 (rather than the 2019) Integrated Energy Policy Report (IEPR) forecast in the PSP, what Commission staff actually used as a forecast basis is unclear. For example, while the 38 MMT Core Portfolio is based on changes to the Renewable Energy Solutions Model (RESOLVE) modeling, including adding “load adders” to account for the managed peak impact of the 2020 CEC IEPR Report demand forecast (instead of 2019), all other scenarios analyzed by the Commission in RESOLVE utilize the demand forecast from the CEC’s 2019 IEPR.

Second, consistent with CalCCA’s opening comments, many parties questioned the use of the 22.5 percent PRM past 2026, given Commission staff’s findings that with the 22.5 percent PRM, the LOLE in 2026 is 0.064, and in 2030 is 0.054, both substantially below the 0.1 standard.

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8 See Green Power Institute Opening Comments at 9 (recommending that Commission staff provide “a grid/table that lists respective inputs and assumptions for each sensitivity in columns for each parameter (e.g., PRM, load forecast, forced capacity, thermal retirements) . . . to clarify what forecast, PRM and other inputs are driving the differences between each sensitivity”).

9 Cal Advocates Opening Comments at 2; CESA Opening Comments at 9-10; GPI Opening Comments at 9; PG&E Opening Comments at 7; SCE Opening Comments at 6.

10 See PSP Ruling at 13-14 (discussing “load adders” added to the RESOLVE modeling to account for the managed peak impact of the 2020 IEPR demand forecast (instead of 2019) and the high electrification scenario (instead of the mid-case)); see also id. at 14 (“[u]nless otherwise noted, all scenarios utilized the demand forecast from the CEC’s 2019 IEPR”).

11 See PSP Ruling at 20; see also CalCCA Opening Comments, at 5-6; PG&E Opening Comments at 10 (stating that the 2026 and 2030 LOLE for the 38 MMT Core Portfolio are “much lower than a typical electric planning standard of 0.1 LOLE that is industry standard nationwide”); SCE Opening Comments at 11-13 (SCE’s study results of the 38 MMT Core Portfolio demonstrate “a portfolio with new resource additions that far exceed industry standards for reliability and therefore are more expensive than necessary,” and recommending that the Commission “assess whether it is appropriate to reduce the PRM...”).
The 22.5 percent PRM was adopted despite the MTR Decision specifically stating that more analysis is necessary before adopting any long-term PRM.\textsuperscript{12}

Third, CalCCA agrees with the City and County of San Francisco (CCSF) and the Bay Area Municipal Transmission Group (BAMx) that the Commission should incorporate updated transmission cost information in its 38 MMT Core Portfolio from the 2021-2022 TPP, available in November 2022, before adopting the 38 MMT Core Portfolio as the reliability and policy-driven base case for the 2022-2023 TPP.\textsuperscript{13}

Fourth, the Commission should provide additional information regarding its ELCC calculations for the MTR Decision and for its 38 MMT Core Portfolio. SCE questions the use of the ELCC methodology in RESOLVE (and uses its ABB portfolio to estimate expected capacity of variable resources in its modeling).\textsuperscript{14} Additional analysis and stakeholder input should be conducted regarding the proper input regarding the contribution of variable resources which could significantly impact the PSP.

B. Significant Modeling Result Discrepancies Between Commission Staff and Stakeholders Requires Further Analysis

With respect to parties who performed modeling in addition to Commission staff’s modeling, the results and recommendations vary substantially. SCE provided its modeling data and results, while PG&E and CAISO provided results but no data to support the results. The

\textsuperscript{12} MTR Decision at 22.
\textsuperscript{13} See CCSF Opening Comments at 5; BAMx Opening Comments at 2-5.
\textsuperscript{14} SCE Opening Comments at 9-10.
following is a brief recap of the modeling results, which indicate further analysis and comparison to Commission staff modeling would provide valuable input to inform the Commission’s decision on the PSP.

SCE’s capacity expansion and reliability modeling of the Commission’s 38 MMT Core Portfolio, with some changes to the inputs compared to Commission staff’s input into its models,\(^\text{15}\) resulted in a LOLE of zero.\(^\text{16}\) SCE therefore recommends the removal of between 3,500 MW and 5,500 MW of energy storage from the 38 MMT Core Portfolio by 2030, and that the Commission should not issue any additional reliability-based procurement in excess of the MTR Decision at this time. In fact, SCE’s modeling indicates that the excessive resource additions required by the 38 MMT Core would come at a cost to consumers of at least $450 million per year in 2030.\(^\text{17}\)

PG&E, on the other hand, proposes an alternative PSP to the 38 MMT Core Portfolio based on its preliminary modeling, which would result in over 10,000 less MW (nameplate) by year 2030.\(^\text{18}\) PG&E disagrees with Commission staff’s use of the 2019 IEPR forecasts and the 2020 aggregated LSE plans (which it states are outdated). PG&E also states that the methodology used to develop the 38 MMT Core Portfolio results in a portfolio larger than needed and misaligned with the MTR Decision, and that the 38 MMT Core Portfolio fails to

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\(^{15}\) Specifically, SCE directly applied the 2020 IEPR load forecast to determine the energy need and 22.5 percent PRM requirement based on the managed load peak, consecutive years 2022 to 2030 were modeled (and not 2030-2032), and instead of the Commissions ELCC methodology the expected energy during the managed load peak hour for each month was used to determine solar and wind resource contribution. \textit{Id.} at 6-7.

