

DOCKETED

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AWEA California Caucus Comments on the February 12, 2018 Draft IEPR Update Scoping Order (18-IEPR-01)

Additional submitted attachment is included below.



February 26, 2018

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

Submitted electronically

RE: AWEA California Caucus Comments on the February 12, 2018 Draft IEPR Update Scoping Order (18-IEPR-01)

Dear Commissioner Hochschild and Energy Commission Staff:

The American Wind Energy California Caucus (AWEA California Caucus or ACC) provides the following comments on the 2018 Draft Integrated Energy Policy Report (Draft IEPR). In these comments, ACC highlights the need to focus on ensuring that the RPS functions properly and fulfills its promise in being as a measure that enables the state to meet the 2030 greenhouse gas emission reduction targets. As California energy agencies grapple with changes in the retail electricity markets, the State must keep in mind that while customer load is shifting, it is not leaving California. As discussed herein, ACC recommends scoping in updates to the demand forecasting process to enable better coordination among the energy agencies and ensure that customers that may shift to CCAs are incorporated into the RPS Plans at the CPUC.

The RPS will continue to play a critical role in meeting the state's aggressive environmental targets. Utility scale renewables can and should be proactively procured in a way that balances California's current system and minimizes costs for California ratepayers. Realizing these benefits will require near-term coordination among the agencies on both procurement and transmission planning. In the context of the IEPR, the CEC should re-evaluate the rate at which the CEC expects new CCAs will form and how assumptions about CCA formation affect RPS procurement.

In the context of seeking approval for their 2017 RPS plans, the state's three largest investor-owned utilities (IOUs) claimed no need for new RPS resources until 2025 at the earliest, in large part due to estimates of customer load-shifting to CCAs, direct access, and distributed resources.¹ For example, PG&E, in its 2017 RPS Plan, contended that CCAs and distributed energy resources (DERs) could grow to serve approximately 85% of the IOU retail load over the next decade, and that CCAs and DERs will likely dramatically decrease PG&E's retail sales projections.

¹ See RPS Plans filed on July 21, 2017 in CPUC RPS Proceeding, R.15-02-020.

Load-shifting is frequently used as a basis for avoiding procurement by IOUs. The CEC plays an important role in framing this debate because the CEC is responsible for developing demand forecasts and making recommendations on statewide energy policy. As noted in the 2018 – 2030 demand forecasts recently adopted by the CEC, statewide consumption is expected to grow, largely due to increased demand for electric vehicle charging. In light of these load growth assumptions, ACC contends that a more prudent option than deferred renewable energy procurement would be for the energy agencies to ensure that future load growth as predicted by the CEC is met with lowest-cost, best fit renewable resources. The obligation to procure renewable energy ought to be assigned to the LSE with existing load to avoid more expensive procurement of renewable energy in the future. For a limited time, low-cost, high capacity-factor wind is available at a significant discount due to declining federal tax incentives. If California does not capture this fleeting opportunity, the longer-term costs of complying with the current RPS (let alone an expanded RPS) will be considerably higher than waiting until the early 2020s to procure additional renewable energy resources. If CCA load assumptions continue to affect the utilities' approaches to procurement, then California should develop more granular projections of CCA load growth and consider how those projections should best be incorporated into RPS planning proceedings.

To address these comments, the CEC should update the language in the Scoping Order as follows:

Updating the 2017 California energy demand forecast that was adopted as part of the 2017 IEPR proceeding. This update will include planning for analysis needed to support SB 350 in the forecast that will be developed as part of the 2019 IEPR proceeding. **This update will also include updates to the demand forecasts to account for changes in retail choice and provide recommendations on how the load forecasts should be used in RPS planning.**

AWEA California Caucus appreciates the Commission's consideration of these comments and looks forward to participating in the 2018 IEPR Update proceeding.

/s/ Danielle Osborn Mills

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