

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

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

Rulemaking 20-05-003

**CALIFORNIA WIND ENERGY ASSOCIATION
REPLY COMMENTS ON PROPOSED DECISION AND
ALTERNATE PROPOSED DECISION REQUIRING PROCUREMENT TO ADDRESS
MID-TERM RELIABILITY (2023-2026)**

Nancy Rader
Executive Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley, CA 94709
Telephone: 510-845-5077 x1
E-mail: nrader@calwea.org

Dariush Shirmohammadi
Technical Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley, CA 94709
Telephone: (310) 858-1174
E-mail: dariush@gridbright.com

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

June 15, 2021

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

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

Rulemaking 20-05-003

**CALIFORNIA WIND ENERGY ASSOCIATION
REPLY COMMENTS ON PROPOSED DECISION AND
ALTERNATE PROPOSED DECISION REQUIRING PROCUREMENT TO ADDRESS
MID-TERM RELIABILITY (2023-2026)**

I. INTRODUCTION AND SUMMARY

Pursuant to the instructions of Chief Administrative Law Judge (“ALJ”) Anne E. Simon in the letter accompanying the Proposed Decision (“PD”) of ALJ Julie Fitch and the Alternate Proposed Decision (“APD”) of Assigned Commissioner Clifford Rechtschaffen Requiring Procurement to Address Mid-Term Reliability (2023-2026) issued on May 21, 2021, the California Wind Energy Association (“CalWEA”) submits these comments in reply to parties’ June 10, 2021, opening comments on the PD and APD.¹ We reference the comments of American Clean Power – California; the California Community Choice Association (“CalCCA”), the Commission’s Public Advocates Office (“Cal Advocates”), Green Power Institute (“GPI”), Natural Resources Defense Council (“NRDC”), Pacific Gas & Electric Company (“PG&E”), Southern California Edison Company (“SCE”), and The Utility Reform Network (“TURN”).

In summary, CalWEA urges the Commission to:

- consider Southern California Edison Company’s proposed two-phased procurement approach which would bring numerous benefits, including the ability to properly consider diverse, long-lead-time resource options and to harmonize the second-phase requirement with structural resource adequacy reforms;
- implement a contract-based, rather than load-share-based, allocation of resource requirements for the first procurement phase;

¹ All references to party comments are to their June 10, 2021, opening comments unless otherwise specified.

- apply any fossil fuel resource adequacy requirements to all LSEs, not just the IOUs, or, at a minimum, allocate the associated greenhouse gas emissions among all benefitting LSEs; and
- take steps to guard against resource shuffling.

II. SCE’S PROPOSED TWO-PHASED APPROACH TO THE PROCUREMENT REQUIREMENT HAS CONSIDERABLE MERIT

In opening comments, CalWEA explained why the proposed 1-gigawatt (“GW”) “firm-and/or-dispatchable zero-emitting resource” category should be expanded to include wind energy as an eligible resource and that failing to do so could doom any chance of realizing the wind energy capacity reflected in the Commission’s adopted optimal portfolio.² Other parties were similarly critical of the proposed carve-out. PG&E, for example, points out (at p. 14) that high capacity-factor resources do not make sense given sustained solar generation throughout the day, which would lead to mid-day negative prices and renewable curtailment. Wind energy’s production profile is complementary to solar generation.

CalWEA endorses SCE’s proposed solution to the issue, which would bring a variety of benefits, as an alternative to CalWEA’s proposed solution. SCE proposes that the Commission direct load-serving entities (“LSEs”) to procure under a two-phased approach, with the first phase focused on procuring 7,500 MW of system reliability resources by 2026 and the second phase focused on procuring 4,000 MW of clean, diverse energy procurements needed to meet a 38 MMT greenhouse gas (“GHG”) target between 2026 and 2030.³ As SCE explains, this approach would: (a) allow the Commission to verify the operability of the portfolio; (b) address the Commission’s concerns over electricity affordability by considerably reducing the additional cost of requiring 4,000 MW in 2026 (which SCE estimates at \$2 billion system-wide by 2030); (c) conduct necessary analysis on the needed attributes and timing of clean energy resources⁴; (d)

² CalWEA comments at section II.A.

³ At a minimum, the second phase should address the two categories other than long-duration storage (“LDS”) (“firm and/or dispatchable zero-emission” and “dispatchable zero-emission”), given that the LDS requirement was included in the Reference System Plan. However, SCE argues, at p. 11, that the Commission has not explained why LDS was selected in the RSP.

⁴ Other parties echo the need for further analysis. Cal Advocates, at pp. 3-4, state that the PD and APD err because “the requirement that zero-emissions firm resources provide 5-hour sustained energy output during hours 17-22 is not supported by substantial evidence in light of the whole record and parties were denied the right to be heard on this issue.” (Footnote omitted.) CalCCA argues, at p. 5, that the overall IRP requirement of 11,500 MW by 2026 has not been properly

equitably and fairly allocate the requirement among LSEs to avoid cost-shifting as required by law; and (e) reduce associated interconnection challenges.⁵ As SCE proposes, the Commission can issue a subsequent procurement order setting forth the specific requirements for the 4,000 MW of reliability and/or clean energy resources by Q1 2022 (or somewhat later, if necessary, to harmonize the requirement with the structural reforms that are anticipated in the Commission’s Resource Adequacy Program, as discussed below).

