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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 THE PROPOSED DECISION
ADOPTING 2021 PREFERRED SYSTEM PLAN**

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SUMMARY OF RECOMMENDATIONS

- ✓ The California Public Utilities Commission (Commission) should commit to ensuring cost effectiveness of planned resources prior to issuing any procurement orders;
 - ✓ The “expectation” that resources identified by the Preferred System Plan (PSP) be developed should be removed from the Proposed Decision;
 - ✓ Timing for long-lead-time (LLT) resources should be consistent with the Mid-term Reliability (MTR) Decision to ensure accurate California Independent System Operator (CAISO) Transmission Planning Process (TPP) analysis of required transmission capacity;
 - ✓ LSEs should be allowed six months from the date the Commission provides the final planning assumptions and inputs to file their Integrated Resource Plan (IRP) plans;
 - ✓ Any proposed IRP long-term programmatic structure should not incorporate penalties or backstop procurement;
 - ✓ Flexibility to address cost and feasibility considerations for offshore wind as a resource candidate should be incorporated into IRP; and
 - ✓ The Proposed Decision should be clarified to explain why proposed procurement in the PSP Core Portfolio decreases as electric vehicle (EV) load increases.
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The California Community Choice Association (CalCCA)¹ submit these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure on the proposed *Decision Adopting 2021 Preferred System Plan* (Proposed Decision or PD) issued on December 22, 2021.

I. INTRODUCTION AND SUMMARY

The significant electric system reliability events in California over the last several years, as well as the effects of global warming and the goals of carbon reduction, have directed intense focus on procurement of additional clean resources. In the race to ensure reliability, as well as the attainment of clean energy targets, one of the “pillars” of Integrated Resource Planning (IRP) has taken a back seat. As noted in the PD, the three goals of IRP include “reliability, [greenhouse gas (GHG)] reductions, and least-cost procurement.”² Except for one Table in the PD,³ cost-effectiveness is rarely considered or discussed. In fact, the proposed Preferred System Plan (PSP) Core Portfolio was developed with a permanent planning reserve margin (PRM) of 22.5 percent

¹ California Community Choice Association represents the interests of 22 community choice electricity providers in California: Apple Valley Choice Energy, 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, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² PD at 4.

³ *Id.* at 90, Table 3 (incorporating “Scenario Cost Metrics” of various portfolios under consideration for the PSP Portfolio).

through 2032,⁴ resulting in a loss of load event (LOLE) expectation of approximately one event every 2000 years. The 22.5 percent PRM is well above industry standard, and the planned LOLE requires capacity that would potentially result in a significant overbuild at customer expense.

Community choice aggregators (CCAs) have stepped up to answer the call for reliability and climate goals, planning for high amounts of GHG-free resources, and including in their IRP plans a diversity of resources planned to meet GHG targets greater than both investor-owned utilities (IOUs) or electric service providers (ESPs).⁵ CCAs are also greatly concerned, however, with ensuring that the planned resources are cost-effective. Therefore, the PSP Core Portfolio proposed in the PD is concerning given the substantial overbuild that it will likely require. While reliability and clean energy procurement are appropriate goals, the Commission should continue to focus on *all three* of the IRP goals and commit to reincorporating cost-effectiveness into IRP planning.

CalCCA makes the following recommendations to the Commission in connection with its support of the proposed PSP:

- ✓ The Commission should commit to ensuring cost-effectiveness of planned resources prior to issuing any procurement orders;
- ✓ The “expectation” that resources identified by the PSP be developed should be deleted from the PD;
- ✓ Timing for long-lead-time (LLT) resources should be consistent with the Mid-term Reliability (MTR) Decision to ensure accurate California Independent System Operator (CAISO) Transmission Planning Process (TPP) analysis of required transmission capacity;
- ✓ LSEs should be allowed six months from the date the Commission provides the final planning assumptions and inputs to file their IRP plans;

⁴ While the IRP Mid-Term Reliability Decision did include a 22.5 percent PRM through 2026 as its “high need” scenario to ensure reliability, no analysis has indicated the need for the 22.5 percent PRM to persist past 2026. See D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 24, 2021) (MTR Decision), at 20 (adopting the 22.5 percent “high need scenario through 2026).