\(^{16}\) SCE independent modeling analyses on the 38 MMT Core Portfolio used the ABB CE Model and evaluated the operational feasibility with PLEXOS PCM and calculated the LOLE to evaluate the portfolio’s reliability performance. \textit{Id.} at 5, and Appendices A and B (modeling results).

\(^{17}\) \textit{Id.} at 5.

\(^{18}\) PG&E Opening Comments at 6-10.
consider zonal and local resource requirements. Changes in the inputs to the portfolio were therefore made by PG&E to: (1) update the load forecast to reflect the most recent CEC 2020 IEPR forecast and 2020 IEPR high EV scenario; (2) remove incremental resource additions from the 2020 LSE aggregated plans; and (3) update the resources related to MTR procurement to better align with the MTR decision. After finding that its proposed portfolio requires less nameplate capacity than the 38 MMT Core Portfolio, PG&E also suggests that additional capacity may need to be added to account for uncertainties related to extreme weather.

Finally, CAISO’s production cost modeling determined that Commission staff’s 38 MMT Core Portfolio meets the 0.1 LOLE standard, but provides only 500 MW of effective capacity above the level necessary to the 0.1 LOLE in 2026. The full analysis and results of this modeling are not available as of the time of this writing, so CalCCA cannot opine on them. Given the differing modeling results among Commission staff, SCE, PG&E and the CAISO, a discussion and analysis of the inputs, assumptions and results involving all stakeholders would be useful to inform the adoption of the PSP.

C. The Commission Should Hold One or More Workshops with Stakeholders to Review and Compare Modeling Assumptions and Conclusions

To ensure accurate planning both in this IRP cycle and moving forward and to avoid additional emergency procurement orders to address shortfalls, the Commission should utilize this opportunity to analyze and refine the inputs, assumptions and results of the modeling with stakeholder input. Given the differing inputs, assumptions, results and the lack of current availability of data related to two potentially informative models (PG&E and CAISO), and the

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19 Id. at 7.
20 Id.
21 Id. at 9.
22 CAISO Opening Comments at 2.
significant questions regarding inputs by Commission staff including the appropriate load forecast and PRM, CalCCA strongly recommends that the Commission order one or more workshops to allow staff and stakeholders to collectively study all of the available information.

IV. THE COMMISSION SHOULD INITIATE A PROCESS WITHIN THE IRP PROCEEDING TO DETERMINE A TARGET LOLE AND RESULTING PRM

As set forth above regarding the input of the 22.5 percent PRM into Commission staff’s modeling for the PSP, CalCCA is concerned that the Commission has failed to adequately study and establish a target LOLE and resulting appropriate PRM. Commission staff changed its RESOLVE modeling for the PSP to align the PRM “with the 2024 “high need” scenario adopted in D.21-06-035, which uses a PRM of 22.5%.” However, the Commission in the MTR Decision did not adopt the “high need” PRM of 22.5 percent for the long term, and even noted that “[m]ore analysis is needed before revising the [PRM] for long-term planning in the IRP proceeding on a permanent basis.” As CalCCA has stated previously, extensive analysis is required to construct the PRM:

A PRM should be calculated using a robust stakeholder process, employing the following high-level steps. First, decide on a “target” of grid reliability that can be achieved at a reasonable cost. Historically, this has been one loss-of-load event every ten years (often referred to as “0.1 LOLE,” which is a count of the expected number of loss-of-load events in a given year). However, the CPUC may want to revisit this number (and the underlying weather and load data) to account for climate change or affordability impacts, as well as the increased renewable and battery penetration in the grid relative to when the 0.1 target was first established. Second, calculate the amount of generating resources that are required to achieve this target using a production cost model. Third, divide that amount by the load forecast, incorporating an operating reserve margin adder. The result will be the PRM that should be used.25

23 PSP Ruling at 13 (emphasis added).
24 MTR Decision at 86, Finding of Fact 1.
Given the substantial impact the PRM has on modeling analysis, CalCCA supports the comments of Alliance for Retail Energy Markets (AReM), CCSF, GPI, PG&E, and SCE recommending that the Commission further evaluate and even initiate a separate process, with robust stakeholder involvement, to establish a target LOLE and resulting PRM.

