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Docket No. 19-IERP-01 Scope of IEPR

Please find attached IEP Comments on the Draft Scoping Order for the Integratd Energy Policy Report (IEPR) submitted in PDF format.

Additional submitted attachment is included below.

INDEPENDENT
ENERGY
PRODUCERS

February 28, 2019

California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Docket No. 19-IEPR-01
Scope of 2019 IEPR

The Independent Energy Producers Association (IEP) is pleased to respond to the Notice of Request for Public Comments on the Draft Scoping Order for the 2019 Integrated Energy Policy Report (IEPR) dated February 14, 2019.

The Draft Scoping Order appropriately focuses on a number of critical issues confronting California over the next decade as it strives to achieve the myriad goals prescribed in SB 350, particularly the GHG emission reduction goals. The issues currently scoped for consideration in the 2019 IEPR include, but are not limited to, actions needed to transform the transportation sector to dramatically reduce GHG emissions; energy equity matters; energy efficiency; steps taken by load-serving entities (LSE), particularly publicly owned utilities (POUs), to help achieve GHG reduction and implement the state's Renewable Portfolio Standard (RPS); the role of natural gas during the transition to a clean energy economy; southern California reliability; and, and climate adaptation matters. The lists of issues scoped in the Draft Scoping Order is broad and undoubtedly will foster much attention and focus.

While the 2019 IEPR focuses on a myriad of issues related to the transformation of the electric and transportation sectors necessary to achieve 2030 GHG goals, including aggressive RPS implementation, policymakers and the public would be well served if the 2019 IEPR also addressed the timing for new infrastructure investment and, thus, the timing for the regulatory decisions that are necessary to incent the capital investment to achieve many of the infrastructure needs (e.g. clean electric generation and transmission).

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In this context, IEP recommends that the Commission add to the scope of issues to be addressed in the 2019 IEPR the following matter:

Timing of Decision-making Supporting Infrastructure Investment Needed to Achieve 2030 GHG Goals.

New infrastructure investment, particularly investment in utility-scale generation and/or transmission infrastructure, can take 3-5 years to develop, construct, and begin operations. Yet, most of this investment in premised on timely approval(s) from various regulatory authorities and Governing Boards. The time it takes to develop, construct, and energize a new facility needed to serve California (generation and transmission) often is much longer than regulators, policymakers, and the public anticipate or desire.

Clearly significant amounts of new infrastructure investment are needed to meet the 2030 GHG goals. For example, IRP modeling, however, indicates that approximately 11,000 MWs of new renewable capacity ought to be procured by 2022 to help meet 2030 GHG goals.[1] In addition, IRP modeling indicates that between 9,861 MW and 18, 323 MWs of new, incremental renewable capacity will be needed to meet the state's 2030 GHG goals.[2] Yet, based on the 2018 Renewable Procurement Plans submitted to the California Public Utilities Commission by its jurisdictional LSE, the evidence indicates that retail sellers' plans to procure new, incremental RPS-eligible resources are woefully inadequate to transform the electric grid in a manner that provides reasonable assurance of attainment of the states' 2030 GHG goals. Indeed, jurisdictional retail sellers' 2018 RPS Procurement Plans, accepted by the California Public Utilities Commission on February 21, 2019, indicate an intent to procure in aggregate only approximately 1,500 MWs of new, incremental renewable capacity over the next 10 years.

The delay and deferral in needed investment undermines steady investment practices and risks triggering a "boom/bust" development cycle that is not helpful to developers or consumers. Moreover, "boom/bust" development cycles can foster the selection of less than viable projects, thereby increasing failure rates and ultimately undermining the achievement of GHG emission targets. Ultimately, delay and deferred investment can undermine least-cost and best-fit solutions to infrastructure needs.

