



June 1, 2021

Energy Division
California Public Utilities Commission
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Re: CALSSA's Reply Comments on Draft Resolution E-5150

Energy Division Staff:

Pursuant to Rule 14.5 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure and the Energy Division's May 14, 2021 email, the California Solar & Storage Association ("CALSSA") offers these reply comments on Draft Resolution E-5150 ("Resolution").¹

CALSSA's opening comments² detail how the Resolution would violate the directives in D.19-05-019 by both approving major Avoided Cost Calculator ("ACC") updates and accepting the deficient procedural process associated with these updates. In opening comments, many proponents of the 2021 draft ACC argue that all the changes in the Resolution are minor, and that parties have had a reasonable opportunity to review and comment on these changes. However, these arguments largely rely on broad and unsupported summary statements that do not dig into the details of these proposed changes or the Energy Division's process. The Commission should not accept these claims at face value—especially in light of this draft ACC that would result in a 60% to 66% reduction in the 25-year levelized value of solar and a 74% reduction in the single-year 2030 value of solar.³ Instead, CALSSA urges the Commission to engage with the substance of these updates and to recognize that three of them clearly constitute "major changes" in light of the guiding definitions provided in D.16-06-007 and D.19-05-019.

I. Parties' Arguments That All Changes Are Minor Are Unsupported.

Per the Commission's guidance in D.16-06-007, "major changes" include changes to the list of data inputs, addition or deletion of categories or types of avoided costs, or modifications of the methods or models used in the calculator.⁴ Changes to modeling methods are only considered minor when most parties can reasonably agree they are minor in scope and impact.⁵ As explained in CALSSA's opening comments, three of the changes included in the 2021 updates are "major" under this guidance: the use of a new and

¹ Draft Resolution E-5150 (May 3, 2021) ("Resolution").

² CALSSA's Comments on Draft Resolution E-5150 (May 24, 2021) ("CALSSA Opening Comments").

³ See 2021 Distributed Energy Resources Avoided Cost Calculator Documentation For the California Public Utilities Commission, pp. 7-8, Figure 4 (May 3, 2021), available at <https://willdan.box.com/v/2021CPUCAvoidedCosts> ("ACC Documentation").

⁴ See D.19-05-019, p. 53 and Finding of Fact 49; D.16-06-007, pp. 8-9.

⁵ D.19-05-019, p. 49. See also *id.*, Ordering Paragraph 11.

unapproved Integrated Resource Plan (“IRP”) scenario, the use of a new SERVM production cost model run that employed new benchmarking and scarcity pricing methodologies, and the removal of Pacific Gas and Electric Company’s (“PG&E”) secondary distribution marginal capacity costs.⁶ In particular, the IRP- and SERVM-related changes are methodological in nature, and cannot reasonably be categorized as “minor in scope and impact.”⁷ Indeed, based on opening comments on the Resolution, at least seven parties agree⁸ with CALSSA that these changes are not minor. In light of this well-supported opposition to the categorization of these changes as “minor in scope and impact”, the Commission cannot conclude that “most parties . . . reasonably agree” that these changes satisfy this criteria.⁹

Many proponents of the draft 2021 ACC claim that all the changes presented in the Resolution are minor, but they do not adequately support these broad statements with any convincing explanations of why these particular changes should be considered “minor” pursuant to the Commission’s own definitions.

For instance, the Joint Utilities rely almost entirely on a one-sentence quote from the Resolution—which provides a high-level description of the changes included in this update—to conclude that the 2021 updates are “minor.”¹⁰ The Joint Utilities largely fail to engage with the substance of the three major updates CALSSA identified in opening comments to demonstrate why such changes should be considered “minor.” With respect to the changes to SERVM and scarcity pricing, the Joint Utilities discuss their claim that these changes are minor in a bit more detail—but, in making this argument, they largely rely on a contention that these changes were adequately noticed to parties in workshops and emails to the service list.¹¹ Whether or not the Energy Division follows the Commission-ordered process for presenting changes to stakeholders is not a factor in the determination of whether a change is major or minor. Further,

⁶ CALSSA Opening Comments, pp. 2-4.

