



**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 REPLY 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**

- The Commission should retain Finding of Fact 19, which flags a potential reliability shortfall in 2025;
- The Commission should maintain the requirement to provide bridge capacity for long lead time extensions;
- The Commission should reject the Environmental Defense Fund’s recommendation to order load-serving entities to procure shed demand response; and
- The Commission should not adopt Form Energy’s recommendation to allow the investor-owned utilities to submit Tier 3 Advice Letters for approval of utility-owned storage.

## **CALIFORNIA COMMUNITY CHOICE ASSOCIATION’S REPLY COMMENTS ON THE PROPOSED DECISION ADOPTING 2023 PREFERRED SYSTEM PLAN AND RELATED MATTERS, AND ADDRESSING TWO PETITIONS FOR MODIFICATION**

The California Community Choice Association (CalCCA)<sup>1</sup> submits these reply comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure<sup>2</sup> on the proposed *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions For Modification*<sup>3</sup> (Proposed Decision), mailed January 10, 2024.

### **I. THE COMMISSION SHOULD RETAIN FOF 19, WHICH FLAGS A POTENTIAL RELIABILITY SHORTFALL IN 2025**

Finding of Fact (FOF) 19 states, “Commission staff analysis shows that there is a potential reliability shortfall to the reliability standard for the electric system in 2025, even if the procurement already ordered in Decision (D.) 21-06-035 comes online in time.” The Center for Energy Efficiency and Renewable Technologies (CEERT) suggests this FOF is overstated and should be revised.<sup>4</sup> CalCCA disagrees.

CEERT first demonstrates that while the Commission’s analysis shows a potential shortfall in 2025, there is a surplus if the analysis were to include the Diablo Canyon Nuclear Power Plant (Diablo Canyon).<sup>5</sup> Including Diablo Canyon in Integrated Resource Planning (IRP) reliability modeling is inconsistent with the statute adopted in Senate Bill 846, which states:

The commission shall not include the energy, capacity, or any attribute from Diablo Canyon Unit 1 beyond November 1, 2024, or Unit 2 beyond August 26, 2025, in the adopted integrated resource plan portfolios, resource stacks, or preferred system plans.

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<sup>1</sup> 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.

<sup>2</sup> State of California, California Public Utilities Commission, *Rules of Practice and Procedure* (May 1, 2021).

<sup>3</sup> Proposed *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, Rulemaking (R.) 20-05-003 (Jan. 1, 2024).

<sup>4</sup> CEERT at 7.

<sup>5</sup> *Id.* at 8.

The Commission should, therefore, not modify its FOF on the basis of including Diablo Canyon in reliability modeling for 2025.

CEERT then suggests supply chain challenges are no longer a cause for concern because California Independent System Operator (CAISO) data shows more battery storage projects were able to interconnect in 2023 than was required by the mid-term reliability (MTR) procurement order.<sup>6</sup> The Commission should not modify FOF 19 on this basis. It is not clear that developers are able to procure the necessary equipment to complete projects ahead of schedule as CEERT suggests. Data collected from CalCCA members in May 2023 found that supply chain was the primary source of delay experienced by projects under contract, followed by interconnection delays and permitting issues. Per this data, 51 projects totaling 1,763 megawatts (MW) of net qualifying capacity have been impacted by supply chain issues for community choice aggregators alone. Given the persisting challenges developers face with the supply chain, interconnection queue, and permitting process, it would be misguided to assume that projects will be able to come online ahead of schedule as suggested by CEERT. For these reasons, the Commission should retain FOF 19 as written in the Proposed Decision.

## **II. THE COMMISSION SHOULD MAINTAIN THE REQUIREMENT TO PROVIDE BRIDGE CAPACITY FOR LLT EXTENSIONS**

Several parties recommend that the Commission re-evaluate the need for bridge capacity, either in the Reliable and Clean Power Procurement Program (RCPPP) or through updated analysis, before making bridge capacity procurement a requirement for receiving a long lead time (LLT) resource extension.<sup>7</sup> The Commission should reject these recommendations.

The Commission's October 5, 2023, Ruling<sup>8</sup> (Ruling) evaluated the reliability impacts of allowing an additional extension and found a very small capacity surplus if it were to grant the extension without bridge capacity. Requiring bridge capacity will provide assurances that the LLT extensions do not threaten reliability in the event of procurement risks such as project delays, extreme weather, thermal derates, localized forced outages, or other factors as cited in the Ruling. Given the Ruling demonstrates the market for new capacity will continue to be tight through 2028, it is prudent

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<sup>6</sup> *Id.* at 9.

<sup>7</sup> The California Energy Storage Alliance at 4, Hydrostor Inc. at 4-5, Shell Energy North America (US), L.P. d/b/a Shell Energy Solutions at 5-6, and the Western Power Trading Forum at 5-6.

