



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

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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 2023 PREFERRED SYSTEM PLAN AND
RELATED MATTERS, AND ADDRESSING TWO PETITIONS FOR MODIFICATION**

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SUMMARY OF RECOMMENDATIONS

California Community Choice Association (CalCCA) supports the Proposed *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification* (Proposed Decision), with the following limited comments and a request for clarification:

- ✓ The Final Decision should resolve the Proposed Decision’s inconsistent documentation of Community Choice Aggregator Integrated Resource Planning (IRP) plan certifications;
- ✓ The Proposed Decision’s procurement encouragement provides welcomed clarifications on the future of IRP procurement;
- ✓ The California Public Utilities Commission (Commission) should adopt the Proposed Decision’s 25 million metric tons Core portfolio and High Gas Retirement sensitivity;
- ✓ The Commission should adopt long lead time resource procurement process outlined in the Proposed Decision; and
- ✓ The Commission should authorize funding for continued consulting support in IRP as specified in the Proposed Decision.

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The California Community Choice Association (CalCCA)¹ submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure² on the proposed *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions For Modification*³ (Proposed Decision), mailed January 10, 2024.

I. INTRODUCTION

CalCCA supports the Proposed Decision, which was issued after extensive effort by load serving entities (LSEs) to develop their individual integrated resource planning (IRP) plans,

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, 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 *State of California Public Utilities Commission, Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1* (May 2021): <https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf>.

³ *Proposed Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions For Modification*, Rulemaking (R.) 20-05-003 (Jan. 1, 2024): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M523/K201/523201875.PDF>.

important work by Energy Division to conduct the modeling and planning activities necessary to develop the preferred system plan (PSP), and engagement by stakeholders to thoroughly vet the results. The outcome of these efforts is a PSP that will keep the state on track to meet its reliability and climate goals through 2035.

The Proposed Decision also provides much needed clarifications on the structure of future procurement directives that may come from the Commission. There is room for further clarification by expeditiously developing the reliable and clean power procurement program (RCPPP), so that LSEs have certainty about the procurement framework they will need to comply with going forward.

Finally, the Proposed Decision extends the compliance deadline for long lead time (LLT) resource procurement, allowing LSEs more time to fulfill LLT procurement requirements without compromising on the capacity needed in the interim. This extension recognizes that maintaining the current deadline could negatively impact customer affordability and adopts a preemptive solution that addresses current market constraints and potential project delays without disadvantaging LSEs that can meet the current deadline.

In summary, CalCCA supports the Proposed Decision, with the following limited comments and a request for clarification:

- ✓ The Final Decision should resolve the Proposed Decision's inconsistent documentation of Community Choice Aggregator (CCA) IRP plan certifications;
- ✓ The Proposed Decision's procurement encouragement provides welcomed clarifications on the future of IRP procurement;
- ✓ The Commission should adopt the Proposed Decision's 25 million metric tons (MMT) Core portfolio and High Gas Retirement sensitivity;
- ✓ The Commission should adopt the LLT resource procurement process outlined in the Proposed Decision; and

- ✓ The Commission should authorize funding for continued consulting support in IRP as specified in the Proposed Decision.

II. THE PROPOSED DECISION SHOULD BE ADOPTED WITH CLARIFICATIONS

A. The Final Decision Should Resolve the Proposed Decision’s Inconsistent Documentation of CCA IRP Plan Certifications

The Proposed Decision lists CCA IRP plans that are “certified” and “not yet certified” in Table 1, section 2.5.2, Ordering Paragraph (O¶) 5, and O¶ 6.⁴ There are inconsistencies in the list that appears in Table 1 compared to the lists that appear in the rest of the document. The Final Decision should ensure consistency between Table 1, section 2.5.2, O¶ 5, and O¶ 6 so that it is clear which CCA IRP plans are certified, and which are not yet certified.

B. The Proposed Decision’s Procurement Encouragement Provides Welcomed Clarifications on the Future of IRP Procurement

The Proposed Decision encourages LSEs to continue to conduct timely procurement of the resources identified in their IRP plans.⁵ Along with its encouragement, the Proposed Decision makes two important pieces of information clear:

First, the Proposed Decision states:

We do not require strict compliance with the plans, since we understand that plans can change, particularly over a period of a decade or more, and that pricing may be different in actual bids than anticipated ahead of time.⁶

Second, the Proposed Decision affirms:

We state affirmatively that procurement conducted in advance of the adoption of a programmatic approach will be counted towards the LSE’s obligations under whatever program is adopted. In addition, if the Commission needs to adopt any more “interim” procurement orders, new resources procured and built will also count towards any incremental requirements of the individual LSEs and that the

⁴ Proposed Decision Table 1, section 2.5.2, O¶ 5, and O¶ 6.

⁵ *Id.* at 43-44.