⁷ D.19-05-019, p. 49.

⁸ See Comments of the Solar Energy Industries Association and Vote Solar on Draft Resolution E-5150, pp. 3-15 (May 24, 2021) (“SEIA/VS Opening Comments”) (arguing that the use of the new IRP scenario, the SERVM-related changes, and the removal of PG&E’s secondary distribution marginal capacity costs all constitute major changes); Comments of the California Efficiency + Demand Management Council on Draft Resolution E-5150, pp. 6-10 (May 24, 2021) (arguing that the use of the new IRP scenario constitutes a major change); Comments of the Coalition for Community Solar Access on Draft Resolution E-5150, p. 2 (May 24, 2021) (arguing that the use of the new IRP scenario constitutes a major change); Comments of Advanced Energy Economy on Draft Resolution E-5150, pp. 2-3 (May 24, 2021) (“AEE respectfully submits that the modifications to the approaches for obtaining GHG values and avoided energy prices in the 2021 ACC update are neither minor in scope or impact and therefore may reasonably be considered major . . . the *Documentation* for the 2021ACC update plainly states that updates were made to both the SERVM model and the scarcity pricing methodology. These updates appear to be major in nature and contravene previous Commission guidance on proposed Resolutions for ACC updates.”); Comments of 350BayArea on Draft Resolution E-5150, pp. 2-3 (May 24, 2021) (arguing that the new run of the RESOLVE model, which relies on the new IRP scenario, constitutes a major change); Comments of the California Energy Storage Alliance on Draft Resolution E-5150, pp. 2-3 (May 24, 2021) (“the use of a completely new No New DER scenario in a year slated to only consider minor updates is procedurally incorrect”).

⁹ D.19-05-019, p. 49.

¹⁰ Comments of PG&E, SDG&E, and SCE on Draft Resolution E-5150, pp. 1-2 (May 24, 2021) (“Joint Utilities Opening Comments”) (“The 2021 updates and changes to the ACC are procedurally ‘minor.’ As described in the Draft Resolution, the final list of minor changes to the 2021 ACC focuses on incorporating new *data* from IRP modeling, fixing *minor errors* found in the 2020 ACC, and updating all the traditional sources of ACC *data*.”).

¹¹ Joint Utilities Opening Comments, p. 10.

as discussed in Section II herein, these changes were actually *not* presented in compliance with this process. This is a separate basis upon which the Commission should reject these updates.

The Utility Reform Network (“TURN”) similarly fails to meaningfully engage on the question of minor versus major updates. TURN concludes, without explanation or support, that “there are no major modeling changes being proposed here,” yet it concedes that the updates include modeling changes and that the impact on the ACC results is major.¹² Therefore, not only does TURN not support its contention that all the changes to the 2021 ACC are minor, but its comments lend support to CALSSA’s conclusion that these changes to modeling methods are major under the standard articulated in D.19-05-019.

The Natural Resources Defense Council (“NRDC”) also fails to address why these three changes should be considered “minor.” It includes a blanket claim that “[t]hese changes are limited to updating models based on most recent data, and refining analysis to correct errors and improve the ACC[,]” and points to the Energy Division’s participatory stakeholder process to support its contention that these changes are all minor.¹³ Again, these comments do not take on an analysis of the individual changes proposed, and NRDC’s focus on the Energy Division’s process is both inaccurate and misplaced.

