BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.	Rulemaking 16-02-007 (Filed February 11, 2016)

COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION ON THE PROPOSED DECISION SETTING REQUIREMENTS FOR LOAD SERVING ENTITIES FILING INTEGRATED RESOURCE PLANS

INDEPENDENT ENERGY PRODUCERS ASSOCIATION
Steven Kelly, Policy Director
1215 K Street, Suite 900
Sacramento, CA 95814
Telephone: (916) 448-9499
Facsimile: (916) 448-0182
Email: steven@iepa.com

Dated: January 17, 2018

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop an Electricity Integrated Resource Planning Framework and to Coordinate and Refine Long-Term Procurement Planning Requirements.	Rulemaking 16-02-007 (Filed February 11, 2016)

COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION ON THE PROPOSED DECISION SETTING REQUIREMENTS FOR LOAD SERVING ENTITIES FILING INTEGRATED RESOURCE PLANS

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the Independent Energy Producers Association (IEP) respectfully submits these comments on the Proposed Decision (PD) Setting Requirements for Load Serving Entities Filing Integrated Resource Plans, mailed December 28, 2017. IEP is mindful that the 2017-2018 IRP is the initial implementation of the Commission's efforts at integrated resource planning (IRP) across an array of load-serving entities. Further, we recognize that the IRP process will be iterative in nature over the course of successive biennial planning periods.

While acknowledging that the current IRP proceeding is new, we do not find the IRP process unfamiliar. The current IRP proceeding reminds us of the Commission's Biennial Resource Planning Update (BRPU) conducted in the 1990s. The outcome of that lengthy, litigious proceeding was deferred capacity procurement to the detriment of future grid reliability. It remains unclear the extent to which the current IRP planning process is an improvement over the BRPU let alone an improvement over the relatively successful Long-Term Procurement Plan (LTPP) proceeding which the IRP has replaced. At this point, the Commission should not defer

needed procurement, but rather order the procurement of cost-effective GHG-free energy and/or needed capacity to ensure grid reliability as evidenced by the record of this proceeding.

The PD unfortunately defers any wholesale procurement, including incremental renewable procurement. The PD reaches this determination in spite of the evidence that some targeted, incremental renewable procurement is economic. The PD's determination to defer procurement at this time is reflective of a pattern of deferred procurement in a number of recent Commission decisions in spite of growing evidence of need. IEP notes with some concern that the Commission already deferred to this IRP consideration of early renewable procurement raised by parties in the Renewable Portfolio Standard (RPS) proceeding.[1] Ample evidence was presented in the RPS proceeding indicating significant benefit to consumers could be obtained by procuring renewables at this time when federal tax incentives are available. Similarly, the Commission recently deferred to this IRP consideration of replacing the lost capacity and energy associated with the shut-down of the Diablo Canyon Nuclear Generating Facility beginning in 2024.[2] In the current PD, wholesale procurement to meet the looming energy and capacity needs is once again deferred to a future date. Meanwhile, the Commission continues the accelerated procurement of relatively expensive, emerging technologies of unproven value and questionable cost-effectiveness in terms of meeting the sizeable energy, capacity, and GHG-reduction needs identified through the Commission's modeling efforts to date.

Setting aside the general concerns about untimely decision-making characterized by recent planning efforts, IEP has a number of specific concerns associated with the PD. First, the PD makes a number of policy determinations inconsistent with the record. Second, the PD

[1] Decision Accepting Draft 2017 Renewable Portfolio Standard Procurement Plans (Decision 17-12-007), page 55-56.

[2] Decision Approving Retirement of Diablo Canyon Nuclear Power Plant. (Decision 18-01-022) Conclusion of Law #2, page 58.

undermines the goal of the IRP regarding the selection of least-cost/best-fit resources to meet GHG emission reduction goals. Third, the PD risks unintended consequences to grid reliability by imposing disincentives and/or barriers for LSEs anticipating to use natural gas resources to meet resource adequacy plans (as envisioned in the IRP modeling). IEP addresses each of these specific concerns in greater detail below.