[1] See *Proposed Reference System Plan (Executive Summary)*, CPUC Energy Division Presentation, September 18, 2018, p. 9. See also Comments of the Independent Energy Producers Association on the 2018 Renewable Portfolio Standard (RPS) Procurement Plans, submitted September 21, 2018, p. 1-2

[2] See *Energy Division Staff Presentation on IRP and TPP Portfolio*s, January 7, 2019 (R. 16-02-007)

Tables 1-2 schematically depict how the scope/scale of RPS procurement can change by year if action in the near- and medium-term is delayed or deferred. Tables1-2 assume that the development of new renewables typically takes from 3-5 years to become commercially energized. For example, if the goal is to achieve a level of operations in 2030 to reduce GHG emissions, then the procurement associated with meeting that need ought to be completed by no later than 2027. What Tables 1-2 reveal is the significant build-up in needed RPS in the 2024-2026 timeframe (e.g. 6,000-8,000 MWs) to meet 2030 goals procurement if procurement is delayed or deferred.

Table 1:
"Paced" RPS Procurement to Achieve 11,000 MWs of New Renewables to Meet RPS Mandates and GHG Goals

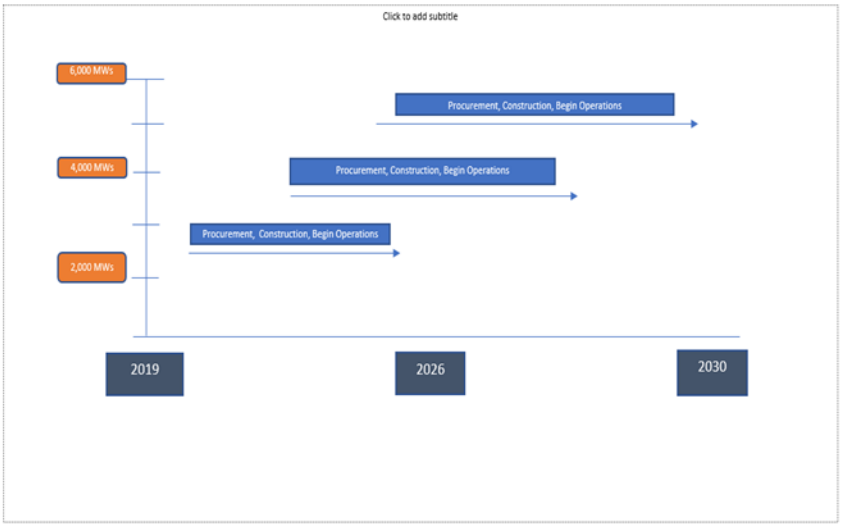
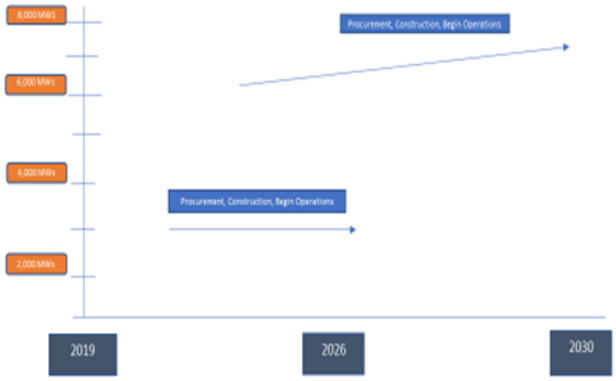


Table 2:
"Delayed" RPS Procurement to Achieve 11,000 MWs of New Renewables to Meet RPS Mandates and GHG Goals



Policies and practices that delay or defer investment in new infrastructure needed to meet prescribed policy goals (e.g. SB 350/GHG reduction) risks a "boom/bust" procurement model that is not likely to help attain these goals in a cost-effective and timely manner. Alternatively, IEP believes that a relatively "steady-state" procurement model fosters a measure of regulatory and investment certainty that will help the state attain its policy objectives at least cost and, thereby, maximize consumer benefit.

Accordingly, the scope of the 2019 IEPR should address the timing of necessary decision-making to support the timely investment in new infrastructure (e.g. generation and transmission) need to help achieve 2030 GHG goals. .

IEP appreciates the opportunity to provide these comments. We look forward to discussing this the critical issue of timely investment with the Commission as part of its 2019 IEPR.

Respectfully submitted this 28th day of February2019:

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