The Public Advocates Office does attempt to categorize the changes in the draft 2021 ACC based on the type of change. However, its chart categorizing these changes mischaracterizes certain major changes as input updates, and fails to adequately explain why certain modeling updates are “minor.” First, the Public Advocates Office categorizes the use of a new IRP scenario from a new run of RESOLVE as an “input update”¹⁴ despite the fact that the new IRP scenario involves changes to both *modeling methods*¹⁵ and input assumptions. Second, the Public Advocates Office categorizes the removal of PG&E’s secondary distribution system (voltage level < 4kV) marginal capacity costs as an “input update”¹⁶ despite the Commission’s clear direction that changes to the list of data inputs are major changes.¹⁷ Setting an input to zero removes the input, thus changing the list of data inputs; therefore, this is a major change.

Finally, the Public Advocates Office acknowledges that the SERVVM-related changes constitute modeling updates, but it claims these are “minor” modeling updates¹⁸ without sufficiently explaining how such changes meet the Commission’s criteria for being minor methodological changes. Specifically, the Public Advocates Office claims “[c]hange 14, as listed in the table above, adjusts the scarcity pricing function within the ACC and is a clear ‘improvement to the status quo,’ as it helps the production simulation better

¹² TURN Comments on Draft Resolution E-5150, pp. 2-3 (May 24, 2021) (“TURN Opening Comments”).

¹³ Comments of the NRDC on Draft Resolution E-5150, pp. 3-4 (May 24, 2021) (“NRDC Opening Comments”).

¹⁴ Comments of the Public Advocates Office, pp. 2-3 (May 24, 2021) (“PAO Opening Comments”).

¹⁵ For instance, the April 2 RESOLVE run did not extend the 2 GW/yr limit on the solar build to 2024 and 2025. The 2020 Reference System Portfolio (“RSP”) had a 2 GW/yr limit on the solar build during years when the investment tax credit (“ITC”) is available (at that time through 2023), to keep RESOLVE from putting huge and infeasible amounts of solar into those years. Since the 2020 RSP was approved, the ITC was extended by two years, and now solar projects built through 2025 can access the ITC. As a result, the April 2 RESOLVE run dumps a huge and infeasible amount of solar plus storage (15 GW) into just the two years 2024-2025. This 2 GW/yr limit is not an input assumption, it is a modeling constraint.

¹⁶ PAO Opening Comments, p. 3.

¹⁷ See D.19-05-019, p. 53 and Finding of Fact 49.

¹⁸ PAO Opening Comments, p. 3.

mimic market conditions.”¹⁹ This explanation focuses on the requirement that methodological changes must represent an improvement to the status quo, but it completely ignores the requirement that, to be considered minor, such changes must be minor in scope and impact.²⁰ Further, SEIA and Vote Solar have challenged whether the changes to the production cost model actually improve the accuracy of that tool.²¹

None of these proponents of the draft 2021 ACC have supported their contention that all the updates are “minor” in nature. For the reasons discussed herein and in CALSSA’s opening comments, the Commission should reject the three major changes to the ACC presented in the Resolution.

II. Parties’ Statements That These Changes Have Been Presented Through the Required Notice, Workshop, and Comment Processes Are Unsupported.

As discussed in CALSSA’s opening comments, the Energy Division failed to comply with the Commission-ordered notice, workshop, and comment procedures designed to ensure transparency and due process in connection with this resolution process.²² Parties were therefore denied a “reasonable opportunity” to provide meaningful feedback on an accurate and complete representation of the proposed changes prior to the resolution being drafted,²³ and the process failed to provide the transparency and due process that the Commission has stated is critical to this resolution process.²⁴

The Joint Utilities and NRDC make inaccurate and unsupported claims in opening comments regarding the Energy Division’s compliance with this required process.²⁵ However, these statements fail to recognize the full set of requirements set forth in D.19-05-019. This decision requires, prior to the issuance of a draft resolution: (1) distribution of a list of proposed changes to the appropriate service lists, prior to a workshop, (2) a workshop to discuss minor updates, including minor changes to the modeling methods, and (3) an opportunity to provide informal comments on the proposed changes following the workshop.²⁶