⁵ *Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Plan*, R.20-05-003 (Aug. 17, 2021), at 8 (“[t]he diversity of resources planned to meet both the 46 MMT and 38 MMT targets is greater in the plans of the [CCAs] than for [IOUs] or [ESPs]. CCAs are also tending to plan for higher amounts of GHG-free resources, including renewables”); see also *California Community Choice Association’s Comments on Administrative Law Judge’s Ruling Seeking Comments on Proposed Preferred System Plan*, R.20-05-03 (Sept. 27, 2021) (CalCCA Comments on Proposed PSP) at 4, Table 1 (listing nine CCAs with planned GHG targets between 17-34 MMT).

- ✓ Any proposed IRP long-term programmatic structure should not incorporate penalties or backstop procurement;
- ✓ Flexibility to address cost and feasibility considerations for offshore wind as a resource candidate should be incorporated into IRP; and
- ✓ The PD should be clarified to explain why proposed procurement in the PSP Core Portfolio decreases as electric vehicle (EV) load increases.

II. THE COMMISSION SHOULD COMMIT TO ENSURING COST EFFECTIVENESS OF PLANNED RESOURCES PRIOR TO ISSUING ANY PROCUREMENT ORDERS

By focusing on the need for reliability and attainment of clean energy goals, the Commission has deemphasized one of the crucial components of IRP analysis and planning – cost effectiveness. While CalCCA supports adopting the proposed PSP, the Commission should commit to additional cost-effectiveness analysis prior to issuing any procurement orders. Specifically, CalCCA recommends that the Commission: (1) recognize its legislative mandate in California Public Utilities Code sections 454.41 and 454.52 to ensure cost-effectiveness in IRP in addition to reliability and renewable energy procurement; (2) conduct an LOLE study to determine the appropriate PRM past 2026; and (3) incorporate the metrics being developed in the Affordability proceeding (Rulemaking (R.) 18-07-006) to ensure the affordability of any compliance obligations for LSE customers.

A. Public Utilities Code Sections 454.51 and 454.52 Require the Commission to Consider Reliability, Clean Energy and Cost-Effectiveness in IRP

The significant electric system reliability events in California over the last several years, as well as the effects of global warming and the goals of carbon reduction, have directed intense focus on procurement of additional clean resources. CCAs have responded to that focus by planning to build large amounts of GHG-free resources that are more diverse than in the portfolios of the IOUs and ESPs.⁶ With the development of this PSP Core Portfolio with a high long term planning reserve margin (22.5 percent), resulting in a LOLE of approximately 1 outage event every 2000 years, however, the Commission has deemphasized one of the crucial components of IRP analysis – cost effectiveness.

Public Utilities Code Sections 454.51 requires the Commission to “identify a diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides

⁶ *Id.*

optimal integration of renewable energy in a *cost-effective manner*.”⁷ The IRP process ensures that LSEs, among other priorities, “[m]inimize impacts on ratepayers’ bills” through their planned resources.⁸ In furtherance of the IRP goals of reliability, GHG reductions and cost effectiveness, the Commission is charged with “reducing the need for electricity generation resources and new transmission resources *in achieving the state’s energy goals at the least cost to ratepayers*.”⁹

The PSP Core Portfolio, as proposed in the PD, is based on inputs and assumptions that unnecessarily prioritize reliability over cost effectiveness, when in actuality *both* reliability and cost effectiveness can be achieved. The reasons listed in the PD for adopting the PSP portfolio (accurate representation of IRP plans, based on demand forecast, meets aggressive GHG target, and modeled to be reliable) notably omit any consideration of costs or affordability implications for customers.¹⁰ The PSP core portfolio is intended as a planning tool and does not in itself create procurement mandates, but the elimination of the Reference System Plan (RSP) elevates the PSP’s importance and precedent for the next IRP cycle. In addition, the PSP core portfolio will be utilized by the CAISO to plan for transmission upgrades through the TPP. Therefore, careful consideration of reliability, GHG targets, *and* costs is crucial for the PSP process.

