

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

Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine
Long-Term Procurement Planning
Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**REPLY COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
ON PROPOSED DECISION SETTING REQUIREMENTS FOR LOAD SERVING
ENTITIES FILING INTEGRATED RESOURCE PLANS**

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***On behalf of the California Wind
Energy Association***

January 22, 2018

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I. INTRODUCTION AND SUMMARY

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Wind Energy Association (“CalWEA”) submits these reply comments on the *Proposed Decision Setting Requirements for Load Serving Entities Filing Integrated Resource Plans* (“Proposed Decision” or “PD”) issued by Commissioner Liane Randolph on December 28, 2017.

In summary, CalWEA responds to the opening comments of various parties¹ as follows: (A) expected ratepayer savings from early procurement of wind energy are based on facts and staff research and analysis, not “market speculation; (B) the proposed “Clean Net Short” proposal for GHG accounting need not await consistent CEC action because the CEC’s methodology serves a different purpose; and (C) the use of two different greenhouse gas (“GHG”) price forecasts and GHG adders is antithetical to the purpose of integrated resource planning and should be rejected.

¹ Except where noted, CalWEA refers to the opening comments of: AWEA California Caucus (“ACC”); California Community Choice Association (“CalCCA”); Calpine Corp. (“Calpine”); Center for Energy Efficiency and Renewable Technologies (“CEERT”); Friends of the Earth (“FOE”); Independent Energy Producers Association (“IEP”); Pacific Gas and Electric Corp. (“PG&E”); Peninsula Clean Energy (“PCE”); San Diego Gas & Electric Corp. (“SDG&E”); Southern California Edison Corp. (“SCE”), and The Utility Reform Network (“TURN”).

II. COMMENTS

A. Ratepayer Savings from Early Procurement of Wind Energy Are Based on Facts and Staff Research, Not “Market Speculation”

PG&E’s assertion, and similar assertions by others,² that early procurement would be driven by a principle of “market price speculation” ignores the significant “money on the table” represented by expiring federal tax credits, particularly imminently expiring wind tax credits. There is nothing uncertain or speculative about the fact that the full value of the wind energy production tax credit is available now, but will be lost if the Commission does not direct 2018 procurement in its final decision.³ Indeed, in developing the RSP, staff spent considerable time investigating renewable technology price forecasts – with the selected values subject to party comment -- and found considerable savings associated with the early procurement of wind energy.⁴ Moreover, as CalWEA noted in opening comments, the Commission can condition its early-procurement directive on solicitation results that deliver or exceed the savings that staff’s modeling has shown.

The very fact that prospective CCAs “are not positioned to be able to take advantage of immediate federal tax credit opportunities,” as PG&E states at p. 4, is precisely why a Commission directive is needed. Moreover, as IEP points out, the resolution of regulatory issues such as PCIA cost allocation is likely to impede the rate of load departure to CCAs.⁵ The Commission should seek to obtain the savings that are available now for all ratepayers, regardless of which suppliers happen to serve them presently or in the future, and then allocate the costs and benefits of early procurement appropriately.

Finally, an early procurement directive for new investments in GHG-free infrastructure would help prevent an increase in GHG emissions when the Diablo Canyon generating units are retired in 2024-2025, as discussed in the opening comments of Friends of the Earth and CEERT.⁶

² PG&E at p. 3; CalCCA at p. 3; SCE at p. 1; SDG&E at p. 1.

³ CEERT at p. 2; ACC at p. 6.

⁴ CalWEA at p. 5; IEP at p. 3.

⁵ IEP opening comments at p. 7.

⁶ FOE at p. 4; CEERT at p. 2.

B. The “Clean Net Short” Proposal Need Not Await Consistent CEC Action

CalWEA joins PG&E and SCE in supporting the PD’s adoption⁷ of the “clean net short” (“CNS”) GHG emissions accounting methodology,⁸ which PG&E has proposed to the California Energy Commission (“CEC”) in the context of the CEC’s implementation of Assembly Bill 1110, relating to the CEC’s Power Source Disclosure program. The CNS methodology will properly account for the GHG emissions associated with the sources of energy actually used to serve each LSE’s load on an hourly basis.