CALSSA’s opening comments detail the numerous ways in which these procedures were not followed, and how these deficiencies in the process prevented parties from having a reasonable opportunity to comment on the proposed changes prior to the issuance of the Resolution. In particular:

- The Energy Division did not circulate a list of proposed changes prior to the workshop;
- The workshop provided insufficient detail for parties to meaningfully engage in a dialogue about the proposed updates, and during the limited discussion that did take place at the workshop, Staff did not accurately convey the scope of the changes now proposed in the Resolution;
- The workshop presentation indicated to stakeholders that certain issues that Staff was researching would only be pursued as fully litigated major changes, yet those changes were incorporated into the draft 2021 ACC;

¹⁹ *Id.*, p. 4.

²⁰ *See* D.19-05-019, Conclusion of Law 16.

²¹ SEIA/VS Opening Comments, pp. 8-15.

²² CALSSA Opening Comments, pp. 4-7.

²³ D.19-05-019, pp. 53-54.

²⁴ *Id.*, p. 52.

²⁵ Joint Utilities Opening Comments, p. 2; NRDC Opening Comments, pp. 3-4.

²⁶ D.19-05-019, pp. 53-54. *See also id.*, Findings of Fact 45, 46, and 47, Conclusions of Law 15 and 16, and Ordering Paragraph 11.

- The list of proposed changes circulated *after* the workshop did not accurately convey the changes now presented in the Resolution;
- In fact, the modeling used in the Resolution apparently was not completed until April 2021, so Staff could not have conveyed a sense of the scope and impact of the changes either at the December workshop or in the list circulated in March; and
- There was no clear solicitation of party comments on the proposed changes.²⁷

Given these major process deficiencies, it is clear that the changes have not been “fully and transparently reviewed” and that stakeholders have not been “aware of the scope and data sources for the minor update for over six months”; nor have stakeholders had a reasonable “opportunity to comment” on the reasonableness of the proposed changes.²⁸ Indeed, the Joint Utilities provide no further discussion or citations supporting these broad claims.²⁹

Finally, in arguing that the SERVVM-related changes in particular are minor and appropriate, both the Joint Utilities and TURN attempt to highlight how the December 2020 workshop previewed these changes.³⁰ First, as noted above, the degree of compliance with the process requirements in D.19-05-019 has no bearing on the “minor” versus “major” analysis. Further, these SERVVM-related changes were in fact *not* presented in accordance with the process requirements in D.19-05-019. As explained in CALSSA’s opening comments, these changes were discussed during the first portion of the December 2020 workshop,³¹ which was distinct from the “Avoided Cost Calculator 2021 Update” section, and thus stakeholders including CALSSA reasonably interpreted these changes as ones that would not be taken up in the draft 2021 ACC. Parties therefore did not have the appropriate notice or opportunity to comment on these SERVVM-related changes as potential updates for the 2021 ACC.

These deficiencies in the process further highlight the need for the Commission to defer consideration of the major changes discussed herein to a formal evidentiary proceeding, in which stakeholders will have the opportunity to fully review and comment on these updates through testimony and briefing.

III. Conclusion

CALSSA appreciates the opportunity to submit these reply comments, and urges the Commission to adopt the recommended changes herein and in CALSSA’s opening comments.

²⁷ See *Minor Updates to the 2021 Avoided Cost Calculator* (distribution email), served on the R.14-10-003 service list on March 11, 2021 (the Energy Division simply noted in its cover email providing the list of changes: “If you have any questions or comments about this list please contact me.” No set comment period was provided.).

²⁸ Joint Utilities Opening Comments, p. 2.

²⁹ See *id.*

³⁰ *Id.*, p. 10; TURN Opening Comments, p. 3.

³¹ *Integrated Distributed Energy Resources (IDER) Workshop*, Slides 11-13, California Public Utilities Commission (December 9, 2020), *available at* [2020 ACC Research Update](#).

Respectfully submitted,

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