B. The 22.5 Percent Planning Reserve Margin Has Not Been Adequately Justified and Could Result in an Overbuilt System

LOLE results from the PSP suggest that the PRM could be lowered while still meeting reliability criteria, therefore creating a more cost-effective electric system. The revised PSP Core Portfolio as set forth in the PD results in an LOLE of 0.0023 in 2026, 0.0005 in 2030, and 0.0006 in 2032.¹¹ These resulting LOLE values are significantly lower than the proposed PSP set forth in the ALJ Ruling, which Table 4 lists as 0.064 in 2026, and 0.054 in 2030.¹²

The Commission has recognized the need for, but has not developed, a consistent approach with respect to the PRM. In the MTR Decision, the Commission refrained from “setting new standards for PRM, LOLE, or weather variants of the demand forecast,” instead

⁷ Cal. Pub. Util. Code § 454.51(a) (emphasis added).

⁸ *Id.* § 454.52(a)(1)(D) (emphasis added).

⁹ *Id.* § 454.52(a)(3) (emphasis added).

¹⁰ *See* PD at 105-106.

¹¹ *Id.* at 102, Table 6.

¹² *Id.* at 93, Table 4.

stating that it will “continue additional analysis and stakeholder engagement before making major changes.”¹³ The MTR Decision stated that:

Should the Commission decide to continue to use an LOLE metric of 0.1, we agree that the PRM should be set at a level that accomplishes this reliability level, and the analysis should be regularly updated. Commission staff is currently conducting such an analysis, and additional analysis and discussion of these issues will be forthcoming in this proceeding. In the meantime, we will not make revisions to the long-term assumptions in this proceeding.¹⁴

A 20.7 percent PRM was found to be a “reasonable proxy” for the mid-term reliability requirements (*i.e.*, 2023-2026), although greater than the 17.5 percent PRM used in the 2021 emergency reliability proceeding.¹⁵ The Commission found that with the longer timeframe being considered, accounting for “some contingency, as well as both the reliability and environmental goals that drive the need for greater investment of new and improvement of existing resources,” is necessary.¹⁶ Additionally, after a long discussion of the reliability challenges and climate change concerns, the Commission adopted the “high need” scenario PRM of 22.5 percent for the mid-term needs through 2026.¹⁷

The Commission then (without explanation) extended the 22.5 percent PRM past 2026 in the proposed PSP Core Portfolio and did not conduct an LOLE analysis on a “non-persistence” sensitivity. As CalCCA noted in its comments on the proposed PSP core portfolio, such a sensitivity “is important to the 38 million metric ton (MMT) Core [which was being recommended by the Commission at that time] and is consistent with previously established IRP planning assumptions.”¹⁸ Given the lack of LOLE analysis to demonstrate the necessity of keeping the 22.5 percent PRM past 2026, and the 2030 LOLE results of substantially below the 0.1 LOLE standard (at 0.054 LOLE), CalCCA warned of the potential for an overbuilt system.¹⁹ CalCCA recommended re-running the Renewable Energy Solutions Model (RESOLVE) with a 17.5 percent PRM for the years 2026-2030, and then testing the portfolio output in the Strategic

¹³ MTR Decision at 11.

¹⁴ *Id.* at 12.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 14, 20.

¹⁸ CalCCA Comments on Proposed PSP at 5.