I. The Determination To Defer Renewable Procurement Is Inconsistent with the Record Evidence.

The PD defers procurement of renewable resources at this point in time.[3] Yet, the staff analysis indicates that the cost savings associated with "early" renewable procurement due to the availability of the existing, yet expiring, federal tax credits is approximately $140 million per year for Commission jurisdictional LSEs.[4] These figures indicate a nearly $1.5 billion savings over a 10-year period if renewable resources are procured in time to access the federal incentives. Even taking into account declines in future technology cost, IEP's analysis presented on the record in this proceeding estimates that deferring procurement of renewables at this time until 2022, for example, has significant cost impacts: annual costs would increase $54 million per year for solar PV ($1 billion over 20 years) and $30 million per year for wind ($600 million over 20 years) for every 1,000 MW of eligible renewable resources contracted at the 2022 Levelized Cost of Energy (LCOE) instead of the 2019 LCOE.[5] Importantly, both the staff and the IEP analyses indicate significant value to California consumers if renewable procurement is ordered at this point in time.

[3] Proposed Decision, page 81.
[4] Proposed Decision, page 75.
[5] Comments of the Independent Energy Producers Association on the Proposed Reference System Plan, October 26, 2017, page 5.

In order to rationalize its conclusion to not order renewable procurement at this time, the PD finds that the estimated $140 million in cost savings associated with the early procurement of renewables is highly uncertain.[6] The reluctance to accept the staff analysis in this context is one of the few instances in the PD that the staff position and/or its analysis are not adopted in whole or in substantial part. To support this uncharacteristic deviation from the staff proposal/analysis, the PD suggests that there is a remote chance that the federal tax credits may be extended.[7] Now that the Congress has passed and the President has signed the tax reform legislation, the chance that the federal tax credits may be extended is not just remote, it is practically non-existent.

The PD also suggests that the prospect of a solar tariff in the near future risks higher costs to consumers if procurement is directed at this time.[8] Fully one-third of the new, incremental resources (MWs) needed to meet the 2030 carbon goals are "solar" resources (distinct from "customer solar").[9] If early procurement is not authorized at this time, the procurement in the future of needed solar resources may well occur in an environment absent the federal tax incentives and an environment subject to a solar tariff. Both events will tend to increase the cost of solar resources. Accordingly, the risk of a solar tariff being imposed in the near-future supports the argument for early procurement of renewables at this time, rather than the PD's recommendation to do nothing at this time.

The PD asserts that renewable costs have been declining for many years and will likely continue to do so into the future. [10] Embedded in the PD's conclusion is the implicit assumption that hoped-for innovation and manufacturing improvements will overcome the known costs

---

[6] Proposed Decision, page 81.
[7] Ibid.
[8] Ibid.
[9] Proposed Decision, Table 3, page 73.
[10] Proposed Decision, page 81.

associated with losing access to the federal tax incentive and/or exceed the higher costs associated with a the imposition of a solar tariff. Yet, staff estimates that the federal tax credits lower the cost of solar approximately 30% and the value to wind resources is approximately 2.3 cents/kWh.[11] Given that solar power is currently priced in the 3-5 cents/kWh range. Wind is similarly priced low on a kWh basis. Accordingly, the PD assumes that technological innovation and manufacturing improvement(s) will lower the capital cost of wind and/or solar resources by approximately one-third to one-half, i.e. by more than the value of the federal tax incentives. The facts underlying this position are undocumented and unsupported by the record. Indeed, the PD strains credulity on this point.

