

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Electric Integrated Resource Procurement
Planning and Related Procurement Process

Rulemaking 20-05-003
(Filed May 7, 2020)

**OPENING COMMENTS OF INDEPENDENT ENERGY PRODUCERS ON PROPOSED
DECISION ADOPTING 2023 PREFERRED SYSTEM PLAN**

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I. INTRODUCTION

In accordance with the Commission’s Rule 14.3 of Practice and Procedure, the Independent Energy Producers Association (IEP) offers its opening comments on Administrative Law Judge Julie A. Fitch’s *Proposed Decision Adopting 2023 Preferred System Plan (“PD”)*, issued on January 10, 2024.

IEP is supportive of the PD and is encouraged by the projections of meeting the statewide 25 million metric ton (MMT) greenhouse gas (GHG) target for the electric sector in 2035. As required by Rule 14.3 of Practice and Procedure, IEP offers comment on factual errors within the PD, including the PD’s statement identifying IEP as a gas plant owner and operator, the assertion that load-serving entities (LSEs) procure long-lead time (LLT) resources at extra expense, and the omission of discussion on long-duration energy storage (LDES) at existing natural gas generation sites that was included in the October 5, 2023 ruling of this proceeding. We respectfully request consideration of the following comments.

II. COMMENTS

a. IEP Is Not an Owner or Operator of Gas Assets

The PD notes IEP’s support of the High Gas Retirement sensitivity case proposal, including the emphasis IEP put on studying the issue in advance of gas retirements.¹

However, the PD errs when it describes IEP as one of the parties “that own or operate gas assets.”² IEP does not own or operate gas assets. IEP is a trade association that advocates on behalf of a diverse portfolio of renewable energy generators, energy storage providers, as well as gas asset owners and operators.

b. LSEs Procure LLT Resources At Extra Expense

IEP finds factual error in the statement that some LSEs “prioritize[d] the procurement of LLT resources ahead of other generic resources, at extra expense.”³ If solicitations identify specific product attributes, are well-constructed, well-managed, and attract a reasonable number of participants, the results are competitive, regardless of whether the LSE views them as being high or unreasonable. High bids reflect high risks, resulting in higher costs relative to other products. IEP finds an all-encompassing statement, arguing that LSEs prioritize these resources at extra expense does not capture all aspects of a bid that may contribute to higher product costs and distracts from the conversation of how best to procure LLT resources that are reliable, timely, and affordable. IEP requests reconsideration of this statement.

¹ PD, page 75.

² PD, page 75.

³ PD, page 96.

c. LDES at Existing Natural Gas Generation Sites

Within this rulemaking, ALJ Fitch sought comment on a proposal to utilize existing natural gas generation sites as LDES in her October 5, 2023 ruling (“October 5th Ruling”). In the October 5th Ruling, ALJ Fitch highlighted how new LDES at existing gas sites could qualify as “incremental procurement in the context of the MTR [mid-term reliability] decisions,” and to “provide incremental reliability during the tightest system conditions as soon as summer 2025, with the potential long-term opportunity to completely transition from the natural gas generation to LDES.”

As noted in Middle River Power’s Opening Comments to the October 5th Ruling, co-locating LDES resources at existing gas generation sites can significantly reduce peaker run time by tapping into energy storage resources during peak energy use rather than firing up a natural gas peaker plant to meet grid need, resulting in lower emissions and a reduction in local criteria air pollutants while retaining the resource adequacy capacity of the gas generation site.⁴ Utilizing existing energy resources like natural gas generation sites to transition to lower emission energy resources is the most efficient and quickest way to reduce GHG emissions in the energy sector since permitting, labor time, and costs have slowed production of necessary low emission energy projects.

IEP supports the Commission exploring this opportunity further by identifying a process and schedule for parties to contribute resolutions to the issue of whether to use existing natural gas generation sites for LDES. Questions remain as to whether the Commission agrees with parties’ comments about what technologies can be used as LDES at existing natural gas sites (such as hydrogen and batteries) and how an LDES addition should

⁴ Middle River Power Opening Comments, dated November 13, 2023, page 6.

be counted for Net Qualifying Capacity (NQC) purposes. Setting a process and schedule within this rulemaking that already has the attention of stakeholders eager to contribute to the resolution of these issues is a logical step forward in developing the PSP.

III. CONCLUSION

IEP appreciates the opportunity to comment on the proposed decision on the Preferred System Plan and we look forward to consideration of our comments.

Date: January 30, 2024

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