



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

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Order Instituting Investigation pursuant to Senate Bill 380 to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility located in the County of Los Angeles while still maintaining energy and electric reliability for the region.

I.17-02-002

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S
OPENING BRIEF**

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TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE COMMISSION SHOULD MAKE ELECTRIC PROCUREMENT AND PLANNING DECISIONS IN THE IRP PROCEEDING, NOT IN THIS PROCEEDING	2
III.	THE ALLOCATION OF NEEDS AND OBLIGATIONS OF ENTITIES TO PERFORM PROCUREMENT IS AN OUTPUT OF THE IRP PROCESS AND IS BEST ADDRESSED WITHIN THE IRP PROCEEDING	5
IV.	COSTS INCURRED IN PERFORMING PROCUREMENT IN RESPONSE TO AN IRP DECISION ARE BEST ADDRESSED WITHIN THE IRP PROCEEDING	6
V.	CONCLUSION.....	7

TABLE OF AUTHORITIES

	Page
California Public Utilities Commission Decisions	
D.19-11-016	5
D.21-06-035	5
D.21-02-028	6
D.23-02-040	5
California Public Utilities Commission Proceedings	
I.17-02-002	passim
R.16-02-007	5
R.20-05-003	5, 6
R.20-11-003	6
California Public Utilities Commission Rules of Practice and Procedure	
Rule 13.12	1
California Public Utilities Commission Rulings	
<i>Administrative Law Judge’s Ruling on Testimony and Schedule</i>	<i>1</i>
<i>Assigned Commissioner’s Ruling Entering into the Record Energy Division Proposal and Ordering Testimony</i>	<i>2</i>

SUMMARY OF RECOMMENDATIONS

- The Commission should make electric procurement and planning decisions in the Integrated Resource Plan (IRP) proceeding, not in this proceeding;
 - The allocation of needs and obligations of entities to perform procurement is an output of the IRP process and is best addressed within the IRP proceeding; and
 - Costs incurred in performing procurement in response to an IRP decision are best addressed within the IRP proceeding.
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Pursuant to Rule 13.12 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, and *Administrative Law Judge's Ruling on Testimony and Schedule*¹ (Ruling), the California Community Choice Association² (CalCCA) submits this opening brief. The Ruling addresses the motions to strike supplemental testimony, admits evidence into the record, and sets the schedule for stipulations and briefs.

I. INTRODUCTION

This proceeding has been instrumental in studying the gas system and the impacts reduced reliance on Aliso Canyon would have on that system. In a Staff Proposal issued on

¹ *Administrative Law Judge's Ruling on Testimony and Schedule*, I.17-02-002 (Feb. 27, 2024): <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M526/K148/526148007.PDF>.

² 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.

September 23, 2022,³ Energy Division Staff outlined a potential plan to reduce or eliminate the need for Aliso Canyon. The plan included strategies such as the procurement of non-gas electricity generation and storage, improvements in energy efficiency, and increased building electrification. The Staff Proposal asked stakeholders to respond to a number of questions related to these strategies, including which venue is appropriate to order procurement, how to allocate procurement responsibilities, and how to allocate procurement costs. This Opening Brief focuses solely on these procurement issues and offers the following recommendations:

- The Commission should make electric procurement and planning decisions in the Integrated Resource Plan (IRP) proceeding, not in this proceeding;
- The allocation of needs and obligations of entities to perform procurement is an output of the IRP process and is best addressed within the IRP proceeding; and
- Costs incurred in performing procurement in response to an IRP decision are best addressed within the IRP proceeding.

II. THE COMMISSION SHOULD MAKE ELECTRIC PROCUREMENT AND PLANNING DECISIONS IN THE IRP PROCEEDING, NOT IN THIS PROCEEDING

This proceeding is not the appropriate venue to discuss how changes in the electric system can be used to compensate for the reduced reliance on Aliso Canyon. The complexities of the procurement of resources or energy efficiency, demand response, and electrification are a central focus in other proceedings, with the IRP proceeding providing the most integrated examination. The Commission should, therefore, look to the IRP proceeding to perform procurement planning in a coordinated manner.

The IRP process addresses all the concerns related to electrical generation, demand response, and energy efficiency in a single cohesive plan. It considers the reliability of electricity

³ *Assigned Commissioner's Ruling Entering into the Record Energy Division Proposal and Ordering Testimony, Attachment A, I.17-02-002 (Sept. 23, 2022):* <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M497/K170/497170154.PDF>.

provision, the meeting of policy goals (including emissions and compliance requirements such as Renewable Portfolio Standards), and the limitations on the use of once-through cooling plants. It also develops assumptions about changes in load, including energy efficiency and building electrification. This process can also address the need to reduce electrical generation from gas-fired generation reliant on Aliso Canyon.

The Commission has historically tested electric system reliability by entering the combined IRP plans from the investor-owned utilities (IOU), community choice aggregators (CCA), and Electric Service Providers (ESP) into the Strategic Energy and Risk Valuation model (SERVM) and performing hourly commitment and dispatch simulations of the electric grid. SERVM can output the timing, duration, and magnitude of any loss-of-load events by area for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric, or out-of-California Independent System Operator Corporation (CAISO) balancing authorities on the West Coast. The Commission can use these outputs to calculate whether a specific set of generation meets the “1 event in 10 years” reliability standard.

Any determination about electric grid reliability should follow this existing process, which has undergone extensive vetting by stakeholders. For example, the Commission could, as part of the IRP process, reduce the winter capacity of SERVM’s gas-fired units to reflect reduced gas availability from Aliso Canyon, or increase load in the SCE area to reflect increased electrification. If the SERVM analysis finds that these changes lead to an unacceptable loss of load, then the IRP process can evaluate candidate solutions to improve reliability.

