



San Francisco Local Agency Formation Commission

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October 21, 2022

TO: LAFCo Commissioners

FROM: Jeremy Pollock, Executive Officer

SUBJECT: Item 4 – Executive Officer’s Comments on the 2022 CleanPowerSF Integrated Resource Plan Modeling Results

As part of LAFCo’s work monitoring and advising on CleanPowerSF, I submitted the following comments on CleanPowerSF’s 2022 Integrated Resource Plan (IRP) modeling results on October 14, which was the deadline for written comments.

I developed these comments based on my review of the IRP modeling results, feedback from individual LAFCo commissioners, and information I learned from attending the CleanPowerSF’s two public listening sessions, the SFPUC hearing on October 11, and meeting separately with CleanPowerSF staff. I’d like to thank CleanPowerSF staff for their work on both the details of the IRP and the accompanying community engagement process.

Because of the compressed schedule for the IRP, these written comments needed to be submitted prior to LAFCo being able to discuss the modeling results at our October 21 meeting. Therefore, I intend to summarize any additional Commissioner comments from the October 21 meeting to transmit to the SFPUC prior to their October 25 meeting where they will adopt a Preferred Conforming Portfolio for the IRP.

Attachment:

- Comments on the CleanPowerSF 2022 IRP from LAFCo Vice-Chair Jackie Fielder

1. Please provide your general feedback on the modeling results for CleanPowerSF's 2022 Integrated Resource Plan (available for review at [CleanPowerSF.org/resourceplan](https://www.cleanpowersf.org/resourceplan)). What stood out for you?

The “EV and Building Decarbonization Targets Met” alternative portfolio highlights the dramatic increase in electricity capacity that will be required to meet the City’s electrification goals.

The “95% Time Coincident” conforming portfolio highlights the challenges of meeting CleanPowerSF’s peak demand in the winter when solar power production is at its lowest. The combination of the huge increase in power capacity needed to meet that peak and the resulting huge increase in dependence on selling excess power during the rest of the year makes it clear that CPSF will need creative approaches to addressing winter peak demand—especially as building decarbonization leads to increased electricity usage for winter heating.

We are interested in learning about possibilities for addressing winter peak demand such as procuring more geothermal or wind power, developing effective demand management programs, improving weatherization and energy efficiency for CPSF residential customers, or possibly partnering in procurement with LSEs that have complementary load profiles that do not have peak demand in the winter.

We are interested in learning how the CPSF portfolio could be optimized to improve time coincidence during peak demand while also taking into account how excess power could be sold most profitably during non-peak times.

2. Based on your review of the modeling results available at [CleanPowerSF.org/resourceplan](https://www.cleanpowersf.org/resourceplan), do you have a recommended CleanPowerSF resource portfolio that you would like to see the SFPUC adopt? Why or why not?

Of the three conforming portfolios, we agree with staff's recommendation of adopting the 90% Time Coincident portfolio to be submitted to the CPUC.

We note that the 90% portfolio falls far short of adding the additional capacity needed to meet San Francisco's electric vehicle and building decarbonization goals (922 MW of new capacity compared to the 1,682 MW of new capacity in the "EV and Decarb Goals" alternative portfolio).

The 95% Time Coincident portfolio is compelling because it would add a comparable amount of new capacity as the "EV and Decarb" portfolio, but we agree with CPSF staff's concerns about the 95% portfolio being too reliant on market sales of excess electricity and over-committing to long-term contracts.

We would be interested to see the results for 92% and 93% Time Coincident portfolios as potential compromises that would better model the City's anticipated future increase in electricity demand from electrification while moderating the flaws of the 95% Time Coincident portfolio. However, because of the significant staff, consultant, and computational time needed to calculate new portfolios, we understand that this is likely not possible to do in time to meet the 11/1/2022 IRP submission deadline.

3. Given that CleanPowerSF will update its Integrated Resource Plan every two years, what do you think the program should take into account in its ongoing and future energy resource planning work?

Looking beyond meeting the CPUC's strict requirements for the IRP, we urge the SFPUC to commit to implementing the "EV and Building Decarbonization Targets Met" alternative portfolio. Of the two alternative portfolios, we see the "EV and decarb" portfolio as the best proxy for the much more ambitious electricity system we will need to meet the ambitious goals of our City, state, country, and planet.

We request that CPSF provide more analysis and solicit community input on weighing the costs, benefits and feasibility of sourcing electricity in-City vs. within the nine-county Bay Area. One of the main priorities we hear from commissioners and the public is a strong desire for increasing in-City power sources to support local resilience from earthquakes, public safety power shutoffs, and wildfires.

