

**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

**CLEAN COALITION OPENING COMMENTS IN RESPONSE TO ADMINISTRATIVE
LAW JUDGE'S RULING SEEKING COMMENTS ON PROPOSED PREFERRED
SYSTEM PLAN**

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I. INTRODUCTION

Pursuant to Rule 6.2 of the CPUC Rules of Practice and Procedure, the Clean Coalition respectfully submits these opening comments in response to the Administrative Law Judge’s (“ALJ”) Ruling Seeking Comments on Proposed Preferred System Plan (“PSP”). The next nine years are key to setting California on the right path to decarbonization and achieving both transportation and building electrification. The current IRP is a foundational roadmap to help guide that process, which makes it essential that all policy considerations are balanced. Compared with 46 MMT, a stricter 38 MMT limit is preferred, assuming that the goal can be met in actuality. For that reason, it was shocking to learn that LSE plans did not meet the reliability goals for either situation and only the 46 MMT target actually met the GHG target. Therefore, the Clean Coalition supports the 38 MMT goal with a managed electric vehicle charging situation, contingent on the creation of a plan that would lead to both reliability and GHG reduction targets being met.

II. DESCRIPTION OF PARTY

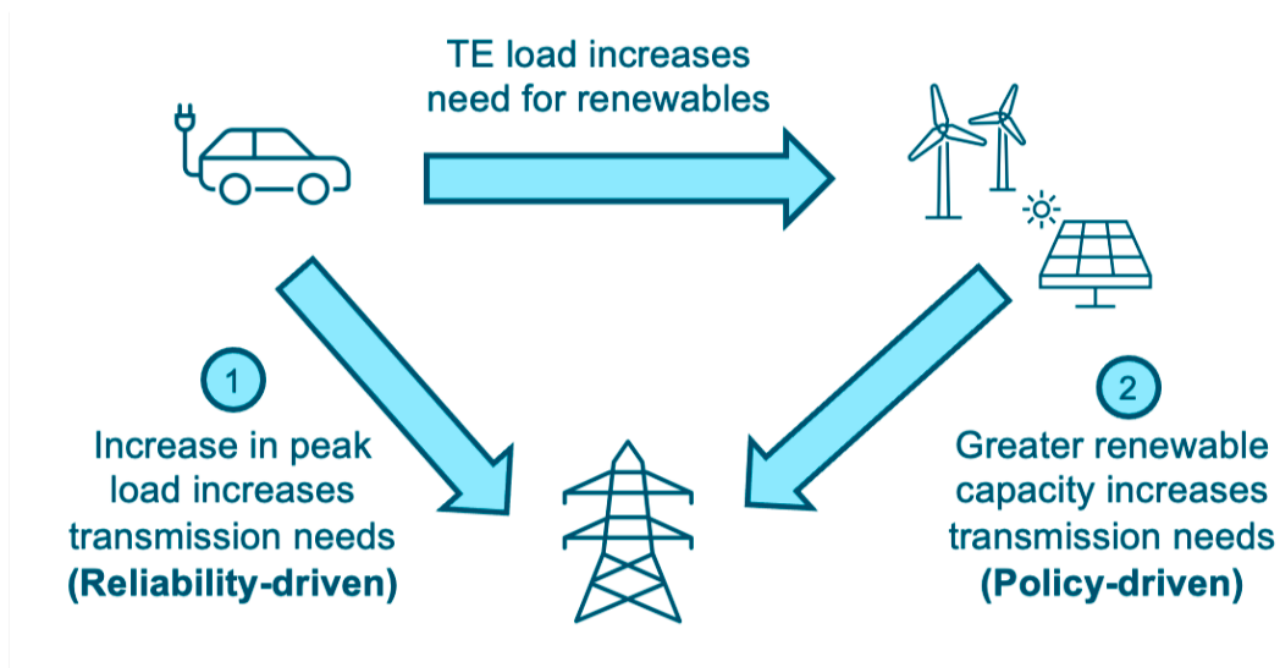
The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed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

III. COMMENTS

a. Electrification does not equal a need for a huge transmission buildout.

The PSP focuses heavily on the effect of electrification, particularly transportation electrification, as a major factor in both resource and transmission buildout. Figure 7, shown below gives the impression that any increase in load due to transportation electrification will have a direct correlation in increased transmission infrastructure.

Figure 7. Transportation Electrification Impacts on Transmission Needs



However, in reality, while electrification will lead to an increased total load, it does not necessarily mean an exorbitant amount of transmission. The planning process should consider four things:

1. Local renewables deployed closer to the load centers it serves will reduce the amount of transmission infrastructure needed.
2. The implications of V2G applications to reduce the daily peak have not yet been fully considered in PSP modeling.
3. Local renewables provide additional public benefits, making them increasingly cost-effective.
4. Marginal fossil fuel generation should be avoided.

b. Local renewables deployed closer to the load centers it serves will reduce the amount of transmission infrastructure needed.

