

November 1, 2019

President Marybel Batjer
Commissioner Liane Randolph
Commissioner Martha Guzman Aceves
Commissioner Clifford Rechtschaffen
Commissioner Genevieve Shiroma

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Revised Proposed Decision of the Electricity Integrated Resource Planning Framework [R.16-02-007]

Dear President Batjer and Commissioners Randolph, Guzman Aceves, Rechtschaffen and Shiroma:

The Joint Parties¹ respectfully request that the Commission refrain from acting on the Revised Proposed Decision (RPD) in R.16-02-007,² which urgently mandates 4,000 MW of incremental system resource adequacy capacity procurement, until a detailed assessment of actual need for capacity and the associated timing has been completed.³ The Commission completed the first Integrated Resource Planning (IRP) process and has put forth a proposed decision addressing the tightening resource adequacy supply in California's energy markets. This has been a complex and rapidly changing proceeding with significant implications for all involved parties and California as a whole. The issues deserve more detailed analysis, however, before setting in motion significant rate increases to pay for the billions of dollars of new resource investment that will be required to meet the RPD's mandate.

We are appreciative of the action the Commission is taking to ameliorate the reliability issues California has been tackling in the recent past while working for a cleaner and greener California. However, we are anxious over the breakneck speed at which the RPD is moving, without providing a sound analytical basis for the largest procurement authorization the Commission has recently mandated. Therefore, the joint parties humbly request that the Commission reconsider such an expansive procurement authorization until further analysis is conducted to better understand the scope of the need for reliability resources. At a minimum, the Commission should scale down the size of the mandated procurement until further analysis is conducted.

The level of procurement proposed in the RPD is unprecedented as compared to the previous long-term procurement plan mandates, especially, when considering that no near-term reliability need was identified in the 2018 IRP process. The previous long-term procurement plan decisions approved by the Commission were for much smaller amounts and involved a much more extensive development of the official record. All previous decisions followed a process that included evidentiary hearings, testimonies, rebuttal testimonies, briefs, and reply briefs. This proceeding included none of these steps.

¹ The Joint Parties include: Alliance for Retail Energy Markets, California Wind Energy Association, California Community Choice Association, Environmental Defense Fund and Pacific Gas & Electric Co.

² November 7, 2019, Regular Agenda Item #28.

³ The Joint Parties have authorized CalWEA to submit this letter on their behalf.

Further, historically going back to 2004, the authorized procurement has never exceeded 3,500 MW and included more rigorous analysis, either in the form of a need determination based on IOU resource plans supported by scenario and risk analyses or CAISO power flow studies for LCR areas. The current level being considered is higher, has additional OTC extensions to ensure further capacity, and has only undergone a high-level analysis with little stakeholder review.

The analysis being relied upon to support the RPD is limited to a simple load and resource balance calculation under a single IEPR forecast scenario, which amounts to a directional and general analysis that is insufficient to support billions of dollars of ratepayer investment. Further, we are concerned that these investments may be misdirected to the degree that the analysis to date has inaccurately or insufficiently determined the nature and magnitude of the reliability need and the resources that should be eligible to meet this need. Therefore, prior to making a final decision on such an expansive procurement order, we urge the Commission to conduct production simulation modeling to more fully characterize the potential loss of load in the near-term.

While we recognize the inherent tradeoff between urgency and accuracy, the signatories must voice our serious concerns with the RPD's emphasis on the former at the expense of the latter, and the consequent risks to the affordability and reliability of the system. To the extent the Commission feels compelled to order immediate procurement, it should be limited in scope to address urgent, clearly identified needs and should be subject to revision following further analysis. The Commission should refrain from any expansive procurement orders, such as that proposed in the RPD, until a robust, publicly-reviewed analysis is completed and deliberated amongst parties. The signatories support an expedited process to develop and review an analysis in the coming months and to consider ordered procurement and any necessary decisions in early Q1 2020.

The Joint Parties share the Commission's vision to meet California's ambitious clean energy goals while ensuring a reliable electricity system. It is our view that the breadth of reliability concerns is not so urgent that immediate procurement should take precedence over the need to conduct sound analysis to properly define and characterize the need for procurement.

Sincerely,



Nancy Rader
Executive Director
California Wind Energy Association

On behalf of the Joint Parties:

Alliance for Retail Energy Markets
California Community Choice Association
California Wind Energy Association
Environmental Defense Fund
Pacific Gas & Electric Co.