

**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)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO THE
APPLICATIONS FOR REHEARING OF DECISION 19-11-016**

Alex J. Morris
Executive Director

Jin Noh
Senior Policy Manager

CALIFORNIA ENERGY STORAGE ALLIANCE
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811
Email: cesa_regulatory@storagealliance.org

December 27, 2019

**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)

**RESPONSE OF THE CALIFORNIA ENERGY STORAGE ALLIANCE TO THE
APPLICATIONS FOR REHEARING OF DECISION 19-11-016**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits this response to Applications for Rehearing (“AFRs”) of Decision (“D.”) 19-11-016 submitted by: (1) California Environmental Justice Alliance (“CEJA”), Sierra Club, Defenders of Wildlife, and Public Advocates Office (“PAO”), collectively referred to herein as the Joint Parties, on December 5, 2019; (2) GenOn Holdings, Inc. (“GenOn”) on December 13, 2019; and (3) Protect Our Communities Foundation (“POC”) on December 13, 2019.

I. INTRODUCTION.

While the Integrated Resource Planning (“IRP”) process could be improved to better align modeling and planning with procurement processes, CESA continues to support the reliability procurement directive adopted in Decision (“D.”) 19-11-016. In addition to the Commission’s staff analysis, parties like the California Independent System Operator (“CAISO”) and Southern California Edison Company (“SCE”) conducted and provided additional analysis that supported the Commission’s determination that directed procurement is prudent at this time due to the significant possibility of a System Resource Adequacy (“RA”) shortfall by Summer 2021.

According to Rule 16.1 and 16.3, the purpose of an AFR is to alert the Commission to a legal error, so that the Commission may correct it expeditiously, which may include the potential

for the Commission’s adopted decision to set a new precedent or depart from existing Commission precedent without adequate explanation. However, CESA does not believe that the AFRs of POC and GenOn meet such a threshold and therefore recommends their rejection. The Joint Parties’ AFR, on the other hand, may require expeditious clarification of the Commission’s decision in D.19-11-016, which they note as creating potential loopholes to allow for new fossil-fueled generation procurement. While D.19-11-016 may not have intended to depart from Commission precedent, CESA agrees with the Joint Parties that a clarification to the decision may be important to ensure procurement outcomes are aligned with Commission intent, though CESA requests that these clarifications be provided expeditiously so as to not delay the orders of D.19-11-016 from taking effect.

II. CLARIFICATIONS PROPOSED BY THE JOINT PARTIES TO ENSURE NET GREENHOUSE GAS EMISSION REDUCTIONS SHOULD BE ADOPTED IN ADDITION TO PROVIDING CLARIFICATIONS ON THE RESILIENCY OBJECTIVES OF THE PROCUREMENT DIRECTIVE.

The Joint Parties points to certain ambiguities in D.19-11-016 that could lead to the potential procurement of new fossil-fueled generation given the allowance of the use of storage combined with gas to bypass Commission precedent, policies, and modeling results.¹ CESA agrees with the Joint Parties that the Commission must be consistent with the Loading Order and Section 380 guidance and supports their modifications to the Decision’s conclusions of law and ordering paragraphs to avoid repowering entire fossil-fueled facilities or procuring new fossil-fueled facilities that would lead to a net increase in greenhouse gas (“GHG”) emissions for California.

¹ Joint Parties’ AFR at 6, 9-10, and 12.

CESA's recommendations to consider gas-plus-storage hybrids were intended to encourage the Commission and the load-serving entities ("LSEs") to consider how hybridization of existing or new facilities with storage would lead to reduced net greenhouse gas ("GHG") emissions from minimized or more efficient operations of the existing facilities. Meanwhile, CESA advocated for some compressed air energy storage ("CAES") facilities, such as the Intermountain Power Project ("IPP"), that utilize some natural gas in combination with compressed air as part of the generation phase of the storage process because they would, in net, help LSEs minimize the inefficient dispatch of fossil-fueled facilities, thereby providing greater flexibility and lower emissions.² Going forward, such CAES facilities aim to develop options for utilizing renewable hydrogen as a substitute fuel source.