V. THE COMMISSION SHOULD REJECT CAISO’S RECOMMENDATIONS REGARDING ACCELERATION OF PROCUREMENT

In response to Question 15 regarding whether and how much procurement required in the MTR Decision should be accelerated to 2023, and/or regarding suggesting additional actions to facilitate the additional resources in response to the Governor’s Proclamation from July 30, 2021, the CAISO provides its proposals from the Emergency Reliability proceeding, Rulemaking (R.) 20-11-003, to accelerate procurement in 2022 and 2023: (1) set an additional resource adequacy requirement to meet the new demand peak period with a sufficient reserve margin, and (2) increase the existing PRM from 15 percent to 17.5 percent at a minimum. CalCCA previously responded to the CAISO’s proposals in the Emergency Reliability proceeding. Specifically, CalCCA has stated its support for procurement mechanisms in which LSEs make best efforts to procure supply side resources to support summer reliability in 2022 and 2023. In

26 AReM Opening Comments at 3-6.
27 CCSF Opening Comments at 3-4.
28 GPI Opening Comments at 9.
29 PG&E Opening Comments at 10
30 SCE Opening Comments at 4-6.
33 Id.
fact, CalCCA and other LSEs have demonstrated efforts already underway to expedite procurement to the extent possible above existing procurement mandates to support summer reliability.\(^{34}\) However, also highlighted by CalCCA and many other parties in the Emergency Reliability proceeding are the many challenges with expediting procurement under such narrow timeframes.\(^{35}\) CalCCA supports a best efforts standard, without penalties, given the uncertainty around how much additional supply is available or can be accelerated to come online on an expedited basis.\(^{36}\)

With respect to CAISO’s proposals, while LSEs should make best efforts to bring new resources to the balancing authority equivalent to a 17.5 percent PRM with resources available at net peak, CalCCA has cautioned the Commission against making modifications to the Resource Adequacy (RA) requirements due to potential negative consequences associated with adopting new RA requirements under such a short timeframe.\(^{37}\) In particular, such modifications may increase penalties and associated customer costs without any certainty that incremental supply will be available for LSEs to procure to meet the accelerated requirements despite best efforts.\(^{38}\)

CalCCA’s opening comments in this proceeding highlight the substantial efforts already made by CCAs to aggressively procure new resources, some of which are scheduled to come online in 2022 and 2023 above and beyond requirements set forth in D.19-11-016.\(^{39}\) CalCCA does not support the imposition of penalties for existing or any new procurement orders or any

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\(^{34}\) See CalCCA Opening Comments at 16-17; see also Direct Testimony of Lauren Carr, Fred Taylor-Hochberg, and Marie Y. Fontenot on Behalf of California Community Choice Association, Chapter 1 (Sept. 1, 2021), 3:20-4:3; California Community Choice Association Opening Brief, R.20-11-003 (Sept. 20, 2021) at 6-8.

\(^{35}\) See California Community Choice Association Opening Brief, R.20-11-003 (Sept. 20, 2021) at 8-10.

\(^{36}\) See id.

\(^{37}\) See id. at 3-6.

\(^{38}\) Id.

\(^{39}\) CalCCA Opening Comments at 16.
additional acceleration of mandated procurement. As pointed out in opening comments, LSEs need sufficient flexibility to pivot based on market circumstances, and potential issues outside of the control of LSEs, including delays resulting from the backlogged CAISO interconnection queues.

VI. THE COMMISSION SHOULD IMPROVE AND REFINE THE PROCESS AND STANDARDS FOR LSE PLAN FILINGS

The PSP Ruling details the process for aggregating the individual LSE Plans. CalCCA appreciates the painstaking process conducted by Commission staff to iterate the individual LSE Plans. This process included six re-submission requests from September 2020 through February 2021 to correct and clarify information provided by LSEs. To streamline the process and ensure accurate information is provided at the outset by LSEs, recommendations are provided below to update the process and refine the standards and requirements for the filings.

First, and as discussed above, as part of an IRP planning standards stakeholder process, the Commission should develop specific and clear reliability planning standards for individual LSE Plan filings that are grounded in the reliability metric that will be used to evaluate the aggregated portfolio’s reliability as a whole. CalCCA agrees with the parties that recommend the Commission “initiate the quantitative work” that will be required to establish robust and consistent planning and reliability standards because this work will help prevent future shortfalls in the aggregated portfolio.

Second, for the years in which LSEs file their LSE Plans, the Commission should formally adopt and finalize all planning standards, inputs, and assumptions nine months before the filing deadline. The modeling required to complete the individual LSE Plans requires

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40 PSP Ruling at 4.
41 GPI Opening Comments at 5-6; SCE Opening Comments at 4.
significant time to complete, and therefore stable and final standards, inputs and assumptions will guide standardized filings by all LSEs.

Finally, the Commission should test and finalize all data templates at least three months prior to the filing date. Templates have been changed based on issues arising during the filing and frequency asked questions process, creating confusion and inconsistencies in the filings. Any required changes need to be identified before the finalization of the templates. Before the Commission finalizes its data templates, a draft version of the templates should be issued, with an opportunity provided to LSEs to test and informally comment on the templates’ functionality.

VII. CONCLUSION

CalCCCA appreciates the opportunity to submit these Reply Comments and looks forward to an ongoing dialogue with the Commission and stakeholders.

Respectfully submitted,

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