The Commission need not wait for action by the CEC on related issues. TURN urges the Commission to “coordinate closely” with the CEC to ensure that GHG claims under both the CEC’s and the Commission’s approaches to GHG accounting “do not produce fundamentally divergent results that cause customer confusion or regulatory conflict.”⁹ CalWEA concurs that it would be optimal for the CEC and the CPUC to use the same GHG accounting method so that what LSEs are actually using on an hourly basis to serve their customers matches what customers are told on product content disclosures. However, should there be any discord between the CEC’s and the Commission’s approaches, that would not be cause to change the Commission’s CNS approach. The CNS methodology properly accounts for the actual GHG emissions associated with LSEs’ served loads and will produce a total sum of LSE emissions that matches the Air Resources Board’s annual statewide electric sector calculation.¹⁰ Moreover, in adopting the CNS methodology, the Commission is not “pre-judging” the methodology that the CEC ultimately selects, as CalCCA asserts,¹¹ nor “usurping” any authority as PCE asserts,¹² because the CEC (which has not begun its formal rulemaking process on this issue) is not bound by the Commission’s decision here and its methodology serves a different purpose.

⁷ PD at p. 97-98.

⁸ PG&E at p. 6; SCE at p. 12. CalWEA supports future consideration of the fine-tuning proposed by SCE, at p. 13.

⁹ TURN at p. 9.

¹⁰ CEC Docket 16-OIR-05, Pacific Gas and Electric Company’s Comments on the July 14, 2017 Staff Pre-Rulemaking Workshop on Updates to the Power Source Disclosure Regulations (July 28, 2017).

¹¹ CalCCA at p. 11-12.

¹² PCE at p. 10.

C. The Use of Two Different GHG Price Forecasts and GHG Adders Is Contrary to the Purpose of Integrated Resource Planning

CalWEA concurs with SCE, TURN and other parties¹³ that the PD’s proposed adoption of two GHG planning prices – one for the development of LSEs’ resource plans and another to evaluate the cost-effectiveness of distributed energy resources (“DERs”) – is antithetical to the fundamental purpose of IRP, which is to compare all resources on the same basis so as to achieve the state’s various goals at least cost. Likewise, it would be inappropriate to adopt a higher “GHG Adder” for use in the Integrated Distributed Energy Resources (“IDER”) proceeding, and other proceedings, to evaluate the cost-effectiveness of DERs.¹⁴ Setting divergent prices and incentives for different resources that produce the same GHG benefits would be contrary to the statutory IRP goal of “minimiz[ing] impacts on ratepayers’ bills.”¹⁵ Moreover, the record in this proceeding does not begin to demonstrate that a higher GHG planning price for DERs is necessary or desirable for the purposes of achieving any other statutory IRP goal.

In addition, as PG&E and SCE state, setting a higher planning price for DERs will undermine staff’s effort to create a Common Resource Valuation Methodology.¹⁶ Finally, we underscore TURN’s point that the PD’s rationale for a higher planning price for DERs – that the development of DERs requires “longer planning horizons” and “is inherently more difficult ... than conducting supply solicitations” – is unpersuasive.¹⁷ Utility-scale renewables – particularly wind energy facilities in California, as well as transmission lines necessary to connect out-of-state wind resources to California – can take up to a decade or more to develop and construct.

For these reasons, the PD should be modified to establish a single GHG planning price for all resources.

¹³ SCE at p. 4; TURN at p. 6; SDG&E at p. 2; PG&E at p. 8; Calpine at p.6; ACC at p. 13.

¹⁴ SCE at p. 5; PG&E at p. 10; IEP at p. 10.

¹⁵ Pub. Util. Code Section 454.52(a)(1)(D).

¹⁶ SCE at p. 4; PG&E at p. 9.

¹⁷ TURN at p. 7.

Respectfully submitted,

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***On behalf of the California Wind Energy
Association***

January 22, 2018

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Reply Comments of the California Wind Energy Association on Proposed Decision Setting Requirements For Load Serving Entities Filing Integrated Resource Plans” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 22, 2018, at Berkeley, California.

/s/ Nancy Rader
Nancy Rader
Executive Director
California Wind Energy Association