The significant cost of the "Local Resource" alternative portfolio is a sobering reminder of the significantly higher costs of regional power projects. It's unclear how much support there is for paying this premium for regional power sources that offer little or no improvement in local resilience.

While we recognize that potential in-City renewable projects are much smaller in scale and much more expensive, we believe there are strong policy rationales and public interest for funding this energy resilience and independence. There may be stronger support for investing the funds necessary to source 10% of power in-City compared to investing a similar amount of funds to source a much larger percentage within the Bay Area.

We also recognize that CPSF ratepayer funds alone will not come close to meeting the ambitious goals of the Alternative Portfolios, and we urge the SFPUC to consider all possible funding options when planning for our energy future, such as revenue bonds, general obligation bonds, the general fund, new local revenue measures, and state and federal funding.

We are excited for further analysis of the in-City investment possibilities created by the federal Inflation Reduction Act, particularly the provision granting an extra 20% tax credit for small solar projects that benefit low-income households and the provision granting an extra 10% tax credit for brownfield sites.

4. Do you have thoughts or recommendations for improving our Integrated Resource Plan process going forward?

Now that LAFCo has participated in two cycles of commenting on CPSF's IRPs, it is clear that the CPUC's IRP process would benefit from significant reform. Our comments on improving the process are largely directed to the CPUC, CAISO, and state legislators:

- We appreciate the suggestions CPSF included in the "Lessons Learned" section of the 2020 IRP that urged the CPUC to provide more certainty in its guidance to LSEs and more time for LSEs to complete their IRPs. We encourage CPSF to revisit these suggestions and include a similar "Lessons Learned" Section in the 2022 IRP.
- We are concerned about how accurately the CPUC requirements for conforming IRP portfolios reflect CPSF's real-world planning, considering that CPSF cannot submit a preferred portfolio that fully capture factors like San Francisco's behind-the-meter solar power or the increase in projected demand from the City's electrification goals.
- We are concerned about the accuracy of IRPs for state transmission planning processes given the multi-year delay between CPSF submitting the IRP in 2022, the CPUC adopting a Preferred System Plan (PSP) portfolio in 2023, and finally CAISO adopting a 2024-2025 Transmission Planning Process (TPP) that will be used to approve transmission projects in 2025. Given the rapid rate evolutions of the electricity market, we urge the CPUC and CAISO to streamline these processes so that decisions are made on more timely data.
- LAFCo hopes to work with CPSF, the Board of Supervisors, and our state representatives to support legislative and regulatory improvements to the IRP and these other processes.

Because of these constraints on and issues with the CPUC's IRP process, LAFCo recommends CPSF reevaluate its approach to community engagement on the IRP. We commend CPSF for the resources it committed to the well-designed community engagement process for the IRP. But the drop off in public participation from the first round of listening sessions to the second round suggests that the process could be improved.

We recommend CPSF make more explicit which portions of the process are subject to limits to meet CPUC compliance and which portions CPSF has freedom to modify.

CPSF could emphasize community engagement on earlier parts of the process, such as developing the broad categories of portfolios to be analyzed. In the first round of listening sessions, it was unclear how questions such as how to balance the priorities of affordability/reliability/renewable content would be translated into specific IRP portfolios.

Unless the CPUC makes significant changes to increase the flexibility of conforming IRP portfolios and to allow more time for development of IRP portfolios, CPSF should consider either deemphasizing input on evaluating the conforming portfolios or providing more context on what types of feedback would be relevant or helpful.

We suggest CPSF engage the community in a public process during the off years from the IRP cycle to inform the community on how the IRP is being implemented and allow the public to provide meaningful bigger-picture input on the earliest stages of the subsequent IRP.

We also request that in the future, CPSF consider publishing more detailed data on the modeling results to compliment the slide presentations. One of our commissioners called the slides "radically accessible" for someone who is new to the world of electricity policy. But people who work in related fields or who have participated in multiple IRP processes would benefit from seeing a great level of detail of the information that goes into creating the IRP.

Lastly, we urge CPSF to publish responses to either all comments received or synthesized responses to categories of similar comments received.

Attachment:

- Comments on the CleanPowerSF 2022 IRP from LAFCo Vice-Chair Jackie Fielder

Friday, October 14, 2022

Dear CleanPowerSF & SFPUC Staff,

The following letter is my comment on the 2022 IRP presentation (attached). First off I want to thank you all for taking the time to engage the public and LAFCo each step of the way on this process. Seeing that this is the first IRP process I am weighing in on as a LAFCo Commissioner (my term began November 2021), I have a lot of questions and suggestions, and I hope it is evident that they come from a place of simply seeking to learn and provide more clarity on behalf of the public and our natural environment that I serve in this role.

