

**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)

**CLEAN COALITION INFORMAL COMMENTS ON CPUC STAFF CONCEPT PAPER  
ON INTEGRATED RESOURCE PLANNING**

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PAPER ON INTEGRATED RESOURCE PLANNING**

**I. INTRODUCTION**

The Clean Coalition appreciates the opportunity to comment on the *CPUC Staff Concept Paper on Integrated Resource Planning* (“Concept Paper”), released on August 11, 2016. The Clean Coalition is supportive of the proposal and process detailed in the Concept Paper and applauds the California Public Utilities Commission (“Commission”) for developing a framework for integrated resource planning (“IRP”). The Clean Coalition offers the following limited comments to further improve the process.

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”)—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

**II. RESPONSES TO CONCEPT PAPER QUESTIONS**

*Q5: Division of Labor Options*

The Clean Coalition supports Option C, which provides an appropriate level of leadership from the Commission in setting the preferred resource portfolio along with the

appropriate level of flexibility for the utilities to adjust their ideal portfolios to respond to unique system needs.

*Q 19: Proposed Phased Approach to Procurement Authorization*

The Clean Coalition agrees with the proposed phased approach to procurement authorization in the IRP process. The Concept Paper presents an essential question regarding how the Commission, the Load-Serving Entities (“LSE”), and the Community Choice Aggregators will conduct and approve procurement within the IRP framework. More specifically, the Commission will need to define the interaction between the IRP and specific procurement activities, such as all-source requests for offers (“RFOs”), individual proceedings targeting particular resources, and tariff changes. Multiple active proceedings before the Commission implement procurement mandates for particular energy resources that would eventually be incorporated into both the Commission’s multi-LSE optimal portfolio and the individual IRPs. Importantly, these resource-specific proceedings incorporate detailed market and technology information that is unique to the resource, and the broader IRP process cannot properly account for the highly detailed input from stakeholders and the Commission within those proceedings. Therefore, even when this consolidation does occur as part of Option 3, the IRP process should not completely subsume the work within these individual proceedings.

*Q 21: Pre-established Procurement Targets*

The IRP process should only have the authority to raise procurement targets. Individual procurement targets should act as a floor, and the IRP can then define the cost-effective ceiling for resources above the previously defined targets. Perhaps in the future, the Commission will be able to more adequately compare the cost-effectiveness of various resources—taking into account the full range of costs and benefits of individual resource types. However, resource targets are currently necessary in order to ensure that the market grows for individual resources. Within the IRP process, the Commission should give the utilities flexibility only to exceed individual targets when it would more optimally meet their unique needs.

*Q22: Internal and external process alignment activities*

A number of process alignment activities are necessary within the IRP process. First, any procurement-related work in this proceeding will need to take into account the least-cost best-fit (“LCBF”) methodology reforms currently underway in the Renewable Portfolio Standard proceeding (R.15-02-020). Second, Pacific Gas and Electric (“PG&E”) already envisions procuring resources through the IRP process as part of its plans to retire the Diablo Canyon Nuclear Power Plant. The joint proposal states “[a]dditional [greenhouse gas-free] procurement beyond that specified in the three tranches will be needed on a system wide basis to replace the output of Diablo Canyon and the Parties envision that this issue will primarily be addressed through the CPUC’s IRP process.”<sup>1</sup> The Commission must ensure that these activities are closely aligned with the IRP process.

Further, the IRP process will need to coordinate with the California Air Resources Board’s greenhouse gas (“GHG”) activities. This will be a difficult but essential effort in order to compare the most cost-effective GHG reductions in the energy sector. The coordination will require better accounting at the CPUC, as well as procurement decisions that factor in the GHG benefits of different resources. The Clean Coalition recommends having a CARB representative staff the IRP proceeding, in addition to requiring Energy Division staff to work closely alongside CARB’s GHG activities.