¹⁹ *Id.*

Energy & Risk Valuation Model (SERVM) to see if the 17.5 percent PRM would result in a reliable portfolio.²⁰

While the Commission recognized CalCCA’s request to re-run the “non-persistence” sensitivity in the PD, it failed to do so, instead stating that:

As far as persistence of the PRM assumptions, it may be that a new paradigm needs to be developed and adopted for reliability purposes going forward. However, until the conclusion of such an effort, we find it prudent to continue to include *conservative* assumptions for reliability in the TPP portfolios now, since they have recently proven to be important for maintaining reliability in the very near term.²¹

What the Commission fails to mention, however, is that the tradeoff for the intense focus on only reliability and the use of overly conservative assumptions could potentially result in an overbuilt system with excess capacity at the expense of customers. Therefore, while CalCCA accepts the PSP proposed in the PD for this IRP cycle, such a study should be conducted prior to any future procurement orders. CalCCA continues to strongly encourage the Commission to conduct a study to establish a new PRM for both the IRP and RA proceedings.²²

C. Affordability Considerations Should be Incorporated into the IRP Process

The PD “commits to further evolving the Commission’s IRP process by developing a programmatic approach to IRP procurement.”²³ This stakeholder process, expected to be conducted in 2022, will be conducted “likely in coordination with the resource adequacy (RA) and renewable portfolio standard (RPS) programs”²⁴ to better align these programs, as has been discussed many times in this IRP proceeding. Notably absent, however, is any consideration of the Commission’s Affordability proceeding (R.18-07-006), or a plan to incorporate the recommendations set forth in the Commission’s recent publication on ensuring affordability

²⁰ *Id.*

²¹ PD at 109 (emphasis added).

²² In addition to additional LOLE study, the addition of “real world observations” to simulate storage in the SERVM analysis for the PSP, which was added at the eleventh hour after stakeholders had already analyzed and commented on the PSP modeling, is concerning. *See id.* at 101-102. While CalCCA does not necessarily disagree with the addition of such analysis, this substantial alteration to the SERVM analysis, without modeling such constraints in RESOLVE, raises additional concerns with the recommended PRM and portfolio and any potential associated requirements on LSEs.

²³ *Id.* at 151.

²⁴ *Id.*

while building the “grid of the future.”²⁵ The CPUC Affordability Report recognizes the significant impact of transportation electrification goals on affordability, as well as capital investments . . . necessary to meet California’s energy and climate policy goals,” both of which “can result in higher bills for customers.”²⁶ In addition, parties in the Affordability proceeding are currently considering the use of affordability metrics to inform decisions on revenue requirement proposals.²⁷ While IOU revenue requirements will surely include increased procurement costs as a result of an overbuilt system, CalCCA has proposed in Comments in the Affordability proceeding that the affordability metrics be applied in proceedings such as IRP that could potentially raise LSE costs of compliance and therefore customer bills.²⁸ The Commission should therefore be incorporating not only RA and RPS alignment into the IRP process, but should also incorporate the principles being developed in the Affordability proceeding “to assess affordability impacts of utility investments and Commission programs.”²⁹

III. THE “EXPECTATION” THAT RESOURCES IDENTIFIED BY THE PSP MUST BE DEVELOPED BY LSES SHOULD BE DELETED FROM THE PD

The PD states that “[a]ny resources associated with the PSP, or resource attributes thereof, will be *expected to be developed* by the LSEs.”³⁰ The PD must be revised to remove this statement for several reasons. As set forth above, the PSP Core Portfolio is intended to be a planning tool, and not a procurement mandate. In fact, PSP portfolios developed in the IRP proceeding to date have varied dramatically across cycles. The 2018 PSP selected approximately 12 gigawatts (GW) of new capacity by 2030.³¹ The current PSP selects nearly three times that

²⁵ See *Utility Costs and Affordability of the Grid of the Future: An Evaluation of Electric Costs, Rates, and Equity Issues Pursuant to P.U. Code Section 913.1* (May 2021) (CPUC Affordability Report), located at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2021/senate-bill-695-report-2021-and-en-banc-whitepaper_final_04302021.pdf

²⁶ *Id.* at 3. The CPUC Affordability Report also lists wildfire mitigation as a significant cost that will impact rates.

²⁷ See *Assigned Commissioner’s and Assigned Administrative Law Judge’s Ruling Inviting Comments on Staff Proposal on Implementation of Affordability Metrics*, R.18-07-006 (Nov. 5, 2021) (ALJ Ruling) at 26 (requesting comment on the *Affordability Metrics Implementation Staff Proposal*, R.18-07-006 (Nov. 5, 2021)).

