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April 1, 2022

CA Public Utilities Commission  
Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102-3298

**Re: Desert Community Energy Advice Letter No. 7-E:  
2020 Integrated Resource Plan Supplemental Information**

In accordance with Ordering Paragraph (“OP”) 4 of California Public Utilities Commission’s (“Commission”) Decision (“D.”) 22-02-004, Desert Community Energy (“DCE”) submits this Tier 2 Advice Letter (“AL”), to provide supplemental information to update and amend its Integrated Resource Planning (“IRP”) plan, which was originally filed and served in R.20-05-003 on September 1, 2020.

**Effective Date:** No later than May 1, 2022

**Tier Designation:** Tier 2 Designation (in accordance with D.22-02-004)

**Purpose:**

Desert Community Energy (“DCE”) hereby submits this Tier 2 Advice Letter (“AL”) in accordance with Commission D. 22-02-004,<sup>1</sup> which directs DCE to provide, “an appendix or supplement” to its 2020 Integrated Resource Plan (“IRP”), to address a deficiency related to the statutory and administrative analysis in conformance with the preferred conforming portfolio narrative template. Specifically, D.22-02-004 requires that DCE:

- “Provide a description of how the selection of resources in their 38 MMT preferred conforming portfolio is consistent with each relevant statutory and administrative requirement, as described in Public Utilities Code Section 454.52(a)(1), as required by Section 3b of the Narrative Template.”<sup>2</sup>

In adherence with the resubmission requirements described above, this AL contains supplemental information to demonstrate that DCE’s 38 MMT conforming portfolio is consistent with the objectives of Public Utility Code Section 454.52(a)(1), as described in more detail in Appendix A.

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<sup>1</sup> D. 22-02-004, pp. 31-32

<sup>2</sup> Id.

**Background:**

Pursuant to Senate Bill (“SB”) 350, the Commission issued D. 18-02-018 on February 13, 2018, to set IRP filing requirements for load serving entities (“LSEs”) and adopted a two-year planning cycle to set greenhouse gas (“GHG”) emission targets, conduct modeling analysis, and approve or certify IRPs filed by LSEs. The Commission updated the IRP filing requirements in D.20-03-028 and directed LSEs to file their 2020 IRPs no later than September 1, 2020. LSEs were directed to submit narrative templates, resource data templates, and clean system power calculators.

In D. 22-02-004, the Commission evaluated the individual 2020 IRP filings of all LSEs under the Commission’s IRP authority and determined whether LSEs’ IRPs were approved, certified or exempt, or not yet approved or certified pending remedy of certain deficiencies. To remedy any deficiencies, the Commission requires LSEs to file a Tier 2 AL no later than April 1, 2022, providing, at a minimum, an appendix or supplement to its IRP, that includes the additional requested information to remedy the prior version. DCE hereby provides the requested additional information in Appendix A, in accordance with D. 22-02-004.

**Protests:**

This compliance filing is not subject to protest pursuant to General Order 96-B, Energy Industry Rule 9.

**Impact on Rates or Charges:**

This advice letter has no impact on current rates or charges, or terms of service, for DCE’s currently effective retail sales service.

**Other Pending Advice Letters:**

There are no other pending advice letters that are affected by or that relate to the issues in this compliance advice letter.

**Disposition:**

Disposition of this advice letter by Commission Resolution is not necessary or appropriate.

**Correspondence:**

Any correspondence regarding this compliance filing should be sent by email to the attention of:

David Freedman  
Program Manager  
Desert Community Energy  
[dfreedman@cvag.org](mailto:dfreedman@cvag.org)

**Certification**

- (1) I have reviewed, or have caused to be reviewed, this compliance submittal.
- (2) Based on my knowledge, information, or belief, this compliance submittal does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements true.
- (3) Based on my knowledge, information, or belief, this compliance submittal contains all of the information required to be provided by Commission orders, rules, and regulations.