The PD declares there is no guarantee that all of the benefits noted by parties will flow through to ratepayers in the form of lower prices.[12] First, whether the pass-through to ratepayers is $1.4 billion over ten years as suggested by the staff analysis or *merely* $1 billion assuming the competitive market passes-through only 70% of the value of the federal tax credit, the value on the table is sufficiently significant to warrant early procurement of renewables. If submitted bids exceed the Commission's willingness to pay, then those contracts will not be approved and the resources will not be developed. Customers will not be harmed by the mere conduct of a renewable solicitation. Second, innovation in the absence of competition does not guarantee lower prices to consumers. RPS solicitations have proven to be very competitive, and this competitiveness has been the primary force driving down prices for consumers. Third, the robust competition associated with RPS solicitations mitigates concerns over market power and undermines claims of a "sellers market."

---

[11] *Preliminary RESOLVE Modeling Results for Integrated Resource Planning at the CPUC*, CPUC Energy Division Presentation, July 19, 2017, Slide 46.
[12] Proposed Decision, page 82.

The PD asserts there is no "need" on a reliability basis for the GHG emissions reductions required from renewables until around 2026. IEP is uncertain as to the meaning of this statement, e.g. "no need on a reliability basis."[13] Recognizing that reliability is not dependent on GHG emission reduction or vice versa, we infer from this statement that the PD has determined that early renewable procurement (a) provides no GHG emission reduction benefits and (b) early renewable procurement is not needed to maintain grid reliability or meet RPS requirements. The PD is missing the point. First, early renewable procurement is warranted at this time, even if their procurement is above and beyond the statutory minimums established by the RPS, because they are cost-effective in light of the estimated benefits ($140 million/annually) associated with the availability of the existing, yet expiring, federal tax incentives. Early procurement enables renewable projects to *begin* construction while the tax incentives are available, and beginning construction is a pre-condition for accessing the tax incentives under the IRS rules. Actual energy deliveries may be negotiated between the Buyer and Seller to align closer to the Buyer's energy "need." Second, low-GHG/free-GHG energy production will increase cumulative GHG savings that is at the core of the state's GHG emission reduction goals. This is a GHG benefit, not a GHG problem.

The PD asserts that avoiding early procurement will enable the Commission to avoid a number of problematic issues associated with load departing to Community Choice Aggregators (CCAs).[14] The issue of departing CCA load is before the Commission in R. 17-06-026 (i.e. the Power Charge Indifference Adjustment or PCIA proceeding). This proceeding is scheduled to be concluded by the third or fourth quarter of 2018.[15] Accordingly, the Commission will have

[13] Proposed Decision, page 82.
[14] Proposed Decision, page 82.
[15] R. 17-06-026. Scoping Memo and Ruling of Assigned Commissioner (9/25/2017), page 24.

adopted a just and reasonable non-bypassable charge mechanism prior to its consideration of any power purchase agreements resulting from a mid-2018 renewable procurement.

The PD suggests that the largest need for renewables will reside with CCAs that have yet to be formed. The PD seemingly asserts that, because CCAs are not positioned to take advantage of federal tax incentives to purchase electricity for customers that they do not serve, nothing should be done now on their behalf.[16] This argument also is not compelling, particularly in light of the significant consumer benefits associated with early renewable procurement ($140 million/annually as estimated by staff). First, the procurement of renewables will be conducted under the least-cost and best-fit (LCBF) paradigm governing Commission procurement policy, thereby ensuring that the most cost-effective renewables are procured by CCAs or on behalf of the load to be served by CCAs in the future. Second, the allocation of the costs *and* benefits of such procurement will be subject to the Commission's approved PCIA. Thus, future CCA load will reap a portion of the $140 million annual benefit that is expected to result from the early procurement of renewables rather than being harmed. Third, the rate and scale of the *potential* departure of load from utility service to CCA service is speculative. While many parties speak to the interest in CCA formation, the rate of actual departure to date has not matched the rhetoric. Going forward, regulatory and market uncertainties (e.g. PCIA cost allocation) likely will impede the rate of CCA formation in the future.