²⁸ See *California Community Choice Association’s Comments on Assigned Commissioner’s and Assigned Administrative Law Judge’s Ruling Inviting Comments on Staff Proposal on Implementation of Affordability Metrics*, R.18-07-006 (Jan. 10, 2022), at 4-5.

²⁹ *Order Instituting Rulemaking to Develop Methods to Assess the Affordability Impacts of Utility Rate Requests and Commission Proceedings*, R.18-07-006 (July 12, 2018), at 9.

³⁰ PD at 95.

³¹ See D.19-04-040, *Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle*, R.16-02-007 (April 25, 2019), at 114.

amount. This dramatic change in two years points to the difficulty in being held to any one long term system plan.

Second, the modeling tools used in the IRP process may not reflect existing or future policy goals and criteria. Of note, the RESOLVE model selected 926 megawatts (MW) of new gas resources in 2045 to meet the 22.5 percent PRM.³² This selection by the model runs counter to the state’s climate goals. While 2045 results are outside the planning horizon of the IRP, such results point to the problem with overreliance on modeling results and holding LSEs accountable for development of resource forecasts ten or more years into the future.

In addition, for many resources, LSEs alone cannot ensure certain resources are built. For example, out of state and offshore wind development will require the support of state and federal agencies to ensure transmission and permitting is complete.

Furthermore, the relationship between the PSP and any subsequent LSE procurement is subject to further development in the next IRP cycle as scoped in this PD. Therefore, this statement appears to prejudice the outcome of the programmatic design process before stakeholders have had an adequate opportunity to assist the Commission in developing a new programmatic approach.

For these reasons, the PD should be revised to remove any “expectation” of procurement by LSEs in connection with the PSP. Instead, the current process in which the Commission monitors progress toward resource development and the need for resources is updated in each IRP cycle is sufficient.

IV. THE PSP SHOULD BE MODIFIED TO ENABLE ACCURATE CAISO TPP ANALYSIS OF REQUIRED TRANSMISSION CAPACITY FOR LONG-LEAD-TIME RESOURCES

The PD should be modified to ensure that the PSP Core Portfolio accurately represents the MTR requirements for LLT resources for the purposes of transmission planning. The PSP Core Portfolio currently pushes LLT resources to 2028, presumably to ensure portfolio reliability given the risk of project delays. While it is reasonable to test this outcome as a sensitivity, it is critical to use consistent planning assumptions across both the IRP and TPP. As a result, these LLT resources should be included in the transmission planning portfolio with the mandated 2026

³² PD at 101.

online date reflected in the MTR. This will enable the CAISO to begin the necessary analysis and evaluation to provide transmission capacity for these resources.

A. Accurate Timing for Geothermal Long-Lead-Time Resources Must Be Considered in Transmission Planning Due to Likely Import Capability Expansion Needs

The issues of accurately reflecting MTR LLT online requirements for the TPP is particularly acute for import geothermal resources that will be required to fulfill the clean firm component of the LLT mandate. Table 14 of the busbar mapping of the PSP Core Portfolio shows 88 percent of geothermal capacity (1.02 gigawatts (GW) of 1.16 GW) being developed outside CAISO.³³ These resources will require the CAISO to evaluate the potential need for expanding import capability and will likely require transmission upgrades outside the state — both potentially lengthy processes. Delaying their representation in the portfolio unnecessarily increases the risk that candidate resources do not achieve deliverability in the timeframe outlined in the MTR Decision. To alleviate this risk, the Commission should request that the CAISO provide specific information on potential increases to Maximum Import Capability (“MIC”) at different delivery points for import LLT resources. Many delivery points are currently constrained and without an understanding of the potential for import capability expansion, contracting with resources outside of the CAISO is unnecessarily risky.

