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PG&E Comments on 2022 Summer Supply Stack Analysis

Additional submitted attachment is included below.



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California Energy Commission
Energy Assessment Division, Energy System Reliability
Docket Number 21-ESR-01
517 P Street
Sacramento, CA 95814

Re: Pacific Gas and Electric Company's Comments on Staff Information Workshop About Summer 2022 Stack Analysis (Docket Number 21-ESR-01)

Pacific Gas and Electric Company (PG&E) appreciates that the California Energy Commission (CEC) continues its efforts on the hourly supply stack analysis for the Summer of 2022 to provide situational awareness on the potential impact to the electrical grid under an extreme weather event scenario.

PG&E welcomes the opportunity to provide feedback on the stack analysis as discussed during the CEC-hosted workshop held on January 14, 2022 and offers the following comments regarding the release of the workpapers supporting the analysis, the underlying assumptions, and use of this analysis.

1. PG&E appreciates the provision of additional underlying data.

In prior comments filed in this docket, PG&E requested the CEC to publish the workpapers and analytical data informing the Summer of 2022 hourly supply stack analysis.¹ At the time, PG&E aimed to clarify how the underlying data informed the conclusions regarding the volumes of available capacity to meet system load needs under an extreme weather event scenario.² PG&E appreciates that the CEC published the workpapers and analytical data that informed the CEC's updated stack analysis, including the solar and wind hourly profiles used. Given that the CEC's stack analysis formed the basis for additional system reliability procurement in phase two

¹ PG&E Comments - PG&E Comments on Preliminary 2022 Summer Supply Stack Analysis

² Specifically, PG&E found that approximately 41,950 megawatts (MW), 41,602 MW, and 40,724 MW of "drought adjusted" resources were available for July, August, and September 2022, respectively. By comparison, the CEC's stack analysis showed less than 40,000 MW of available resources for August and September 2022. These differences were particularly concerning to PG&E given the volumes of identified capacity shortfalls under an extreme weather event scenario.

of the California Public Utilities Commission's (CPUC) Rulemaking 20-11-003, this is likely to prove useful for stakeholders to review.

In reviewing the CEC's updated stack analysis, the underlying data largely comports with the data PG&E presented in its comments in the CPUC's proceeding. However, PG&E continues to have concerns with the use of a 22.5 percent planning reserve margin (PRM) as discussed below.

2. PG&E recommends that the CEC and other state agencies avoid the continued use of the 22.5 percent PRM as a planning metric without validating it through a comprehensive analysis.

The continued use of a stringent and unsupported PRM in the CEC's updated stack analysis (and by the CPUC in the Integrated Resource Planning (IRP) proceeding) will lead to unnecessarily higher energy rates for California consumers. PG&E recognizes that there have been significant changes to system load needs and the resource mix since the establishment of the 15 percent PRM, and it may no longer be an appropriate planning standard for electric grid planning.

However, recent analysis by the CPUC provides evidence that enforcing a 22.5 percent PRM results in a loss of load expectation (LOLE) much lower than a typical electric planning standard of 0.1 LOLE. In fact, analysis of the updated Preferred System Portfolio in the IRP proceeding showed that enforcing a 22.5 percent PRM in the RESOLVE model resulted in a portfolio that had an LOLE of 0.0023 in 2026 and 0.0005 in 2030, significantly below the industry standard of 0.1 LOLE.³ PG&E continues to urge the CPUC to immediately start a new stakeholder initiative to develop a suitable and data-driven PRM with reliability modelling standards to ensure future procurement does not burden California consumers with unnecessary costs. This work will also ensure alignment with the changing resource adequacy paradigm, which the CEC and other state agencies should use as a planning metric.

3. PG&E requests that the CEC submit its updated stack analysis in the CPUC's proceeding.

PG&E requests that the CEC submit its updated stack analysis in the CPUC's proceeding. The CPUC Decision (D.) 21-12-015 directed PG&E, Southern California Edison Company, and San Diego Gas & Electric Company to collectively procure 2,000 – 3,000 MW of incremental system resources to ensure system reliability under an extreme weather event scenario, and this updated analysis indicates a need on the lower end of that range. CEC's updated stack analysis will help better inform more precise procurement targets to accurately reflect the need for reliability and avoid the risk of costly over-procurements.

In addition, understanding the nature and volume of resources on the system is a vital step required to assess reliability risks and any potential need for procurement. Accordingly, D.21-

³ See Proposed Decision Adopting 2021 Preferred System Plan in Rulemaking 20-05-003, p. 102 at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M434/K547/434547053.PDF>

12-015 aptly states: “In the event that emergency procurement efforts are so successful that they result in excess procurement, the resources could be used as backfill in the event some load serving entities (LSEs) fail to meet their IRP procurement requirements...[or]...allow for downward adjustments in future procurement orders.”⁴ In other words, in addition to avoiding over-procurement and to mitigate such risk, PG&E believes that it is important for the CPUC to establish a record in its proceeding that provides for any procurement in excess of the identified capacity shortfall to be allowed to serve as backfill for other CPUC procurement orders such as those in the IRP proceeding. Allowing resources procured in excess of the identified capacity shortfall to be used to fulfill other procurement requirements allows PG&E to keep costs lower for customers while meeting reliability needs.

PG&E appreciates the opportunity to comment on the CEC’s updated stack analysis and looks forward to working with the CEC and other state agencies. Please reach out to me with any questions.

Sincerely,

Licha Lopez

⁴ CPUC D.21-12-015, p. 21.