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May 24, 2021

Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: edtariffunit@cpuc.ca.gov

Re: Comments on Draft Resolution E-5150

The Coalition of California Utility Employees supports Draft Resolution E-5150 which corrects minor errors in, and provides minor updates to, the Avoided Cost Calculator. Energy Division's proposed corrections and updates are necessary for cost-effective resource planning, consistent with Commission decisions, and should be adopted.

Decision 19-05-019 established a process for corrections, data updates and minor changes to the ACC.¹ Decision 20-04-010 requires Commission staff to update the ACC annually and make minor changes to the ACC during odd-numbered years. Accordingly, the Energy Division identified minor errors in, and necessary data updates to, the ACC. In December 2020, the Energy Division initiated a stakeholder process to review potential changes to the ACC to address the errors and updates. Consistent with Decisions 19-05-019 and 20-04-010, the Energy Division's ACC update process culminated in Draft Resolution E-5150.

Specifically, the Energy Division proposed updated energy prices, GHG prices and emission forecasts. As NRDC explains in its comments on this resolution, these minor ACC revisions are largely driven by a change in GHG prices from routine updates in the CEC's IEPR and RESOLVE, and an "obvious error" in the ACC – incorrect "forecasts increasing amounts of much thermal generation in the middle of

¹ D.19-05-019, p. 8.
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the day even though solar generation will keep increasing.”² NRDC shows that the 2020 ACC’s “forecasted heat rates run counter to the trends to date and what research shows would happen as more solar generation comes online. The 2020 ACC forecasts fairly flat heat rates across the day.”³ However, “more solar on the grid should mean decreasing amounts of thermal generation in the CAISO wholesale market and thus decreasing emissions during the middle of the day.”⁴ Draft Resolution E-5150 corrects this error. As NRDC notes, the proposed ACC correction “better reflects market trends” and “is likely due to improvements in production simulation and better calibration with recent CAISO market data in the 2021 ACC.”⁵ In short, Resolution E-5150 fixes a genuine error in the ACC and provides other minor updates to the ACC and is, therefore, consistent with Decisions 19-05-019 and 20-04-010.

The current ACC is outdated, incorrect and must be fixed. As Energy Division points out, these minor updates to the ACC are “necessary to more accurately reflect Commission policies and priorities related to resource planning, as well as to better reflect market conditions, trends, and prices.”⁶ All DER proceedings, such as the Integrated Distributed Energy Resources proceeding, must use the ACC for cost-effectiveness analyses. The Commission has two options – it can use the ACC that Energy Divisions says is outdated and wrong, or it can use the one that Energy Division says is right. The Commission should be using the most up-to-date, correct ACC for its DER-related proceedings and, therefore, Draft Resolution E-5150 should be adopted.

Sincerely,

/s/

Rachael Koss
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² Natural Resourced Defense Council (NRDC) Opening Comments on Resolution E-5150, p 5.

³ *Id.*, p. 8.

⁴ *Id.*

⁵ *Id.*, p. 5.

⁶ Draft Resolution E-5150, pp. 6-7.

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CERTIFICATE OF SERVICE

I certify that I have by email this day served a true copy of Comments on Draft Resolution E-5150 on all parties or their attorneys as shown below:

Dated: May 24, 2021; at South San Francisco, California.

/s/

Alisha C. Pember

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