B. The Commission’s Busbar Mapping Must Accurately Reflect the Availability and Location of Cost-Effective Geothermal Resources

The magnitude and geographic representation of resources reflected in the Core Portfolio that are expected to fulfill the clean firm LLT requirements are not likely aligned with the market. While details on ongoing solicitations are confidential, CCAs report that responses to both joint and individual procurement efforts reveal potential quantity shortfalls and a lack of geographic congruence with Commission assumptions. This should not be a huge surprise since many of the qualifying resources are location-constrained and located either outside of California or, at a minimum, outside of the CAISO Balancing Authority Area (BAA). CalCCA is concerned that the busbar mapping in the Core Portfolio does not accurately reflect the availability and location of the resources to meet the LLT requirements. GridLiance identified this disconnect in their opening comments on the PSP, noting that Nevada geothermal was unnecessarily constrained by an outdated legacy limit to the total potential and a misrepresented transmission

³³ PD, Attachment A, *Modeling Assumptions for the 2022-2023 Transmission Planning Process: CPUC Staff Report* (Dec. 2021), at 46 (Table 14).

expansion option.³⁴ Failing to accurately reflect the location of cost-effective resources will likely prevent the CAISO from evaluating the necessary import expansion or transmission upgrades for fulfilling the LLT requirements.

CalCCA suggests updating the PSP Core Portfolio to reflect this likelihood. In the alternative, the CPUC should request the CAISO test a scenario with at least the majority of new geothermal resources sited in Nevada, outside of the CAISO BAA. This is a critical issue to resolve to prevent a mismatch between the preferred portfolio in terms of size and location versus what the market is able to offer online by 2026 and which may be available for LSEs to procure.

V. THE MODIFIED IRP CYCLE PROCESS SHOULD ALLOW ADEQUATE TIME FOR LSEs TO PREPARE THEIR IRP PLANS

CalCCA appreciates the Commission's consideration of refinements to the IRP cycle process and schedule.³⁵ Given experience with the development and submission of LSE plans in 2020, CalCCA recommends building into the process more time for LSEs to develop their IRP Plans after receiving the final planning standards and templates from the Commission. CalCCA recommends modifying the PD to: (1) require the planning inputs and assumptions to be provided by the Commission earlier than May 1st, and (2) provide LSEs six months (180 days), rather than four months, to develop their LSE plans after receiving final planning inputs and assumptions from the Commission.

A. The 2020 LSE IRP Submission Process Provided Inadequate Time for LSEs to Develop Their Plans After Receiving Final Planning Inputs and Assumptions from the Commission

During the 2020 process, LSEs did not receive *final* planning inputs and assumptions until June 15, 2020 (with final guidance on August 11 through an update to the Filing Requirements), with the LSE plans due on September 1. Given the extremely short timeframe with which LSEs had to prepare their plans, which includes substantial modeling runs and analysis, extensive follow-up was required by the Commission following the submission of plans. If given final planning inputs and assumptions, and templates, with adequate time for model development and analysis, LSEs could develop complete plans with greater cost

³⁴ See *GridLiance West LLC Comments on Administrative Law Judge's Ruling Seeking Comments on Proposed Preferred System Plan*, R. 20-05-003 (Sept. 27, 2021).

³⁵ PD at 65-71.

efficiency (i.e., reduced reruns of modeling and dedication of resources to refining plans). Additional time for LSE planning is even more critical given the Commission’s requirement set forth in the PD that LSEs will now have to include two additional years of planning information (from ten years to 12 years to accommodate TPP analysis).³⁶

B. The PD Should Be Modified to Require Planning Standards to be Provided Earlier, and Allow LSEs at Least 180 Days After Receiving Final Planning Standards to Submit IRP Plans

The PD states that “Commission staff will *aim* to have [the planning standards and templates] available [to LSEs] no later than May 1, 2022.”³⁷ However, “[i]ndividual LSE plans will be due no later than September 1, 2022.”³⁸ As a result, LSEs will only have four months (assuming the information provided in May is in final form and not subject to change) to conduct the modeling and analysis, as well as LSE stakeholder processes which in the case of CCAs includes submitting plans to their Boards for approval after lengthy stakeholder input.³⁹ As the Proposed Decision notes, CalCCA has previously recommended nine months as a required time frame to conduct all necessary modeling, narrative development, stakeholder input, and data template completion, based on the experiences in the last cycle of IRP, so even a six-month time frame is greatly accelerated.⁴⁰ With the elimination of the requirement that the Commission develop a RSP, additional resources should be allocated to develop the planning targets for the Clean System Power (CSP) tool and planning direction for LSEs, as well as the final LSE filing templates, sooner than they were provided in the 2020 cycle.