There are several important additional benefits to SCE’s suggested approach. First, at least for the second phase of the reliability resource requirement, it would allow the Commission to implement AB 1584 (P.U. Code § 397), which, as CalWEA and PG&E have explained,⁶ obliges the Commission to allocate integration resources based on causation, which, in turn, will provide an incentive to each LSE to procure a more diverse resource portfolio that matches its load profile. For the first phase of the requirement, the Commission should implement contract-based rather than load-share-based allocation of the resource requirements, which would partially address the requirements of AB 1584 while addressing other sections of the law that prohibit cost-shifting among LSEs.⁷ As TURN stated, a load-share-based approach will continue to “punish the good actors and reward poor performers.”⁸

Second, SCE’s proposed two-phased approach would allow the Commission to harmonize the second-phase requirement with the anticipated adoption of structural reforms to the Commission’s Resource Adequacy (“RA”) Program. A proposed decision recently issued in the RA proceeding anticipates a workshop report detailing a final proposed framework in Q1 2022 and the issuance of a final decision on implementation details in the third quarter of 2022, with the reforms taking effect in the 2024 RA compliance year.⁹ Given the importance of the RA structural reforms to ensuring system reliability, as discussed in the RA PD,¹⁰ it makes sense

supported but rather is “based on ... broad-brushed, high level conclusions, without the rigorous analysis and reliable modeling necessary to pinpoint the requisite procurement amount, run[ning] the risk of significant over-procurement at customers’ expense.”

⁵ SCE comments at section II.A.

⁶ See PG&E’s comments at pp. 7-8, CalWEA’s comments at p. 6, and CalWEA’s March 26, 2021, comments at pp. 9-10.

⁷ See PG&E’s comments at p. 8 and SCE’s opening comments at p. 7.

⁸ TURN at section V.

⁹ R.19-11-009, Proposed Decision on Track 3B.2 Issues: Restructure of the Resource Adequacy Program (June 10, 2021) at pp. 45-46.

¹⁰ *Id.* at pp. 5-7.

to dovetail and align the decision on the second-phase IRP requirement with structural RA reforms, given the proximity of the two timelines.

Third, Cal Advocates and TURN highlight important ambiguities in the proposed “zero-emission” requirements and the counting rules that will be applied to meet the 5-hour duration requirement for the 2,500-MW firm zero-emissions resource requirement.¹¹ These ambiguities could be carefully resolved in a separate decision governing these procurement requirements. As Cal Advocates points out, the 2,500 MW net qualifying capacity (“NQC”) requirement with five hours of firm energy “is not supported by substantial evidence in light of the whole record and parties were denied the right to be heard on this issue.”¹²

Fourth, focusing on portfolio diversity needs in the 2026-2030 timeframe would enable the Commission to fully consider the need for diverse resources that can deliver in the critical evening net-peak period.¹³ As NRDC advocates, the Commission should align the resource mix in its upcoming 38 MMT preferred system plan with its IRP procurement requirements “so that LSEs procure the right amount and right type of diverse resources (such as on-shore and off-shore wind to the extent included in the [Preferred System Plan]) to achieve both carbon reductions and reliability at least cost.”¹⁴ ACP-California similarly notes that offshore wind was shown to have significant system and ratepayer value in the SB 100 Joint Agency Report and should be included among the mandated long-lead-time resources, potentially in a larger overall requirement.¹⁵ Indeed, given the substantial infrastructure investments that will be needed to support offshore wind development, it is essential for the Commission to send clear signals as soon as possible that California is committed to the development of these resources.

Finally, as the PD and APD anticipate, the proposed requirement that is essentially limited to geothermal and long-duration storage resources may not be able to be fulfilled until 2028.¹⁶ Allowing more time may therefore be necessary in any case.

¹¹ Cal Advocates at section II.A; TURN at IV.

¹² *Id.* at p. 3 (footnote omitted).

¹³ We note that even GPI, which supports a baseload requirement, admits (at p. 8) that “IRP modeling has repeatedly failed to undertake adequate baseload renewable modeling...”

¹⁴ NRDC at p. 4.

¹⁵ ACP-California at pp. 4-5.

¹⁶ PD/APD at Ordering paragraph 4.

III. ANY FOSSIL FUEL REQUIREMENTS SHOULD BE APPLIED TO ALL LSES

CalWEA agrees with SCE and SDG&E that any fossil fuel RA requirements should be applied to all LSEs, not just the IOUs.¹⁷ The PD requires the IOUs to procure fossil-fueled resources on behalf of the system because the “CCA community has made it clear that they are focused on non-fossil-fueled resources.” If the Commission believes that fossil fuel resources are necessary to ensure system reliability, then that core need is one that all LSEs should share in providing. At a minimum, as PG&E suggests, the greenhouse gas emissions associated with any required IOU fossil fuel procurements should be allocated to all LSEs.¹⁸

IV. THE COMMISSION SHOULD GUARD AGAINST RESOURCE SHUFFLING

CalWEA agrees with Cal Advocates that SB 100 requires the Commission to address the problem of resource shuffling across the western grid and must take some precautions to guard against it in its mid-term procurement order to ensure that GHG emissions are reduced on the grid overall. While a more comprehensive and verifiable solution is needed, taking the interim step recommended by Cal Advocates makes sense: require that any LSE that seeks to use out-of-state resources to comply with the final procurement order include a showing that the proposed procurement will not result in resource shuffling or increase carbon emissions elsewhere in the western grid.¹⁹

Respectfully submitted,

/s/ Nancy Rader

Nancy Rader
Executive Director
California Wind Energy Association
1700 Shattuck Ave., #17
Berkeley CA 94709
Telephone: (510) 845-5077 x1
Email: nrader@calwea.org

On behalf of the California Wind Energy Association

June 15, 2021

¹⁷ SCE comments at p. 10; SDG&E at p. 4.

¹⁸ PG&E comments at p. 11.

¹⁹ Cal Advocates at pp. 9-10.

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 “California Wind Energy Association Reply Comments on Proposed Decision and Alternate Proposed Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)” 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 June 15, 2021, at Berkeley, California.

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