



August 18, 2017

VIA EMAIL AND U.S. MAIL

Commissioner Michael Picker, President
Commissioner Carla J. Peterman
Commissioner Liane Randolph
Commissioner Clifford Rechtschaffen
Commissioner Martha Guzman Aceves
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Application 16-08-006 – Application of Pacific Gas and Electric Company for Approval of the Retirement of Diablo Canyon Power Plant, Implementation of the Joint Proposal, And Recovery of Associated Costs Through Proposed Ratemaking Mechanisms (U39E) (Filed August 11, 2016)

Dear Commissioners,

The undersigned are signatories to the Joint Proposal dated June 20, 2016. In that landmark agreement among a diverse group of participants, we agreed that Pacific Gas and Electric Company (“PG&E”) would close the Diablo Canyon Power Plant at the end of its current operating licenses in 2024-2025, and that the output of the Diablo Canyon facility would be replaced with resources that emit zero greenhouse gases (“GHGs”).^{1/}

We are writing to reiterate our commitment to these two goals.

In Application 16-08-006, which remains pending before the Commission, PG&E has requested authorization to implement the terms of the June 2016 Joint Proposal. In the course of that proceeding, the signatories to the Joint Proposal agreed to an amendment pursuant to which

1/ Environmental California, a signatory of the original Joint Proposal, does not have capacity to participate actively in the CPUC approval process.

all but one portion of the replacement procurement (an energy efficiency procurement effort) would be deferred to the Integrated Resource Plan (“IRP”) rulemaking proceeding, R.16-02-007.

We emphasize, moreover, that, even as originally agreed to, the Joint Proposal always contemplated that the bulk of the replacement procurement would be addressed by the Commission in the IRP proceeding.

Replacing Diablo Canyon’s output with GHG-free resources is a critically important goal for the Commission if California is to avoid an increase in GHG emissions from the electric sector upon the retirement of the Diablo Canyon facility. Indeed, the Energy Division Staff’s “Preliminary RESOLVE Modeling Results for Integrated Resource Planning at the CPUC,” issued July 19, 2017, appears to confirm at slides 51-53 that, absent the aggressive GHG-free resource procurement program assumed to be in place prior to 2026, there will be a greater use of fossil fuel generation and a consequent increase in GHG emissions from the electric sector.

This is exactly the result we are trying to avoid.

Accordingly, we are writing to all five Commissioners, to respectfully request that the following steps be taken:

- In A.16-08-006, we urge the Commission to adopt a binding policy decision that the output of Diablo Canyon must be replaced with GHG-free resources and that the responsibility for, definition of, and cost of these resources be addressed as part of the IRP proceeding.
- In R.16-02-007, we urge the Commission to initiate a Commission mandated procurement program for all load-serving entities designed to ensure that GHG-free resources are contracted for and built in order to replace the output of Diablo Canyon.

With respect to the second of these two initiatives, namely, a Diablo Canyon replacement procurement initiative in the IRP proceeding, we emphasize that prompt action is important. A Commission decision to “defer” until a future date the kick-off of a procurement effort could in effect constitute a decision to allow GHG emissions to increase when the Diablo Canyon facility is retired. This is because of the time it takes to procure and build new resources in the real world under the auspices of a Commission decision.

The Joint Parties are committed to working together to ensure that the retirement of Diablo Canyon can be achieved in a manner that advances California’s bold GHG reduction goals.

We appreciate your attention to this matter.

Sincerely,



ROBERT KENNEY
Vice President, Regulatory Affairs
Pacific Gas and Electric Company



DAVID FREEMAN
Senior Advisor
Friends of the Earth



PETER MILLER
Director, Western Energy Project
Natural Resources Defense Counsel



MARC D. JOSEPH
Attorney on behalf of
Coalition of California Utility Employees



TOM DALZELL
Business Manager
International Brotherhood of Electrical
Workers Local 1245

cc: Administrative Law Judge Peter Allen, (via email)
Administrative Law Judge Julie Fitch, (via email)
Edward Randolph, Energy Division Director, (via email)
Service List in A.16-08-006, (via email)
Service List in R.16-02-007, (via email)