First off, I had the ability to participate in one community engagement meeting this past summer and was pleased with the amount of preparation SFPUC staff undertook and I believe it paid off in a lively discussion generated among participants. Thank you for going to these lengths to ensure every participant felt heard.

Now, I will share my comments on the presentation. I appreciate the timeline provided in slide 3, the key terms laid out in slide 4, and the explanation of the IRP process, assumptions, and methodology in slides 5-20. This goes a long way to help the public and even myself understand the content of this plan. I know we share the values of accessibility and civic empowerment in the IRP process. It is hard to understate how helpful this grounding and introduction, as well as the glossary at the end, has been, so thank you for your work in this section. One term that I would have liked to have seen alongside examples is "RPS-eligible renewable," first mentioned on slide 16. Which renewable energy sources qualify as "eligible" by the state? I would also like to understand the operating definition of "greenhouse gas free" in this plan.

Now, the actual assessment. I am pleased to see both 90% and 95% time coincident portfolios analyzed in this plan, in addition to building decarbonization and local resource procurement. It is my hope that in future IRPs, all portfolios assessed have a 50% local resource procurement floor and building decarbonization goals built into the models.

Below is a table I compiled using the information from slides 25, 31, 37, 45, 52, and 60. I wonder what the difference is between total projected revenue requirement and net present value for each of the portfolios. Are those grants, or funds other than revenue? I also wonder how useful 2021 dollars are given inflation is more than 8% this year.

Portfolio	Total projected revenue requirement (2021 dollars)	Net present value (2021 dollars)
10-year financial plan	\$1.57 billion	?
Base Case	\$1.72 billion	\$2.3 billion
95% Time Coincident	\$2.20 billion	\$3.0 billion
90% Time Coincident	\$1.80 billion	\$2.4 billion
Mayor's EV and Building	\$2.33 billion	?

Decarbonization		
50% local resource procurement	\$2.21 billion	?

In Slide 56, there are 3 pie charts of new resource capacity requirements by technology for the three conforming portfolios. I wonder why the 95% TC portfolio requires four times as much new solar as the 90% TC portfolio and 100MW less of new storage. I understand that at least Marin Clean Energy is scaling back new investments in solar unless it is paired with storage given some economic and policy realities. I have a similar question about the following slide, slide 57 that shows total portfolio capacity by technology. Why is there 100MW less of storage in the 95% TC portfolio than in the 90% TC portfolio?

Ultimately I support the staff's recommendation of adopting the 90% Time Coincident Portfolio, primarily on the basis of needing to see how we emerge from inflation and a potential recession this next year. However, if economic conditions improve by the next IRP in 2024, I will be eager to push for the 95% Time Coincident portfolio. The **difference between the total projected revenue requirement of the 95% TC portfolio and that of the 90% TC portfolio is only \$400 million**; and the difference between the total projected revenue requirement of the **95% TC portfolio and that of the base case portfolio is only \$480 million**. The SFPUC capital budget for FY 2021-22 alone is \$698.0 million, which indicates to me that the 95% TC portfolio is doable, at least in 2021 dollars. The increased diversity of resources and reliability of the 95% TC portfolio, in my view, provides benefits to customers that amount to well beyond \$480 million. How can we put a price on reliability in these times of increasing climate chaos and grid mismanagement by PG&E? I understand there are CPUC limits to how much any energy provider can sell, but it seems to me that becoming a large retail seller of renewable energy sooner rather than later would put San Francisco in a strong financial position for decades to come.

Lastly, I hope in future IRPs, 50% local resource procurement becomes a baked-in floor for all portfolios. Any extra costs to such a policy would be outweighed by the thousands of local union jobs provided, as well as increased reliability. In addition, at least some costs could certainly be offset by taking advantage of new Inflation Reduction Act funds that incentivize renewable energy generation in communities currently and historically burdened by the fossil fuel industry, the anticipated new IRA state revolving loan fund for energy efficiency upgrades, and utilizing public lands for such projects. In fact, I hope LAFCo undertakes a study on how CleanPowerSF can best take advantage of IRA funds and municipal-owned lands in the near future.

Much thanks to the CleanPowerSF and SFPUC staff for putting this year's IRP together and creating a community engagement process as best you were able to given the short time constraints.

Sincerely,



Jackie Fielder
LAFCo Commissioner