

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Consider Potential Extension of Diablo  
Canyon Power Plant Operations in  
Accordance with Senate Bill 846

Rulemaking 23-01-007  
(Filed January 12, 2023)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON ORDER  
INSTITUTING RULEMAKING TO CONSIDER POTENTIAL EXTENSION OF  
DIABLO CANYON POWER PLANT OPERATIONS IN ACCORDANCE WITH  
SENATE BILL 846**

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February 13, 2023

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to  
Advance Demand Flexibility  
Through Electric Rates.

Rulemaking 22-07-005  
(Filed July 14, 2022)

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON ORDER  
INSTITUTING RULEMAKING TO CONSIDER POTENTIAL EXTENSION OF  
DIABLO CANYON POWER PLANT OPERATIONS IN ACCORDANCE WITH  
SENATE BILL 846**

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 comments on the *Order Instituting Rulemaking to Consider Potential Extension of Diablo Canyon Power Plant Operations in Accordance with Senate Bill 846* (“OIR”), adopted by the Joint Commissioners on January 12, 2023.

**I. INTRODUCTION.**

CESA is supportive of the Commission developing an implementation framework to pursue the requirements of Senate Bill (“SB”) 846, laying the groundwork necessary to thoroughly consider the potential extension of the Diablo Canyon Power Plant (“DCPP”) operations. Planning to serve load has become increasingly complex, given increased load due to building and transportation electrification and climate change induced extreme weather events. The uncertainty over DCPP’s retirement adds another layer of complexity in a time where the Commission is ordering additional mid-term procurement to keep up with changing demand forecasts. CESA looks forward to being a part to this joint effort, requiring interagency support by the Commission, the California Independent System Operator (“CAISO”), the California Energy Commission

(“CEC”), the Diablo Canyon Independent Safety Committee (“DCISC”) and the Respondent, Pacific Gas and Electric Company (“PG&E”).

## **II. BACKGROUND & INTEREST IN PROCEEDING.**

CESA is a 501c(6) membership-based advocacy group committed to advancing the role of energy storage in the electric power sector through policy development, education, outreach, and research. With over 105 companies represented in the energy storage ecosystem, CESA has a direct and deep interest proceedings shaping the policies, procedures, and rules that impact long-term resource planning, especially as energy storage resources play a critical role in advancing the state’s decarbonization goals and in providing incremental capacity needed to maintain reliability of the electric grid. CESA also has been an active participant in predecessor and related rulemakings, such as the proceedings for the Diablo Canyon Retirement Application (A.16-08-006), Resource Adequacy (R.17-09-020, R.19-11-009, R.21-10-002), and Integrated Resource Planning (R.16-02-007, R.20-05-003), among others.

## **III. PRELIMINARY SCOPING MEMO.**

CESA is supportive of the OIR and the Preliminary Scoping Memo, particularly the broader focus of this OIR to enable party input on the tasks and criteria necessary to render a decision by the end of 2023 to retire DCPD Plants Unit 1 and 2. CESA agrees with the Commission delegating issues between Phase 1: *Establishing Retirement Dates for Diablo Canyon Units 1 and 2*, and Phase 2: *Process for Diablo Canyon Extended Operation Cost Review, Recovery, and Approval*. CESA offers the following comments on the issues outlined within the OIR:

- 1) Whether operations at Diablo Canyon should be extended until October 31, 2029 (Unit 1) and October 31, 2030 (Unit 2), or whether earlier retirement dates should be established. In making this determination the Commission will consider:**

- a) Whether the \$1.4 billion loan provided for by Chapter 6.3 of Division 15 of the Pub. Res. Code is terminated, or whether an extension of operations at Diablo Canyon is found to be not cost-effective, imprudent, or both;**

CESA agrees that Commission should consider whether the extension of the DCPD is prudent. It is the responsibility of the Commission to only approve an extension of DCPD if it is cost-effective and rational, and all the agencies involved in the review of the DCPD extension should evaluate whether alternative resource portfolios can provide more cost-effective capacity in the necessary timeframes.

- b) Whether NRC extends the operation dates for Diablo Canyon, or whether NRC renews operations for a shorter period;**

CESA agrees that the goal for this Rulemaking should be for the Commission to contemplate directing and authorizing the extended operations of Diablo Canyon up until October 31, 2029 for Unit 1 and October 31, 2030 for Unit 2. If an extension of DCPD is needed because the probability and magnitude of shortfalls prove to be material and other solutions have been exhausted, the extension should have an end-date no later than October 31, 2029 for Unit 1 and October 31, 2030 for Unit 2. If the Commission finds that other resources can provide more cost-effective capacity before 2029-2030, then earlier retirement dates should be set accordingly.

- c) Whether the costs associated with NRC's license renewal, or any seismic safety or other safety upgrade costs recommended by the DCISC, are too high to justify; and**

CESA agrees that costs associated with the safe extension of the DCPD should be justifiable and within the budget set by the Diablo Canyon Extension Fund. This proceeding is the appropriate venue to make this determination.

**d) Whether newly constructed and interconnected renewable energy and zero-carbon resources are an adequate substitute for Diablo Canyon and will meet the state’s planning standards for energy reliability.**

CESA supports the agencies engaging in proactive measures to understand the probability of a resource shortfall in the 2024-2030 period, the potential magnitude of these shortfalls, and the key drivers behind the shortfalls. Understanding future needs will allow the agencies to determine whether newly constructed and interconnected zero-carbon resources are enough to replace DCPD’s capacity. If such projects are insufficient, the agencies should explore alternative means to mitigate reliability risks in a manner aligned with California’s overarching climate and long-term planning goals, rather than solely defaulting to and falling back on an extension of DCPD.

**2) If operations at Diablo Canyon are extended, whether one or more processes should be established to continue to monitor the associated utility ratepayer cost from, and reliability need for, continued operations at Diablo Canyon.**

CESA agrees that there should be a process established to continue to monitor the ratepayer costs and reliability need for an extension. The extended operations of the DCPD should only be justified if there is both a high potential for resource shortfall in the 2024-2030 period and DCPD is found to be the only viable solution to maintaining reliability.

**3) Whether any additional cost recovery mechanisms, agreements, and/or orders are needed prior to the establishment of retirement dates for Diablo Canyon Units 1 and 2.**

CESA has no comment at this time.

**IV. CATEGORIZATION, HEARINGS, AND SCHEDULE.**

CESA supports the categorization of this proceeding and agrees with the preliminary determination that evidentiary hearings are not necessary.

**V. NOTICES.**

Services of all notices and communications in this proceeding should be directed to the following CESA representative:

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**VI. CONCLUSION.**

CESA appreciates the opportunity to submit these comments on the OIR and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,



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Policy Director  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

Date: February 13, 2023