CalCCA recommends that LSEs be provided with the final planning inputs, assumptions, and templates earlier than May 1. Second, LSEs should be allowed six months (180 days) *after* receiving the final planning inputs, assumptions, and templates to submit their plans. At least 180 days is necessary for LSEs to develop their plans after receiving the planning inputs, assumptions and templates.

³⁶ *Id.* at 71.

³⁷ *Id.* at 70 (emphasis added).

³⁸ *Id.*

³⁹ Cal. Pub. Util. Code § 454.52(b)(3) (“[t]he plan of a [CCA] shall be submitted to its governing board for approval and provided to the commission for certification, . . .”).

⁴⁰ PD at 78.

VI. ANY PROPOSED IRP LONG-TERM PROGRAMMATIC STRUCTURE SHOULD NOT INCORPORATE PENALTIES OR BACKSTOP PROCUREMENT

CalCCA is appreciative of the Commission’s commitment in the PD to increase predictability regarding procurement obligations through the development of a programmatic structure for procurement.⁴¹ CalCCA encourages the Commission to avoid incorporating aspects of past emergency short-term procurement orders, such as backstop procurement and penalties, into any long-term IRP structure. With adequate planning, any backstop procurement and/or penalties for non-procurement should be unnecessary and would be inappropriate as a programmatic feature of IRP. Public Utilities Code sections 454.51 and 454.52, establishing the IRP structure, does not incorporate any such backstop procurement or penalties, nor should it. Going forward as the Commission develops the IRP program, the focus should remain on the legislative requirements for IRP – developing a “diverse and balanced portfolio of resources needed to ensure a reliable electricity supply that provides optimal integration of renewable energy in a cost-effective manner.”⁴² CalCCA looks forward to participating in the development of an approach to evolve the Commission’s IRP process.

VII. FLEXIBILITY TO ADDRESS COST AND FEASIBILITY CONSIDERATIONS FOR OFFSHORE WIND AS A RESOURCE CANDIDATE SHOULD BE INCORPORATED INTO IRP

CalCCA supports the exploration of offshore wind development on the west coast and its inclusion in the PSP. However, the Commission should also embrace flexibility to address cost and feasibility of this new technology as 2032 grows closer. The Commission should be prepared with other scenarios that do not rely on offshore wind if unforeseen challenges arise with respect to cost or feasibility. Such an approach is consistent with the IRP's long-term planning focus and allows California to change course if the circumstances warrant it.

VIII. THE PD SHOULD BE CLARIFIED TO EXPLAIN WHY PROPOSED PROCUREMENT IN THE PSP CORE PORTFOLIO DECREASES AS EV LOAD INCREASES

The PD explains that the original analysis included in the August 17, 2021 ALJ Ruling used the CEC’s 2019 Integrated Energy Policy Report (IEPR) forecast as an input to RESOLVE

⁴¹ *Id.* at 149-153.

⁴² Cal. Pub. Util. Code § 454.51(a).

for the 38 MMT Core Portfolio.⁴³ However, the PD now proposes to use the 2020 IEPR with the “High EV penetration assumption instead of the mid EV assumption.”⁴⁴ The PD includes the resulting RESOLVE buildout from both scenarios. The new results (2020 IEPR with High EV) have 1,829 MWs *less* total new build in 2030 than the previous results (2019 IEPR), including 1,691 less storage MWs.⁴⁵ This result is counterintuitive, given that the 2020 IEPR appears to have a *higher* baseline (i.e. before load modifiers) peak load than the 2019 version (by approximately 1,314 MW in 2030),⁴⁶ and that changing the EV penetration assumption from “mid” to high” adds approximately 244 MW of peak load relative to the baseline scenario.⁴⁷ Therefore, the Commission should clarify why increased peak load leads to less new build.