Overall, the PD's rationale for not directing any procurement of renewables at this time is not compelling. In light of the Commission's commitment to lower costs to consumers, the Commission has little to lose in directing one or more LSEs to conduct a renewable procurement to determine what the price of new renewables is likely to be assuming availability of the federal

[16] Proposed Decision, page 82.

tax incentives and assuming no availability of such credits. In fact, solicitation bid protocols can solicit bids under both scenarios, i.e. with credits and without credits, to end speculation as to the benefits of early procurement. Certainly given the forecast consumer value associated with renewable procurement at this time, and given the near-term need for an additional 9,000 MWs of grid-connected solar resources and 1,100 MWs of wind by 2022 to achieve GHG targets,[17] a timely renewable procurement is fully justified.

According, at a minimum, the Commission should direct jurisdictional load-serving entities to procure a portion of the forecast need (e.g. at least 3,000 MWs) of new, incremental renewables by mid-2018. In the alternative, the Commission should direct the IOUs to conduct early procurement of at least 3,000 MWs of new, incremental renewables by mid-2018, recognizing that the costs *and* benefits of any such procurement will be allocated to future departing load consistent with the PCIA if and when that load departs the utilities. Specifically, IEP recommends changes to the Findings of Facts, Conclusions of Law, and Ordering paragraphs as follows:

> **[Finding of Fact #10]** ~~It is unclear whether requiring procurement of additional renewables outside of the RPS requirements in the context of this IRP cycle could result in cost savings due to the expiring federal tax credits (PTC andITC). Ordering such procurement here would also require settling complex issues of cost allocation and load forecasting.~~ Ample evidence indicates significant value to consumers if renewable resources can be procured while federal tax incentives remain available at their highest value. The full value of the federal tax incentives can be determined by conducting a timely procurement by mid-2018 in which developers can bid projects assuming access to the federal tax incentives and assuming no access to the federal tax incentives.

[17] CPUC Energy Division, *Proposed Reference System Plan,* September 18, 2017, page 9.

[Conclusion of Law # 20] There is enough ~~un~~certainty about the potential benefits of additional renewable procurement now to attempt to capture expiring federal tax credits that the Commission should ~~not~~ order additional procurement now.

[New Order #_] The electrical corporations are ordered to conduct a RPS renewable solicitation no later than mid-2018 to capture the benefits associated with procuring at least 3,000 MWs of renewable resources. The electrical corporations are ordered to seek approval of any resulting contracts via the Tier III Advice Letters approval process. The Energy Division shall establish minimum procurement targets for each electrical corporation by March 2018 sufficient to achieve collectively at least 3,000 MWs of renewable procurement through the renewable solicitation ordered at this time.

II. Dicta Related To Early Procurement Should Be Modified Or Removed.

As noted above, most of the arguments/conclusions presented in the discussion of early renewable procurement (Section 9.3) are unsupported by the record evidence. The arguments unsupported by the record include the assertion that the imposition of a federal solar tariff risks higher costs to consumers; the assertion that renewable costs likely will continue to decline in the future at a rate that will compensate for the loss of the federal tax incentives; and, the assertion that a number of problematic issues associated with departing CCA load will be avoided. IEP notes that these assertions/conclusions are not re-produced in the Findings of Fact, which is appropriate given that they are not based on facts.

If the Commission declines to direct early procurement of renewables, these unsupported assertions are not necessary to support that finding. Yet, once memorialized in a Commission decision, this dicta takes on greater meaning. Moreover, once formalized, the language potentially risks unintended consequences with regards to future decisions. We strongly

recommend this language be removed, and that the Commission present more clearly the reasons for not directing a renewable procurement at this time.