⁶ *Id.* at 43.

procurement baseline will not be further updated from the baseline for D.21-06-035.⁷

CalCCA agrees with the Commission that “steady and continued addition of clean energy resources to the electric system will be required by all LSEs”⁸ to meet grid reliability targets and green-house gas (GHG) emissions reduction goals. To do this in the most orderly, reliable, and cost-effective manner, LSEs require flexibility to adjust their plans to account for new and better information that becomes known closer to the planned year, such as forecasts, estimated resource costs, transmission costs, interconnection costs and timelines, etc. They also need certainty that the procurement they do now will benefit them when it comes to compliance with future IRP procurement orders and procurement programs. For these reasons, CalCCA supports these two important clarifications provided in the Proposed Decision.

While CalCCA welcomes these important clarifications, the Commission should continue to move forward with the development of the RCPMP expeditiously. A clearly defined procurement framework will help ensure LSE procurement balances reliability, GHG-reduction, and customer affordability through orderly and predictable procurement as opposed to ad hoc procurement orders.

C. The Commission Should Adopt the Proposed Decision’s 25 MMT Core Portfolio and High Gas Retirement Sensitivity

The Commission should adopt the Proposed Decision’s O¶s 10 and 11, which adopt the 25 MMT Core portfolio as the PSP and transmits it to the California Independent System Operator (CAISO) for use in its 2024-2025 Transmission Planning Process (TPP) as the reliability and policy-driven base case portfolios.⁹ The 25 MMT Core portfolio maintains GHG and reliability targets through 2035 and considers the preferences of LSEs expressed in their

⁷ *Id.* at 44.

⁸ *Id.* at 43.

⁹ *Id.* O¶s 10 and 11.

individual IRPs.¹⁰ CalCCA applauds the Commission for adopting a portfolio that will keep the state on track with its climate and reliability goals.

The Commission should also adopt the Proposed Decision’s O¶ 12 transmitting the High Gas Retirement sensitivity as a policy driven sensitivity portfolio to the CAISO for it to analyze in its 2024-2025 TPP.¹¹ As noted in the Proposed Decision, planning for potential future natural gas plant retirements is an important step for California to meet its Senate Bill 100¹² requirements and GHG emissions reduction goals.¹³ The ability to reduce reliance on natural gas-powered resources will depend on the ability to reliably serve load in local areas in other ways, either through transmission expansion or new resource development. The Proposed Decision recognizes the CAISO’s ability to do a granular and detailed analysis of local reliability needs through the study of this sensitivity.¹⁴ Such work is necessary to begin identifying the most cost-effective and feasible solutions that will result in a combination of new resources and new transmission needed to reduce operations of natural gas capacity in local areas. For these reasons, the Commission should adopt the Proposed Decision’s High Gas Retirement sensitivity for transmittal to CAISO for its 2024-2025 TPP cycle.

D. The Commission Should Adopt LLT Resource Procurement Process Outlined in the Proposed Decision

The Proposed Decision adopts an extension for the LLT resource procurement obligation ordered in Decision (D.) 21-06-035¹⁵ in response to a petition for modification filed by the

¹⁰ *Id.* at 67.

¹¹ *Id.* O¶ 12.

¹² Senate Bill (SB) 100, (Stats. 2018, Ch. 312)

¹³ Proposed Decision at 76.

¹⁴ *Id.* at 77.

¹⁵ D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (issued June 30, 2021):

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>.

California Energy Storage Alliance and the Western Power Trading Forum.¹⁶ To support its conclusion that an extension is warranted, the Proposed Decision states:

We find it legitimate for the LSEs to seek extensions on the basis of high, non-competitive, or unreasonable pricing in the bids received in their solicitations. Our intent was never to require procurement of LLT resources at all costs, which must be borne by ratepayers, but rather to encourage their development on a reasonable and steady timetable.

CalCCA applauds the Commission for recognizing that regulatory decisions can impact customer affordability and for considering preemptive solutions to address the current market constraints and potential project delays.

The Proposed Decision structures the extension such that LSEs that utilize the extension must procure the balance of its unmet LLT requirements through generic resource adequacy capacity procurement that otherwise meets the requirements of D.21-06-035. LSEs that meet their LLT procurement requirements by June 1, 2028, and therefore do not utilize the extension, would not have to procure additional capacity to meet their LLT requirement.

The Commission should structure the extension as outlined in the Proposed Decision, as it allows LSEs more flexible timelines to fulfill LLT procurement requirements, without compromising on incremental capacity needed in the interim. It also does not disadvantage LSEs that do not require an extension. Several LSEs have made significant progress on their LLT resource procurement obligations, while others may require more time. Those who remain on track to meet their 2028 compliance deadline should not have their procurement requirements modified. For these reasons, the Commission should adopt the LLT resource procurement process as outlined in the Proposed Decision.

¹⁶ Proposed Decision at 96-98.

E. The Commission Should Authorize Funding for Continued Consulting Support in IRP as Specified in the Proposed Decision

The Proposed Decision authorizes an additional \$18 million in consulting funds over the next six years to fund consulting that supports the IRP process.¹⁷ CalCCA supports this authorization. The IRP proceeding necessarily relies heavily on resource-intensive planning activities and modeling to identify the resource portfolios and associated infrastructure needed to support a reliable, affordable, and decarbonized grid.

III. CONCLUSION

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

Respectfully submitted,



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CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

January 30, 2024

¹⁷ Proposed Decision at 107.