Finally, the Clean Coalition notes a particular opportunity for the IRP proceeding to coordinate with the Distribution Resources Plan (“DRP”) and Integrated Distributed Energy Resources (“IDER”) proceedings (R.14-08-013 and R.14-10-003). The utilities’ DRPs will identify optimal locations for the deployment of DER, which have significant potential to reduce greenhouse gasses, meet renewable portfolio standards, and address local and regional distribution and transmission needs. Further, the IDER proceeding will develop DER sourcing mechanisms, which will be open to portfolios of DER instead of single resources. Allowing aggregations of resources to function together unlocks

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<sup>1</sup> *Joint Proposal of Pacific Gas and Electric Company, Friends of the Earth, Natural Resources Defense Council, Environment California, International Brotherhood of Electrical Workers Local 1245, Coalition of California Utility Employees and Alliance for Nuclear Responsibility to Retire Diablo Canyon Nuclear Power Plant at Expiration of the Current Operating Licenses and Replace it with a Portfolio of GHG Free Resources* at 3 (June 20, 2016).

important value streams, such as coupling solar PV with energy storage to shift loads. The Commission’s actions to create a market for DER through these proceedings should play a vital role in the IRP proceeding—for planning and procurement purposes. As the Commission considers alternative utility business models, any pilot efforts should be coordinated with the IRP process.

Further, the relationship between these proceedings and the IRP process highlights the potential of the Distribution System Operator (“DSO”) model to meaningfully contribute to integrating varied resources and long-term procurement planning. This model would allocate responsibility for operating the distribution grid within designated reliability and resilience targets to a single entity. The DSO would manage operation of DER and reduce reliance on the transmission grid, resulting in greater value to customers with lower costs. There is potential for the DSO to manage all DER below the transmission-distribution interface so that there is a careful balance of distribution resources that incorporates the best attributes available to meet local needs. The DSO could optimize performance of a distribution network in real-time and ensure the best possible integration of a wide range of resources. Additionally, DSO operational control of DER could reduce the operational complexity of relying on DER to meet system needs by providing a manageable review and operation of local resources on a real-time basis. Formalizing the role of the DSO can provide utilities with sufficient financial motivation to plan for, procure, and operate integrated DER solutions to meet both local and system-wide operational needs. As the IRP proceeding develops, the Commission should further consider the DSO model.

*Q27: Modeling Types*

The overall assignment of modeling types is reasonable, but the Clean Coalition would also add transmission impacts to the list of considerations. As increased renewable generation resources come online, the California Independent System Operator (“CAISO”) is expecting to see steeper afternoon and evening ramps, which will require the utilization of comparatively expensive flexible resources. In order to account for these expected changes, the Commission should ensure that the IRP models are designed to illustrate the impacts of various resource portfolios on the transmission system. The

precise relationship of how various resources, particularly DER, impact the transmission system will be increasingly important to understand as utilities procure additional renewable resources.

Additional transmission investment is expected to follow renewable integration, but the market signals for comparing DER to traditional centralized generation are currently flawed. The existing transmission access charges (“TAC”) structure distorts the cost of distributed generation resources by assessing a fee for use of the transmission system on all energy, even the energy that originates and is used on the same section of the distribution grid. The Clean Coalition has been considering transmission system impacts of DER and is currently advocating for the CAISO to change its transmission access charges billing determinant in order to properly account for transmission system impacts of distributed generation resources. As the Commission moves forward in identifying the preferred resources portfolios, the market distortion of TAC on distributed generation will become more evident and increasingly urgent for consideration.

The Clean Coalition also emphasizes the importance of transparency in reviewing the modeling types. The precise balance of considerations is likely to be an important issue in this proceeding, and transparent understanding of the models would benefit all involved stakeholders. In order for all parties to understand and comment on the modeling types as they develop, we recommend that the Commission adopt a proceeding schedule that allows for review of the models.

### **III. CONCLUSION**

The Clean Coalition appreciates the opportunity to comment on the Concept Paper and looks forward to continued cooperation with the Commission to ensure a successful IRP process and implementation.

Respectfully submitted,

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