In sum, CESA supports the Joint Parties' revisions to the conclusions of law and ordering paragraphs and recommends expeditious adoption of these modifications in order to avoid delay to the procurement requirements and other orders of the decision. CESA believes the decision appeared to indicate its intent as such but also find that the decision includes some ambiguities that may be open to interpretation and thus create "loopholes" as suggested by the Joint Parties.

Moreover, CESA also recommends that the Commission add findings of fact and conclusions of law to D.19-11-016 that would clarify the Commission's intent to encourage LSEs to conduct procurement "with an eye toward resiliency" where the decision notes:³

"We also take this opportunity to encourage LSEs to make procurement choices for purposes of the requirements in this decision not only for their capacity benefits, but also for grid resiliency purposes, the importance of which has been emphasized during recent wildfire and power shutoff experiences. The Commission intends to further explore specific requirements related to grid resiliency in the rulemakings related to de-energization and

² CESA notes that not all CAES solutions utilize natural gas as part of the generation process.

³ D.19-11-016 at 3 and 64.

microgrids, at a minimum, but to the extent that LSEs can serve multiple purposes with capacity procurement required by this decision, that is highly encouraged.”

The decision can be clearer on the Commission’s intent regarding resiliency. Gas-plus-storage hybrid resources present a unique opportunity for energy storage to be deployed with any new gas resource to provide resiliency while also minimizing the amount of gas that needs to be burned through a hybridized configuration. So long as the new gas-plus-storage hybrid advances the state’s GHG emission goals and can also provide both RA capacity and grid resiliency, CESA believes that the Commission should not preclude the potential procurement of such innovative solutions. As such, CESA recommends the following conclusion of law to be added to D.19-11-016 to clarify the Commission’s intent:

Finding of Fact 31. The Commission encourages LSEs to procure resources that not only provide capacity benefits but also can be utilized to enhance grid resiliency.

Conclusion of Law 37. New gas-storage hybrids may be justified where public safety and resiliency needs overlap with capacity needs.

III. THE APPLICATIONS FOR REHEARING OF POC AND GENON SHOULD NOT BE GRANTED AS THE COMMISSION ACTED WITHIN ITS JURISDICTION AND MADE A DETERMINATION BASED ON SUFFICIENT EVIDENCE AVAILABLE AT THE TIME.

CESA respectfully recommends that the Commission not grant the AFRs of POC and GenOn as they do not raise any legal error or present new information not already considered by the Commission. While CESA supports POC’s views on the potential of solar-plus-storage resources in providing capacity, the Commission sufficiently assessed the import-related and operational assumptions at the time to take some least-regrets actions to initiate procurement, in addition to taking action in the Resource Adequacy (“RA”) proceeding on the motion to develop

an interim qualifying capacity (“QC”) value for hybrid resources.⁴ Further, by revising the procurement directive from 4,000 MW in the First Revised Proposed Decision (“PD”) to 3,300 MW in the Second Revised PD, the Commission recognizes that additional analysis is needed to refine the appropriate procurement amount but weighed the best-available evidence at the time to support least-regrets action through D.19-11-016. As such, a complete rehearing of D.19-11-016 as recommended by POC should not be granted.

Additionally, the Commission sufficiently weighed the evidence and acted within its jurisdiction in setting the parameters for procurement of once-through-cooling (“OTC”) facilities. Significant evidence was presented, for example, in comments to the PD by the California Environmental Justice Alliance (“CEJA”), Sierra Club, and Defenders of Wildlife.⁵ Finally, while both POC and GenOn contend that the Commission acted outside of its jurisdiction related to the extensions for once-through-cooling (“OTC”) facilities,⁶ the Commission maintains jurisdiction over the procurement of resources to address grid reliability needs and to support the state’s energy and environmental goals, regardless of whether the California State Water Resources Control Board grants the OTC extensions.

⁴ POC AFR at 2 and 9-10.

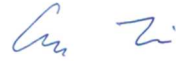
⁵ CEJA, Sierra Club, and Defenders of Wildlife on the PD on October 2, 2019 at 4.

⁶ POC AFR at 16 and GenOn AFR at 8.

IV. CONCLUSION.

CESA appreciates the opportunity to submit this response to the three AFRs 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: December 27, 2019