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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Electric Integrated Resource Planning and
Related Procurement Processes.

R.20-05-003

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION
REPLY COMMENTS ON THE PROPOSED DECISION
ADOPTING 2021 PREFERRED SYSTEM PLAN**

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SUMMARY OF RECOMMENDATIONS

- ✓ The Proposed Decision should be modified to immediately establish a separate proceeding track to establish cost-effective, appropriate reliability planning standards.
 - ✓ The Commission should adopt SCE's proposal to delay LSE IRP Filings until the long-term assumptions and standards are established.
 - ✓ Busbar mapping should reflect the availability and location of cost-effective resources to fulfill Commission requirements, including geothermal resource opportunities in Nevada.
 - ✓ The Commission should schedule a workshop to incorporate stakeholder input in its busbar mapping.
 - ✓ The Commission should schedule a workshop to analyze SCE's proposal that CAM'd resources procured pursuant to D.21-12-015 count towards all benefitting LSEs' MTR requirements.
 - ✓ The Commission should not establish a central procurement process for offshore wind.
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I. INTRODUCTION

The California Community Choice Association (CalCCA) submits these Reply 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* (PD or Proposed Decision) issued on December 22, 2021.

II. THE PD SHOULD BE MODIFIED TO IMMEDIATELY ESTABLISH A SEPARATE PROCEEDING TRACK TO ESTABLISH COST-EFFECTIVE, APPROPRIATE RELIABILITY PLANNING STANDARDS

CalCCA recommends in Opening Comments that the Commission commit to studying its reliability planning standards, including the appropriate planning reserve margin (PRM) and resulting loss of load event (LOLE) expectation, to ensure cost-effectiveness and to prevent an overbuilt system.¹ A wide spectrum of stakeholders, including Southern California Edison Company (SCE),² Pacific Gas and Electric Company (PG&E),³ the Alliance for Retail Energy Markets (AReM),⁴ Calpine Corporation (Calpine),⁵ the City and County of San Francisco (CCSF),⁶ the Utility Reform Network (TURN),⁷ and the Green Power Institute (GPI), similarly recommend that the Commission commit to refining its planning standards. As set forth below, CalCCA endorses SCE's proposal to delay load serving entities' (LSEs') Integrated Resource Plan (IRP) filings until completion of a planning standards study. CalCCA further recommends avoiding any immediate resource "additions" to the portfolio to account for "uncertainties," as recommended by a small number of parties, that would likely result in an overbuilt system at customer expense.

¹ *CalCCA Opening Comments* at 3-6. Opening Comments of all parties cited will be referred to by party name.

² *SCE Opening Comments* at 2-4 (emphasizing that the reliability capacity resulting in an LOLE of 0.0005 in 2030 (or 1-in-2000) "comes at a substantial cost to customers" and that the Commission must initiate a process to find "the appropriate balance between reliability and affordability").

³ *PG&E Opening Comments* at 8-9 (noting that "the unsupported 22.5 percent PRM will lead to unnecessarily higher energy rates for California consumers and potentially creates a divergence in the IRP and RA proceedings," and proposing a "potential approach for revising the reliability planning standard in a stakeholder-driven process").

⁴ *AReM Opening Comments* at 2-4 (stating that "[t]he PD downplays the costly significance of the [22.5 percent PRM and resulting LOLE well under the 0.1 target]," and that at a minimum, future IRP cycles must recognize that this PRM leads to an LOLE far below and more stringent than the 0.1 planning standard and thus does not represent a benchmark for future planning").

⁵ *Calpine Opening Comments* at 1-2 (the Commission should "remain mindful of cost" and "remove capacity . . . consistent with the 1-in-10 standard or, at a minimum, ensure that any modeling that is used to justify procurement prospectively is consistent with the CPUC's reliability targets").

⁶ *CCSF Opening Comments* at 6-7 (noting that the excessively low LOLE results "indicate that the system has more resources than what is needed to maintain reliability," and an LOLE PRM setting analysis should be conducted to provide the final inputs/assumptions to LSEs for the IRP Plan filings).

⁷ *TURN Opening Comments* at 4 (recommending the use of a PRM in the next IRP cycle "that will not produce an excessively low LOLE result" to remedy "a system that has significantly more capacity than is needed to meet reliability standards").