III. GHG Adder Should Be Applied Consistently and Uniformly To All Resources.

The PD establishes a GHG Adder to replace the one adopted in D. 17-08-022 for purposes of determining the cost-effectiveness of distributed energy resources (DERs). In addition, the PD determines that the GHG Adder will be used in the IDER proceeding (R. 14-10-003) and any other proceedings that rely on assumptions about the GHG benefits of DERs.[18] The PD rationale for adopting a GHG Adder limited to DER resources is the assertion that DER resources, unlike other resources, depend on a smooth trajectory of values and assumptions and longer planning horizons.[19]

Previously in the IRP proceeding, the Commission established the goal of adopting a consistent methodology for resource valuation and/or selection across multiple resource types in all-source or multi-source procurement.[20] Notably, contrary to the language in the Scoping Memo, the PD does not apply the GHG Adder to all resources. The value of a ton of avoided GHG emissions is the same irrespective of whether the resource is categorized as DER or not. Similarly, the value of a ton of avoided GHG emissions is the same whether a resource is interconnected to the transmission grid or interconnected to the distribution grid.

[18] Proposed Decision, page 96.
[19] Proposed Decision, page 97.
[20] Joint Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge (Joint Scoping Memo), dated 5/26/2016, p. 11. The Joint Scoping Memo was intended to be consistent with the Order Instituting Rulemaking (OIR) for this proceeding (R. 16-02-007).

Accordingly, while IEP does not take a position at this time on the value associated with the GHG Adder,[21] the PD errors by not applying the GHG Adder to all resources considered within the context of integrated resource planning (i.e. the IRP, the DER/IDER, EE, and, the RPS). The PD should be modified to clarify that the adopted GHG Adder for use in determining the cost-effectiveness resources will be applied consistently across all proceedings and across all technologies. Specifically, IEP recommends modifying Finding of Fact #15 as follows:

> **[Finding of Fact #15]** The GHG Adder identified in Table 6 of this decision is appropriate for replacing the GHG Adder in D. 17.08-022 and for use in evaluating cost-effectiveness of ~~DERs~~ all resources when a marginal GHG abatement cost is required.
>
> **[Conclusion of Law #22]** The GHG Adder in Table 6 should be made available to replace the GHG Adder adopted in D. 17-08-022 for use in the IDER proceeding and any other proceedings that rely on assumptions about the avoided cost of ~~DERs~~ resources for evaluating cost-effectiveness.

IV. Natural Gas Fleet Impacts

Except for the once-through-cooling (OTC) units, natural gas resources already delivering energy to the CAISO are presumed to be available to the CAISO throughout the IRP planning period (i.e. 2030). As a result, the PD concludes that the Commission should continue to work on an analysis of the impacts of the IRP requirements on the natural gas fleet in consideration of a number of key factors, including impact on disadvantaged communities, increased electrification of the transportation sector, etc.[22] The PD directs staff to work with the

---

[21] The PD asserts a price per metric ton of CO_2e emissions at $66.37 in 2018 increasing to $150 per metric ton in 2030.
[22] Conclusion of Law #30, page 128.

CAISO to study the most important attributes of the natural gas fleet and work in coordination with the resource adequacy (RA) proceeding (R. 17-09-020).[23]

Determining the need for the available natural gas fleet is an important matter that should be addressed at this time. To ensure timely decision-making and provide the needed market signals to all resources, particularly the natural gas fleet, the Commission should set a specific deadline for staff (working with the CAISO) to complete the study(s) defining the flexible capacity attributes needed to ensure grid-reliability over the near-term (e.g. 1-5 years) and long-term (e.g. 2030) planning horizon. Specifically, the Commission should direct staff to submit a study on the record in the resource adequacy proceeding (R. 17-09-020) no later than June 30, 2018 for public comment and Commission consideration. Accordingly, IEP recommends the following modifications to the Conclusion of Law in the PD:

> **[Conclusion of Law #30]** The Commission ~~should~~ shall continue work on development of a common resource valuation methodology, analysis of natural gas impacts of the IRP requirements, and planning for increased electrification, in preparation for the next cycle of IRP. The Commission shall require the Energy Division Staff, working in coordination with the California Independent System Operator (CAISO), to complete a study related to the flexible capacity attributes needed to ensure grid reliability over the near-term (next 3-5 years) and long-term (2030) planning horizon, and the Commission shall direct the staff to file the completed study no later than June 30, 2018 in R. 17-09-020 for public comment and Commission consideration.