Vibrant Clean Energy recently released a study, entitled, “Role of Distributed Generation in Decarbonizing California by 2045,” to model the ratepayer savings that can be realized through the

deployment of an increased percentage of distributed energy resources (“DER”) throughout the state. The results, which are analyzed in a Clean Coalition-sponsored webinar, explain that if deployed strategically, local solar+storage could lead to reduced electrical rates from the years 2020-2050.¹ Compared with a utility-only solution, adding local solar+storage would save ratepayers \$120 billion in cumulative savings from 2018-2050. Local resources decreased the reliance on the transmission system, increasing the efficiency of the grid by reducing line losses and the capital that otherwise might have been spent on new transmission investments and operations and maintenance costs. Such a strategy promotes the use of non-wires alternatives, offering more certainty than the current modeling results. The current RESOLVE model considers three upgrades in the 2032 timeline, all of which are partial upgrades rather than full upgrades. In addition, because of the high construction time associated with any upgrades made in the early and mid-2020s, it is clear that the transmission does not offer the flexibility that the state needs to achieve GHG reduction and reliability goals. On the other hand, modernizing the distribution grid is a more targeted approach can be done in a shorter timeframe with less added cost.

c. The implications of V2G applications to reduce the daily peak have not yet been fully considered in PSP modeling.

The PSP considers transportation electrification to be a liability that will increase the total state load and cause a greater strain on the transmission system. This view is oddly limited, especially because the value that a dynamic EV fleet offers to the grid. Although EVs will increase a load, they also provide a unique solution when aggregated or used as mobile energy storage systems to reduce the peak load. Any final PSP should consider a broad range of V2G applications; testing and pilots being carried out now will ensure that a range of uses will be fully viable by the mid-2020s.

d. Local renewables have additional benefits, such as resilience, that make them additionally valuable.

Any conversation about California energy policy must consider the added layers of natural disasters and resilience. Just two years ago the utilities announced that Public Safety Power Shutoffs (“PSPS”) will likely continue throughout the 2020s, especially as the wildfire season extends with each passing year. As a result, discussions of reliability and GHG reduction should also consider the local solutions that can be deployed to balance all three concerns. Therefore, the Clean Coalition offers our Resilient Energy Subscription (“RES”) proposal as a way to cost-effectively

¹ <https://clean-coalition.org/news/webinar-how-local-solar-and-storage-will-save-californians-billions-11-august-2021/>

deploy Community Microgrids.² The RES ensures a contracted level of resilience during grid outages of any duration. The cost of such indefinite renewables-driven backup power will generally be reserved for the most critical loads, but ultimately, each individual facility will decide which loads are critical and procure resilience for those loads via a transparent fee that covers the cost-of-service (COS) of provisioning such energy resilience from a Community Microgrid. Hence, there are only two fundamental features of the RES:

1. Facilities located within the footprint of a Community Microgrid have the opportunity to procure resilience, through a monthly \$/kWh RES fee that is separate from any existing rate tariffs. A facility will pay the RES fee to reserve a guaranteed allotment of daily delivered energy when the traditional transmission and distribution grids are unavailable for any reason, including natural disasters, terrorism, and repairs.
2. Through RES fees, the Community Microgrid owner-operators will recover the COS that is required to meet the contracted RES obligations. As is standard in the utility industry, COS is determined by the capital expenditures (capex) associated with Community Microgrid assets, operational expenditures (opex) associated with operations and maintenance (O&M), and an appropriate rate of return.

With the potential to deploy Community Microgrids capable of indefinite renewables-driven backup power, an area of the distribution grid can strategically island, greatly reducing congestion of the local transmission system. This is a cost-effective and valuable solution for communities in disaster-prone areas.

e. Marginal fossil fuel generation should be avoided.

The PSP includes language about replacing existing fossil fuel generation to increase the efficiency of the transmission system. The Clean Coalition firmly opposes the procurement of any new fossil fuel generation, particularly when there are cost-effective renewable solutions available. The sooner fossil fuel generation can be phased out, the faster California can achieve its decarbonization goals, rather than expending twice the amount of capital — for new fossil fuel generation and negative emissions technology.

IV. CONCLUSION

² <https://clean-coalition.org/news/resilient-energy-subscription-for-financing-community-microgrids/>

The Clean Coalition appreciates the opportunity to submit these opening comments on the proposed Preferred System Plan and urges the Commission to consider that additional value that strategically deployed DER offer when compared to large transmission-interconnected resources in the planning process going forward.

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