A. The PD Should be Modified to Adopt SCE’s Proposal to Delay LSE IRP Filings Until the Long-Term Planning Standards are Established

As set forth in detail in CalCCA’s Opening Comments, the Commission’s planning standards have prioritized reliability and climate concerns at the expense of cost-effectiveness. SCE recommends in its Opening Comments that the Commission:

prioritize the study of system reliability assumptions now by modifying the PD to include a separate track to evaluate and determine the appropriate range of probabilistic planning inputs in the presence of climate change (*i.e.*, demand forecast scenarios, variable generation output scenarios, outage rates, etc.), appropriate LOLE metric targets (e.g., 1-in-10, 1-in-20, 1-in-50, etc.), suitable PRM to be used for IRP resource portfolios, and reasonable methods for evaluating the contribution of various resources to system reliability. This critical work must inform the inputs and assumptions to be used in the 2022-23 IRP cycle; accordingly, it must occur now, before LSEs develop their next resource plans.⁸

CalCCA emphasizes in Opening Comments that such a study must occur prior to any new procurement orders. CalCCA also agrees with SCE, however, that establishing appropriate inputs and assumptions prior to LSEs submitting their plans will lead to a Preferred System Plan (PSP) / Transmission Planning Process (TPP) portfolio that appropriately balances the need for reliability, meeting climate goals, *and* affordability for customers. The Commission should adopt SCE’s proposal to extend the IRP filing schedule to allow for stakeholder input and Commission analysis and development of robust planning standards in 2022 *prior to* the development of LSE plans. After receipt of the planning standards, LSEs should be given at least 180 days to prepare their IRP Plans.⁹

B. Recommendations by CAISO and CESA to Overbuild the System to Ensure Reliability Demonstrate the Immediate Need for Robust Planning Standards

Given the lack of transparency and consistency in the application of planning standards across Commission orders and proceedings (including the Emergency Summer Reliability and Resource Adequacy proceedings), parties variously request overbuilding the system to account for uncertainties. For example, the California Independent System Operator (CAISO) proposes additional battery storage procurement in the mid-term to account for “procurement, forecast, and operational uncertainties” and to “serve as a buffer against resource delays and the planned 2024 Diablo Canyon Power Plant [DCPP] decommissioning.”¹⁰ The Commission, however, already issued the MTR Decision¹¹ to account for

⁸ SCE Opening Comments at 2-3 (emphasis added).

⁹ CalCCA Opening Comments at 11.

¹⁰ CAISO Opening Comments at 5.

¹¹ D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 24, 2021) (MTR Decision).

DCPP decommissioning, and building in a “buffer” over and above the proposed build is not an appropriate method to ensure an optimal resource portfolio.

In addition, the California Energy Storage Alliance (CESA) proposes that the Commission adopt the PSP and include 2 gigawatts (GW) of incremental storage resources to allow “reasonable hedges against transmission planning and reliability risks.”¹² Again, robust and accurate planning standards should prevent the need to tack on additional resources after arriving at a proposed portfolio.

III. BUSBAR MAPPING SHOULD REFLECT THE AVAILABILITY AND LOCATION OF COST-EFFECTIVE RESOURCES TO FULFILL COMMISSION REQUIREMENTS, INCLUDING GEOTHERMAL RESOURCE OPPORTUNITIES IN NEVADA

Of utmost importance to the development of the TPP is current geographic and market information, to allow for significant, cost-effective resource development in line with Commission requirements. GridLiance West LLC (GridLiance), the Nevada Governor’s Office of Energy, and the Coalition for the Optimization of Renewable Development (CORD) all concur with CalCCA’s Opening Comments that the PSP Core Portfolio should be updated to reflect the availability and location of cost-effective resources (i.e., “long-lead-time resources” that can fulfill the Commission’s Mid-term Reliability (MTR) requirements), including geothermal resources, in Nevada.¹³ PG&E also points to the need to use updated LSE procurement portfolios to account for location-specific resource requirements and to avoid the risk of stranded transmission investments with transmission upgrades identified by the TPP not reflecting the most current need.¹⁴ The Commission should update the PSP Core Portfolio to allow the CAISO to evaluate necessary import expansion or transmission upgrades. Specifically, the PSP should be updated to plan for at least 2,000 MW of further incremental renewable resources imported from Nevada, which falls within the range of available resources cited by the relevant stakeholders.¹⁵

IV. COMMISSION STAFF SHOULD HOLD A WORKSHOP TO INCORPORATE STAKEHOLDER INPUT IN ITS BUSBAR MAPPING

GridLiance, SCE, and the Solar Energy Industries Association/Large-Scale Solar Association (Joint Solar Parties) recommend increased stakeholder input on the busbar mapping conducted by

¹² *CESA Opening Comments* at 2-5.