Determining the appropriate mix of energy storage and renewables is a complex analysis that depends on new resources that Southern California load-serving entities (LSE) will build to meet their carbon and reliability goals (which is within the focus of the IRP proceeding), as well

as transmission availability (which is already addressed in the CAISO Transmission Planning Process (TPP) that is informed by the IRP preferred system plan). The IRP planning process must include information gained from the CAISO TPP and use it in a manner to address all resource portfolio needs. In the same manner, the Commission should input information from detailed studies of the gas-system impacts of Aliso Canyon into the IRP process to address portfolio needs. In addition, if the Aliso Canyon needs require new transmission build, the Commission should work with the CAISO to include those assumptions in the TPP, which is then included in the IRP. The Commission should perform this work in a single consolidated proceeding rather than separately where there is a risk of differing assumptions and portfolios that could result in sub-optimal outcomes overall.

The inclusion of changes in energy demand through energy efficiency, demand response, and building electrification, in addition to changes in generating resources, makes the use of the IRP process to evaluate the need even more critical. The IRP process is designed to evaluate energy and load needs to determine the mix of resources necessary to address them. The IRP process can look at those needs for the entirety of the system, which can include Aliso Canyon-related changes in energy and demand, and optimize those needs with other needs of the system. The mix of resources determined within this proceeding may be sufficient to meet the immediately identified needs on a stand-alone basis. However, it fails to consider how this mix combines with other quantities of these same portfolio elements to meet other system needs. Without understanding what procurement is already occurring through the IRP proceeding that will, at least in part, address Aliso Canyon needs, it is not possible to know whether any amount and mix of resources proposed in this proceeding is effective and efficient (i.e., the least cost option) to addressing the total grid need.

Finally, the IRP proceeding requires participation by the IOUs, CCAs, and ESPs. Not all of these parties have been involved in this proceeding. To gather the necessary input to reliably and cost-effectively address the electric generation portfolio needs to reduce reliance on Aliso Canyon, the Commission would be far better served to move those needs and requirements to the IRP proceeding where they can be addressed in a comprehensive manner. For these reasons, the Commission should conduct any need assessment associated with alleviating the reliance on Aliso Canyon, procurement obligation, procurement allocation, and cost recovery mechanism contemplation to the IRP proceeding.

III. THE ALLOCATION OF NEEDS AND OBLIGATIONS OF ENTITIES TO PERFORM PROCUREMENT IS AN OUTPUT OF THE IRP PROCESS AND IS BEST ADDRESSED WITHIN THE IRP PROCEEDING

The allocation of procurement obligations should also be a matter for the IRP proceeding, in which entities serving electricity to customers can effectively plan for all grid needs. The IRP should be informed of any gas utility plans to reduce gas demand so that the three elements work together.

The Commission should consider causation, equity, and expediency when determining how to allocate procurement. In recent history, the Commission has allocated procurement obligations in the IRP proceeding with 3,300 megawatts (MW) in D.19-11-016⁴, 11,500 MW in D.21-06-035⁵, and 4,000 MW in D.23-02-040⁶. The Commission allocated these obligations to all

⁴ Decision (D.) 19-11-016, *Decision Requiring Electric System Reliability Procurement for 2021-2023*, Rulemaking (R.) 16-02-007 (Nov. 7, 2019): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M319/K825/319825388.PDF>.

⁵ D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 24, 2021): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>.

⁶ D.23-02-040, *Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator for 2023-2024 Transmission Planning Process*, R.20-05-003 (Feb. 23, 2024): <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=502956567>.

LSEs based on their relative load shares. In contrast, the Commission used central procurement by the IOUs to meet an urgent 2021 reliability need in D.21-02-028⁷. Other methods of need allocation are also a central focus in R.20-05-003, the IRP proceeding. Each proceeding addressed allocation differently in consideration of all procurement needs identified within the IRP. Given the need to integrate procurement in a consolidated proceeding, the allocation of procurement obligations should be placed in the IRP proceeding and not in this proceeding.

The electricity needs of customers should generally be served by the entity responsible for serving the load of that customer. Occasions have occurred within the IRP proceeding in which procurement obligations have been placed upon a subset of entities (generally, the IOUs). These have been limited circumstances, and most recently in D.21-02-028 (which prioritized quick preparation for extreme weather in 2021), where timing played a critical role and procurement was necessary on very short notice. Integrating the needs for Aliso Canyon within the IRP proceeding will allow the Commission to determine the entities responsible for procurement in a clear and consistent manner with all parties present since the IOUs, CCAs, and ESPs are all parties to that proceeding. The IRP proceeding can also determine how funding for such procurement would occur.

IV. COSTS INCURRED IN PERFORMING PROCUREMENT IN RESPONSE TO AN IRP DECISION ARE BEST ADDRESSED WITHIN THE IRP PROCEEDING

The funding source of procurement will depend upon how any obligations are allocated. For example, LSEs procuring on behalf of their customers recover their generation procurement costs through their generation rates. Alternatively, when the IOUs have procured on behalf of all customers, they have recovered those procurement costs through the Cost Allocation

⁷ D.21-02-028, *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Seek Contracts for Additional Power Capacity For Summer 2021 Reliability*, R.20-11-003 (Feb. 11, 2021): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M366/K441/366441341.PDF>.

Mechanism. For this reason, the question of the funding mechanism for procurement to reduce reliance on Aliso Canyon must follow the allocation of the obligation, which should be decided in the IRP proceeding.

V. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests adoption of the recommendations herein.

Respectfully submitted,

A handwritten signature in blue ink that reads "Evelyn Kahl". The signature is written in a cursive style.

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CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

April 12, 2024