V. Pre-Conditions for Procuring/Contracting with Resources Fueled by Natural Gas Impedes Timely Procurement of Resources When Needed To Ensure Reliability.

The PD integrates into the long-term IRP planning process consideration of short-term resource adequacy requirements, including monthly planning reserve margin requirements

[23] Proposed Decision, page 117.

(Conclusion of Law #29). For example, LSEs are directed to provide an assessment of how each will meet the local capacity needs projected in the most recent CAISO Transmission Plan (Attachment A: Standard LSE Plan, section 3.d). To the extent that LSEs are planning to procure energy/capacity from natural gas resources, the LSEs are directed to justify why the need met by such a resource cannot be met by another, lower-emitting resource.[24]

Given the present focus on reforming the existing RA framework in R. 17-09-020, as well as study work moving forward related to the development of a flexible RA obligation, it will be impractical for LSEs to anticipate this need in the context of the next biennial IRP filing. Yet, the requirement to justify why a natural gas unit is presumed to be procured to meet RA obligations may have unintended consequences in planning and procurement of RA resources, including serving as a catalyst for higher levels of backstop procurement.

The rationale for this requirement is the impact of natural gas on emissions statewide and/or locally. Importantly, natural gas resources contribute only a marginal amount to the total, statewide emissions of criteria pollutants. For example, the SB 350 Analysis suggests that the California generation fleet (primarily natural gas facilities) contributes only 1%-2% of the entire state inventory for NOx, PM2.5, and SO2.[25] Moreover, emissions from electric utilities are forecast to remain steady or slightly grow (about 4%) between 2020 and 2030.[26] Finally, motor vehicles and other mobile sources create between 60-75% of overall NOx emissions, depending on location; whereas, electric utilities represent 2-4% of 2030 NOx emissions. Similarly, motor

[24] Conclusion of Law #15, page 126.
[25] *SB 350 Environmental Study: The Impacts of A Regional ISO-Operated Power Market on California,* Joint State Agency Workshop on the Proposed Regionalization of the Independent System Operator, Sacramento, CA, July 26, 2016. Appendix G.
[26] *SB 350 Environmental Study: Preliminary Study Results*, presented by Aspen Environmental Group, May 24, 2016, Slide 118.

vehicles and other mobile source create between 12-22% of overall PM2.5 emission, depending on location; whereas, electric utilities present 1-2% of 2030 PM2.5 emissions.[27]

In light of the marginal impact that the gas fleet has on emissions statewide and/or locally, as well as the risk of unintended consequences resulting from this requirement, IEP recommends modifying the PD to clarify that natural gas resources expected to be procured and/or re-contracted to meet RA compliance obligations should be exempted from the showing required in Conclusion of Law #15 and the related Ordering Paragraph #7. Specifically, IEP recommends the following modifications to the PD:

> **[Conclusion of Law #15]** The Commission should require a showing from any LSE seeking to acquire new or re-contract with existing natural gas resources as part of its IRP filing, justifying why the need met by such a resource cannot be met by another, lower-emitting resource. LSEs will be exempt from any such showing with regards to short-term procurement for natural gas resources determined to be needed by an LSE to meet its resource adequacy obligations.
>
> **[Order #7]** Any load serving entity proposing to develop new natural gas resources or re-contract with existing natural gas resources in their integrated resource plans required by Ordering Paragraph 1 shall make a showing justifying why another lower-emitting resource could not meet the identified need. LSEs will be exempt from any such showing with regards to short-term procurement for natural gas resources determined to be needed by an LSE to meet its resource adequacy obligations.