¹³ *GridLiance Opening Comments* at 3; *see also Nevada Governor’s Office of Energy Opening Comments* at 4; *see also CORD Opening Comments* at 3-5.

¹⁴ *PG&E Opening Comments* at 7.

¹⁵ *See Gridliance Opening Comments* at 5.

Commission Staff.¹⁶ CalCCA agrees that increased stakeholder input would result in more accurate and transparent mapping for the TPP. As such, the Commission should schedule a workshop, as requested by the Joint Solar Parties, to allow stakeholder input on Commission Staff’s busbar mapping methodology. Such a workshop should be held in future IRP cycles during the preparation of the PSP, but in this cycle prior to providing the PSP to the CAISO for TPP purposes.

V. THE COMMISSION SHOULD SCHEDULE A WORKSHOP TO ANALYZE SCE’S PROPOSAL THAT CAM’D RESOURCES PROCURED PURSUANT TO D.21-12-015 COUNT TOWARDS ALL BENEFITTING LSES’ MTR REQUIREMENTS

SCE proposes that system reliability resources procured pursuant to Decision (D.) 21-12-015,¹⁷ addressing Potential Extreme Weather events in the summers of 2022 and 2023, that continue to provide reliability benefits after 2023 and for which costs are recovered through the Cost Allocation Mechanism (CAM), count towards all paying LSEs’ MTR requirements on a pro-rata basis.¹⁸ In other words, the MTR compliance benefit for such resources will be allocated to each LSE pro-rata based on the load forecast used to set the MTR requirements. In general, customers that pay for a CAM-eligible resource should receive the full reliability benefit of the resource by having the resource count towards compliance obligations. SCE’s proposal should be further explored through a stakeholder workshop after the IOU’s provide information on the resources involved, including the types and amounts of resources eligible for CAM treatment for each LSE. Given community choice aggregators (CCAs) have already begun procurement activities to meet the MTR obligation, it is prudent to hold such a workshop as soon as feasible. In addition, the Commission should allow such resources to count towards any future procurement orders, and should allow an LSE to transact with other jurisdictional LSEs to transfer such resources (*i.e.*, sell their portion of the allocated resource to another LSE to allow LSEs to optimize their procurement efforts) if the resources are duplicative of MTR resources already procured by the LSE. The Commission must limit over-procurement by IOUs of resources that will continue to be allocated through CAM following the emergency procurement timeframe.¹⁹

¹⁶ *GridLiance Opening Comments* at 5-6; *SCE Opening Comments* at 6-7; *Joint Solar Parties Opening Comments* at 7-9.

¹⁷ *Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023*, R.20-11-003 (Dec. 2, 2021).

¹⁸ *SCE Opening Comments* at 4-6.

¹⁹ *See Reply Comments of California Community Association on the Proposed Decision*, R.20-11-033 (Nov. 16, 2021), at 3.

VI. THE COMMISSION SHOULD NOT ESTABLISH A CENTRAL PROCUREMENT PROCESS FOR OFFSHORE WIND OR INCORPORATE PROCUREMENT VEHICLES FOR SPECIFIC RESOURCES INTO THE PROGRAMMATIC APPROACH IT DEVELOPS

Offshore Wind California proposes that the Commission develop a central procurement process to ensure the development of offshore wind “[g]iven the long lead time and large scale of offshore wind projects, and the fact that a large and growing population of load in California is served by relatively small, recently created LSEs that are not well positioned to make long-term, large-scale purchases of power generated using new technology.”²⁰ CalCCA disagrees. The Commission’s procurement process, and programmatic approach that will be developed, should not be used as a vehicle for specific resource carve-outs or to develop a central procurement entity. In addition, LSEs can work together to finance such large-scale projects to the extent determined to be feasible and cost-effective. For example, California Community Power was formed in early 2021 as a Joint Powers Agency comprised of ten CCAs (representing over 3 million customers), allowing its member CCAs to combine needs to procure new, cost-effective clean energy and reliability resources.²¹

VII. CONCLUSION

CalCCA appreciates the opportunity to submit these Reply Comments.

Respectfully submitted,



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²⁰ *Offshore Wind California Opening Comments* at 5-6.

²¹ See *California Community Power*, located at <https://cacomunitypower.org/>; see also “California CCAs Form Joint Buying Group, Creating Big-Time Power Purchaser,” GTM (Feb. 9, 2021), located at <https://www.greentechmedia.com/articles/read/california-ccas-form-joint-buying-group-creating-big-time-power-purchaser>.