IX. CONCLUSION

CalCCA appreciates the opportunity to submit these comments. For all the foregoing reasons, the Commission should modify the proposed decision as provided in Attachment A.

Respectfully submitted,



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CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

January 14, 2022

⁴³ PD at 84-85.

⁴⁴ *Id.* at 99.

⁴⁵ *Id.* at 87, Table 2 (2019 IEPR build), and 100, Table 5 (2020 IEPR and High EV build. Table 2 has 14,086 of storage MW build in 2030, whereas Table 5 has 12,395.

⁴⁶ See RESOLVE Scenario Tool, Loads Forecast tab, at rows 232-233, available at <ftp://ftp.cpuc.ca.gov/energy/modeling/2021%20PSP%20RESOLVE%20Package.zip>

⁴⁷ *Id.* at rows 442-444.

ATTACHMENT A

PROPOSED MODIFICATIONS TO TEXT IN PD, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

MODIFICATIONS TO TEXT OF PD:

- PD at 95:

~~Any resources associated with the PSP, or resource attributes thereof, will be expected to be developed by the LSEs. Their procurement will need to match their emissions and reliability responsibilities associated with the PSP by 2030 and in the interim years.~~

- PD AT 168 (Table):

Commission staff dissemination of <u>final proposed</u> inputs and assumptions for use in the 2022-23 IRP cycle	<u>No later than</u> May 1, 2022
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<u>Final</u> Updates to certain LSE filing requirements (e.g., LSE GHG planning targets)	<u>No later than</u> May 1, 2022
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Individual LSE IRP filings	<u>September 1, 2022</u> 180 days after Commission staff dissemination of proposed inputs and assumptions for use in the 2022-23 IRP cycle/Updates to certain LSE filing requirements (e.g., LSE GHG planning targets)
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FINDINGS OF FACT

No changes

CONCLUSIONS OF LAW

8. Filing requirements for the next set of individual IRP filings should be based on the PSP adopted in this decision, and the analysis conducted to inform it such as the RESOLVE sensitivity portfolios, with the exception of the 22.5 percent planning reserve margin used to develop the PSP. The next set of individual IRP filings in 2022 will be due 180 days after the Commission provides the planning inputs and assumptions for use in the 2022-23 IRP cycle and updates to certain LSE filing requirements (e.g., LSE GHG planning targets).

12. The Commission should recommend to the CAISO that the PSP portfolio adopted in this decision should be its reliability base case and policy-driven base case for its 2022-2023 TPP. The long-lead-time resources required by the D.21-06-035 should be assumed to be online as of 2026 for purposes of the reliability base case.
21. Commission staff should produce an addendum to the busbar mapping of the PSP portfolio if the 2021-2022 TPP outputs identify preferable locations for OOS renewable resources to be mapped. The long-lead-time resources required by the D.21-06-035 should be assumed to be online as of 2026 for purposes of the reliability base case.
22. Federal and State plans for offshore wind development ~~will~~may benefit the electric system and the Commission should include this technology as a candidate resource in capacity expansion modeling as soon as possible if cost-effective and feasible.
23. The Commission should encourage LSEs to pursue viable opportunities for offshore wind projects if cost-effective and feasible.

ORDERING PARAGRAPHS

7. The Commission transmits to the California Independent System Operator (CAISO) for use in its 2022-2023 Transmission Planning Process (TPP) the Preferred System Plan portfolio adopted in Ordering Paragraph 6 above and reflected in Attachment A to this decision, as both the reliability base case and the policy-driven base case. The long-lead-time resources required by D.21-06-035 should be assumed to be online as of 2026 for purposes of the reliability base case. The Commission also delegates to Energy Division staff, in consultation with staff of the California Energy Commission and CAISO, the development of a policy-driven sensitivity portfolio based on a 30 million metric ton greenhouse gas target, and associated busbar mapping, if it is determined by Commission staff to be feasible within the next few months.