[27] California Emissions Projection Analysis Model. http://cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/AttachmentA.CPUC_IRP_Proposed_Ref_System_Plan_2017_09_18.pdf . Slide 92-93.

IEP appreciates the opportunity to comment on the IRP proposed decision. We look forward to working with the Commission on IRP matters as they evolve.

Respectfully submitted January 17, 2018 at San Francisco, California.

INDEPENDENT ENERGY PRODUCERS ASSOCIATION
Steven Kelly, Policy Director
1215 K Street, Suite 900
Sacramento, CA 95814
Telephone: (916) 448-9499
Facsimile: (916) 448-0182
Email: steven@iepa.com

Regarding Renewable Procurement:

[Finding of Fact #10] ~~It is unclear whether requiring procurement of additional renewables outside of the RPS requirements in the context of this IRP cycle could result in cost savings due to the expiring federal tax credits (PTC andITC). Ordering such procurement here would also require settling complex issues of cost allocation and load forecasting.~~ Ample evidence indicates significant value to consumers if renewable resources can be procured while federal tax incentives remain available at their highest value. The full value of the federal tax incentives can be determined by conducting a timely procurement by mid-2018 in which developers can bid projects assuming access to the federal tax incentives and assuming no access to the federal tax incentives.

[Conclusion of Law # 20] There is enough ~~un~~certainty about the potential benefits of additional renewable procurement now to attempt to capture expiring federal tax credits that the Commission should ~~not~~ order additional procurement now.

[New Order #_] The electrical corporations are ordered to conduct a RPS renewable solicitation no later than mid-2018 to capture the benefits associated with procuring at least 3,000 MWs of renewable resources. The electrical corporations are ordered to seek approval of any resulting contracts via the Tier III Advice Letters approval process. The Energy Division shall establish minimum procurement targets for each electrical corporation by March 2018 sufficient to achieve collectively at least 3,000 MWs of renewable procurement through the renewable solicitation ordered at this time.

Regarding the GHG Adder:

[Finding of Fact #15] The GHG Adder identified in Table 6 of this decision is appropriate for replacing the GHG Adder in D. 17.08-022 and for use in evaluating cost-effectiveness of DERs all resources when a marginal GHG abatement cost is required.

[Conclusion of Law #22] The GHG Adder in Table 6 should be made available to replace the GHG Adder adopted in D. 17-08-022 for use in the IDER proceeding and any other proceedings that rely on assumptions about the avoided cost of ~~DERs~~ resources for evaluating cost-effectiveness.

Regarding Natural Gas Impacts:

[Conclusion of Law #30] The Commission ~~should~~ shall continue work on development of a common resource valuation methodology, analysis of natural gas impacts of the IRP requirements, and planning for increased electrification, in preparation for the next cycle of IRP. The Commission shall require the Energy Division Staff, working in coordination with the California Independent System Operator (CAISO), to complete a study related to the flexible capacity attributes needed to ensure grid reliability over the near-term (next 3-5 years) and long-term (2030) planning horizon, and the Commission shall direct the staff to file the completed study no later than June 30, 2018 in R. 17-09-020 for public comment and Commission consideration.

Regarding Natural Gas Showings Affecting RA:

[Conclusion of Law #15] The Commission should require a showing from any LSE seeking to acquire new or re-contract with existing natural gas resources as part of its IRP filing, justifying why the need met by such a resource cannot be met by another, lower-emitting resource. LSEs will be exempt from any such showing with regards to short-term procurement for natural gas resources determined to be needed by an LSE to meet its resource adequacy obligations.

[Order #7] Any load serving entity proposing to develop new natural gas resources or re-contract with existing natural gas resources in their integrated resource plans required by Ordering Paragraph 1 shall make a showing justifying why another lower-emitting resource could not meet the identified need. LSEs will be exempt from any such showing with regards to short-term procurement for natural gas resources determined to be needed by an LSE to meet its resource adequacy obligations.