<sup>8</sup> *Administrative Law Judge's Ruling Seeking Comment on Proposed 2023 Preferred System Plan and Transmission Planning Process Portfolios*, R.20-05-003 (Oct. 5, 2023).

for the Commission to require bridge capacity to cover any extensions in the LLT resource requirement.

Allowing extensions without bridge capacity also creates an incentive for load serving entities (LSE) to ask for extensions unnecessarily given the possibility of not needing to do any other procurement to cover the amount subject to the extension. This would delay procurement further than necessary and disadvantage LSEs that made successful efforts to comply with the June 1, 2028, deadline and, therefore, do not require extensions. For these reasons, the Commission should retain the LLT extension process as outlined in the Proposed Decision that requires LSEs to cover their extension amounts with bridge capacity.

### **III. THE COMMISSION SHOULD REJECT EDF'S RECOMMENDATION TO ORDER LSES TO PROCURE SHED DEMAND RESPONSE**

The Environmental Defense Fund (EDF) supports the Proposed Decision's adoption of the 25 million metric ton Core Portfolio but recommends the Commission additionally order 300-600 MW of shed demand response (DR) procurement in 2026.<sup>9</sup> EDF suggests that its recommendation will act as a stepping-stone toward achieving the California Energy Commission's (CEC) load shift goal of 7,000 MW by 2030.<sup>10</sup>

The Commission should not adopt EDF's recommendation for two reasons. *First*, procurement orders should be done on an attribute basis rather than a technology-specific basis. It is resource attributes, not the specific technology, that contribute to reliability and greenhouse-gas reduction. Mandating procurement on a technology-basis rather than an attribute-basis unnecessarily restricts LSE from making economically efficient procurement decisions and remaining flexible to changing conditions. If the Commission orders additional procurement in the future, it should do so on an attribute-based, technology-neutral basis to allow LSEs to procure the most cost-effective portfolio of resources that meets their share of reliability needs.

*Second*, the Commission should not unilaterally order procurement of shed demand response in the name of advancing the CEC's load shift goals. The Commission should, instead, work with the CEC to evaluate methods for achieving the CEC's load shift goal in a holistic manner that targets the identified need in the CEC's Load Shift Goal Report (the Report). The policy recommendations in the Report are wide-ranging and include load-modifying DR and supply-side DR, dynamic

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<sup>9</sup> EDF at 6.

<sup>10</sup> *Id.*

pricing, load-shifting, and pilots. As the CEC states in the Report, “[m]any pathways exist to achieve the load shift goal.”<sup>11</sup>

#### **IV. THE COMMISSION SHOULD NOT ADOPT FORM ENERGY’S RECOMMENDATION TO ALLOW IOUS TO SUBMIT TIER 3 ADVICE LETTERS FOR APPROVAL OF UTILITY-OWNED STORAGE**

Form Energy, Inc. (Form Energy) recommends the Commission allow the investor-owned utilities (IOUs) to file Tier 3 Advice Letters, rather than applications, for the approval of utility-owned long-duration energy storage (LDES) under certain conditions.<sup>12</sup> Form Energy states that expediting Commission review through the use of the Advice Letter process will (1) improve the odds LDES projects will score higher in Department of Energy federal funding programs, and/or (2) make it possible for LDES projects to meet the Commission’s initial June 1, 2028, deadline.<sup>13</sup>

The Commission should reject Form Energy’s recommendation. The Commission already allows for an application to request expedited treatment. If the IOU sees a need, including the reasoning Form Energy has provided for using a Tier 3 Advice Letter, the IOU may request an expedited application. By retaining the application process, intervenors are still allowed important opportunities including testimony, discovery, and hearings that a Tier 3 Advice Letter does not guarantee. Investment in a new plant with implications to the Power Charge Indifference Adjustment should be afforded the opportunity that an application provides and not left to a Tier 3 Advice Letter.

In addition, with regard to bringing on LDES by June 1, 2028, the Proposed Decision provides an opportunity to provide replacement capacity for LLT resources that cannot meet the deadline. CalCCA supports this option. Allowing the IOUs to skip the important steps applications require, therefore, does not solve a reliability risk created by LLT resources coming online past the June 1, 2028, deadline. For these reasons, the Commission should not adopt Form Energy’s recommendation.

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<sup>11</sup> Neumann, Ingrid and Erik Lyon. May 2023. *Senate Bill 846 Load-Shift Goal Report*. California Energy Commission Publication Number: CEC-200-2023-008.

<sup>12</sup> Form Energy at 12.

<sup>13</sup> *Id.*

**V. CONCLUSION**

For all the foregoing reasons, CalCCA respectfully requests consideration of the Reply Comments herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive style with a large initial 'E' and a long, sweeping tail.

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