

**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 ENERGY STORAGE ALLIANCE
ON THE PROPOSED DECISION ON THE 2019-2020 ELECTRIC RESOURCE
PORTFOLIOS TO INFORM INTEGRATED RESOURCE PLANS AND
TRANSMISSION PLANNING**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits these reply comments on the *Proposed Decision on the 2019-2020 Electric Resource Portfolios to Inform Integrated Resource Plans and Transmission Planning* (“PD”), issued by Administrative Law Judge (“ALJ”) Julie A. Fitch on February 21, 2020.

I. INTRODUCTION.

The comments submitted in response to the PD proposing to adopt the 2019-2020 Reference System Portfolio (“RSP”) were wide ranging in terms of general, limited, and/or interim support on one end and opposition or concern on the other end due to the modeling requiring more extensive vetting and due to the lack of opportunity to provide comment and feedback on revised inputs and assumptions that were not broadly socialized, such that the Integrated Resource Planning (“IRP”) results should not be binding or direct any procurement or strategy in any way. CESA sympathizes with the lack of opportunity to provide input and feedback to the modeling inputs and assumptions and agrees that the IRP process must be improved to allow for greater

transparency and engagement from the diverse expertise represented among the stakeholders in this proceeding. At the same time, CESA would be concerned if the Commission took minimal or no action to address some discernable insights and trends as well as medium-term procurement needs that can be estimated with some level of confidence. California faces ambitious 2030 and 2045 energy and environmental goals that require some action today to help pay down the state’s carbon debt. Considering this, CESA offers our reply comments below.

II. THERE IS BROAD SUPPORT AND AGREEMENT ON THE NEED TO ESTABLISH A 30 MMT TARGET BY 2030.

CESA is supportive of the establishment of a more stringent greenhouse gas (“GHG”) constraint for 2030, which was widely supported by a number of parties,¹ such that the Commission would be amiss if it decides to maintain the 46 million metric ton (“MMT”) target for 2030. UCS best summarizes the compelling justification for adopting a 30 MMT target given the number of studies reporting that the state is not on a trajectory to hit its targets, the discrepancies in real-world and modelled emissions, the SERVVM results showing higher-than-expected GHG emissions, and the concerning increase in criteria pollutants.² Considering community choice aggregators (“CCAs”) are likely to bear the burden of decarbonizing the state’s electricity grid going forward, CESA finds it compelling that MCE, PCE, and SJCE in their joint comments expressed an appetite for more aggressive renewable targets – a signal that they wanted the Commission to provide to them and all other load-serving entities (“LSEs”). CESA thus urges the Commission to select a

¹ The supporting parties include: American Wind Energy Association, California (“AWEA CA”); Sierra Club and the California Environmental Justice Alliance (“CEJA”); the Environmental Defense Fund (“EDF”); the Natural Resources Defense Council (“NRDC”); Peninsula Clean Energy (“PCE”), Marin Clean Energy (“MCE”), and San Jose Clean Energy (“SJCE”); Protect Our Communities (“POC”); Southern California Edison (“SCE”); and the Union of Concerned Scientists (“UCS”), among others.

² UCS comments at 3-4.

target that will ensure with the state’s policy objectives and inform resource procurement that would constitute no-regrets opportunities to these goals in a cost-effective and timely manner.

III. THE COMMISSION SHOULD IMMEDIATELY START A PROCUREMENT TRACK TO ENSURE TIMELY LAUNCH OF LEAST-REGRETS PROCUREMENT ACTIVITIES FOR STORAGE AND OTHER NEEDED RESOURCES TO ADDRESS MEDIUM-TERM NEEDS.

A number of parties see the value in initiating a procurement activity to refine the procurement need and recognize the time it takes for various resources and investments to come online. The California Independent System Operator (“CAISO” argued for the Commission to a decision on medium-term reliability, renewable procurement, and other related actions by summer 2020, recognizing that procurement track must begin now for 2023-2026 needs and given that once-through-cooling (“OTC”) facilities will no longer be available as a reliability backstop solution.³ Similarly, the Large-scale Solar Association (“LSA”), Vote Solar, and the Solar Energy Industries Association (“SEIA”) made a similar recommendation but noted how the misalignment of solar and storage buildouts do not reflect the project development realities.⁴ CESA agrees and believes a timely launch of the procurement track upon issuance of this decision will help refine the procurement need, parameters, and processes. As a starting point, the Commission should consider the procurement framework for at least 3,000 MW of energy storage for deliveries in 2024-2026, in addition to 1,000 MW of long-duration storage (*i.e.*, greater than eight hours) and some portion of the utility-scale wind and solar identified in the RSP. The exact procurement amount could be determined within this track. This framework would also need to define LSE responsibilities, defining principles (*e.g.*, technology neutrality for long-duration storage),

³ CAISO comments at 2-3.

⁴ LSA, Vote Solar, and SEIA comments at 6.

potential cost allocation mechanisms, resource attributes, and reporting/compliance requirements. Additionally, as The Utility Reform Network (“TURN”) mentioned in comments, Commission should assess how a large number of disparate LSEs will be able to act collectively in a timely fashion to drive new investment in such large, capital-intensive resources.⁵ The CAISO’s proposed “policy directions”⁶ around fleet diversification, “new” resource procurement, and linkages to local capacity needs should also be considered since they factor into positioning resource procurement to address long-term needs and avoid over-procurement where possible.

However, several parties do not support a procurement directive or strategy based on the RSP results at this time. The Alliance for Retail Energy Markets (“AReM”), for example, recommended that the Commission refrain from issuing procurement directives for resources such as pumped hydro storage and out-of-state wind until the modeling results are “robust and unambiguous,”⁷ while others argued for more vetting and analysis of the modeling inputs and assumptions prior to setting a procurement strategy. On the one hand, CESA understands the need to better understand and vet the modeling results, but on the other hand, we fear the risk of “analysis paralysis” preventing the state from making the investments with the lead time required for the deployment of such resources, despite these modeling results showing some value in procuring solar, storage, and wind resources, along with any transmission build as needed, to meet the state’s environmental goals and reliability needs. The retirement of Diablo Canyon is only four years away. Several parties, such as the California Wind Energy Association (“CalWEA”) and EDF, share this concern.⁸

⁵ TURN comments at 4.

⁶ CAISO comments at 5-6.

⁷ AReM comments at 5.

⁸ CalWEA comments at 7-8 and EDF comments at 6-7.

IV. CONCLUSION.

CESA appreciates the opportunity to submit these reply comments to the PD and looks forward to working with the Commission and stakeholders in this proceeding.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Alex J. Morris".

Alex J. Morris
Executive Director
CALIFORNIA ENERGY STORAGE ALLIANCE

Date: March 17, 2020