

DOCKETED

Docket Number:	17-IEPR-07
Project Title:	Integrated Resource Planning
TN #:	216698
Document Title:	Sierra Club Comments on the Proposed Guideline Topics for POU IRPs
Description:	N/A
Filer:	System
Organization:	Sierra Club
Submitter Role:	Public
Submission Date:	3/23/2017 4:53:13 PM
Docketed Date:	3/23/2017

Comment Received From: Angela Johnson Meszaros

Submitted On: 3/23/2017

Docket Number: 17-IEPR-07

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Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of:

2017 Integrated Energy Policy Report
(2017 IEPR)

Docket No. 17-IEPR-07
Integrated Resource Planning

**SIERRA CLUB COMMENTS ON
THE PROPOSED GUIDELINE TOPICS FOR PUBLICLY OWNED UTILITIES'
INTEGRATED RESOURCE PLANS**

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INTRODUCTION

Sierra Club respectfully submits these comments in response to the request for post-workshop comments on the California Energy Commission's (CEC) Draft Staff Paper entitled *Proposed Guideline Topics for Publicly Owned Utilities' Integrated Resource Plans* (Draft Proposal).

DISCUSSION

In accordance with Senate Bill 350 (De León, Chapter 547, Statutes of 2015, SB 350) CEC staff is developing guidelines for specified publicly owned electric utilities' preparation, adoption, and submission of a required integrated resource plan. As a step in the development process, staff has encouraged interested parties to comment on its general proposal for what will be included in the guidelines as well as specific questions identified in the Draft Proposal.

Utilities' Calls for "Flexibility" Should Not Outweigh the Legislative Mandate for Robust Energy Planning and Meeting Required Targets

In general, an Integrated Resource Plan (IRP) is a planning mechanism utilities use to consider how to meet forecasted energy demand (along with an established reserved margin). Fundamentally, all utilities need to meet energy demand in a manner that is cost effective. IRPs also provide the mechanism for utilities to consider policy objectives established by management, board members, regulatory agencies, and the legislature. In this sense, IRPs are the practical road map for ensuring that relevant policy directives are met as the utility reliability delivers energy at the least cost.

While each Publically Owned Utility (POU) in the state is in some sense unique, they all still have one essential obligation: to provide energy to customers. How each meets that obligation is shaped by various influences, including legislative requirements. In adopting SB 350, the legislature established three requirements for POU: 1) utilities above a certain size threshold shall prepare an IRP on a regular basis; 2) these POU must meet a basic set of environmental policy objectives; and 3) the CEC will be responsible for overseeing POU progress on those objectives. In particular, the legislature mandated that the CEC track POU progress toward meeting the state's greenhouse gas emission reduction goals; its renewables goal; and develop enhanced distribution systems and demand-side management by collecting, reviewing, and commenting on an Integrated Resource Plan developed by each of the state's largest POU.

The POU's have argued that there should be "flexibility" in how individual POU's develop their IRPs. We are concerned that too much "flexibility" will make it impossible to accomplish the obligations established by SB 350: to ensure that POU's engage in meaningful planning that allows for consistent and reliable progress of each POU toward meeting the policy objectives established by the legislature.

Integrated Resource Plans have been used by utilities across the United States since the 1980s.¹ During the intervening years, norms and best practices have been established for how IRPs can best serve utilities, regulators, and the public. The Draft Proposal provides little direction to POU's on how to achieve maximum benefit from developing an IRP. Everyone participating in this process recognizes and acknowledges that the IRP process will require POU's to dedicate resources for planning. Many POU's have expressed concern that this process is burdensome. However, effective planning is always beneficial and the CEC can support POU's ability to engage in effective planning by providing guidelines that collect, distill, and suggest best practices in energy planning. Helping POU's to benefit from the best thinking for resource planning is the best way to support maximum "flexibility" in their planning processes.

The surest way for "flexibility" to derail legislatively mandated goals is by allowing individual utilities to report progress (or lack thereof) based upon forecasts, analytical methods, or assumptions that differ from those used by other utilities or other state agencies. Allowing such differences would make comparisons between utilities unnecessarily complex and would introduce uncertainty about progress toward the State's required objectives. It would also likely result in needless disputes about whether the choices each utility makes about alternative forecasts, methods, or assumptions are correct and whether they are equivalent to those used by the CEC or other utilities. This is not to say that utilities should be prohibited from developing and presenting data and information they find useful, but each utility should be required to report to the CEC using a standardized suite of forecasts, analytical methods, and assumptions that are the same across utilities—whether they are POU's or Investor Owned Utilities—and across agencies—whether the California Air Resources Board, the Public Utilities Commission, or any other oversight agency.

Further, we urge staff not to establish guidelines that make the process so "flexible" that it loses value as a forward-looking planning exercise. For example, staff

¹ Synapse Energy Economics, Best Practices in Electric Utility Integrated Resource Planning 3 (2013) http://www.raponline.org/knowledge-center/best-practices-in-electric-utility-integrated-resource-planning/?sf_action=get_results&sf_s=intergrated+resource+planning

has indicated that because “resource planning is a time- and staff-intensive process” it is “reticent” to ask for various different scenarios “beyond those that would show how the POU would meet the 2030 GHG targets set forth by SB 350.” As result, staff is proposing to require that IRPs include only a case that meets existing legal and regulatory requirements. Staff should encourage utilities to look to what’s next on the horizon for policy in the state. For example, Governor Brown has issued an Executive Order establishing the next steps for GHG targets for the State is 80% below 1990 levels by 2050. Utilities most certainly will play a role in meeting that goal. As such, utilities should be encouraged to begin to think about how their current planning can facilitate or hinder their ability to go beyond the current 2030 targets set forth in SB 350.² A separate, but related example of how IRPs can be more valuable as a forward-looking document is in its treatment of local reliability. Staff properly specifically identified the challenge of local reliability as a possible constraint in efforts to reduce reliance on natural gas-fired generation. Staff has proposed that POUs “discuss the impacts” of these transmission constraints. Discussion of impacts, however, is not enough. The guidelines should direct the POUs to analyze the costs and benefits of *addressing* these transmission constraints. Indeed, there are several places in the Proposed Draft that staff calls for “discussion” rather than analysis for how to address issues including 1) the challenges and obstacles faced in meeting the Renewable Portfolio Standard; 2) efforts to integrate renewables; 3) overgeneration; 4) the role and value of energy storage; 5) deployment and integration of customer-side solar; 6) vehicle electrification. More robust and deeper thinking about how a utility can address—not merely discuss—these issues maximizes the usefulness of engaging in the planning process and reduces the likelihood that this process will be reduced to simple paper work shuffling of little value to the utility, overseeing agencies, and the public.

Conclusion

Sierra Club looks forward to working with the Commissioner’s, staff, and publically owned utilities as this process moves forward.

² Also, the CEC should be clear that scenarios that do not meet all current legal and regulatory requirements are not allowed since developing such scenarios would truly be a waste of resources.