Respectfully Submitted,

*Tom Kirk*

Tom Kirk (Apr 1, 2022 08:52 PDT)

Date: April 1, 2022

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Tom Kirk  
Executive Director  
Desert Community Energy  
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Palm Desert, CA 92260  
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cc: All Parties on the Service List in R.20-05-003

## Appendix A

### Desert Community Energy DCE Advice Letter 7-E – Supplement to 2020 IRP

#### Study Results: Preferred Conforming Portfolio – IRP Section III(b)

### III. Study Results

#### b. Preferred Conforming Portfolio

DCE provides this supplement to its 2020 IRP to demonstrate that its 38 MMT conforming portfolio is consistent with all the goals from Public Utility Code Section 454.52(a)(1), as described in more detail below.

#### GHG Reduction Goals

Based on the output of the Clean System Power calculator, the 2030 GHG emissions from DCE's 38 MMT conforming portfolio are lower than the Commission's assigned 38 MMT GHG reduction benchmark as shown in Table 8 of Section III.c of the IRP. Thus, DCE's 38 MMT conforming portfolio meets the Section 454.52(a)(1)(A) goal of reducing GHG emissions to meet state GHG reduction mandates.

#### Renewable Energy

Section 454.52(a)(1)(B) states that portfolios must be composed of at least 50% eligible renewable resources by December 31, 2030. DCE has its own internal green energy procurement goals that exceed this minimum standard, including a 100% renewable energy target by 2030 for its Carbon Free product. Thus, the 38 MMT conforming portfolio sources almost 100% of its annual energy from renewable resources, exceeding the minimum 50% renewable requirement. This is shown in Figure 4 in Section III(a) of the IRP.

#### Minimizing Bill Impact

Section 454.52(a)(1)(D) requires LSEs to select resources to minimize the impact of planned procurement on ratepayers' bills. Rate competitiveness is one of DCE's rate setting objectives. DCE conducts competitive solicitations to ensure selection of cost competitive resources. DCE estimates that the cost savings over the lifetime of the Power Purchase Agreements (PPAs) from its shortlisted contracts from the 2020 Renewable RFO will be between \$60 million and \$80 million compared to the expected cost of the same quantity of short-term market purchases. Thus, DCE fully expects it can meet its current procurement objectives as embedded in the 38 MMT portfolio as well as its rate objectives. More discussion of DCE's rate setting process and objectives can be found in Section III(e) of the IRP.

### **Ensuring System and Local Reliability**

Section 454.52(a)(1)(E) states that LSEs must plan to meet system and local reliability as part of their IRPs. DCE has prepared a forecast of how it plans to meet the CPUC’s system resource adequacy (RA) requirements as detailed in Section III(f) of the IRP. As discussed in more detail in that section, DCE’s RA portfolio includes RA purchased under long-term contract from renewable and battery resources as well as short-term RA-only contracts. DCE also commits to meeting all local RA requirements, except for those local RA requirements that must be contracted by the central procurement entity. To date DCE has never been issued a citation for failing to meet RA requirements.

### **Diversity, Sustainability, and Resilience of Transmission, Distribution, and Local Communities**

Consistent with the goals in Section 454.52(a)(1)(F), DCE has selected a diverse set of resources for its 38 MMT conforming portfolio, including solar, wind, small hydro, geothermal, and battery storage resources. DCE also has a preference for developing local renewable energy resources in the Riverside County-Palm Springs area, which would reduce the need for long distance transmission lines to serve its load. DCE also offers a net energy metering program to support behind-the-meter resource development, which can enhance system resilience at the distribution level. DCE is exploring additional programs to enhance distributed generation development and grid resiliency as described in Section IV(a) of the IRP.

### **Demand-Side Energy Management**

Section 454.52(a)(1)(G) states portfolios must have a goal of enhancing demand-side energy management. Although DCE did not include shed demand response (DR) directly in its 38 MMT conforming portfolio, DCE is planning to explore DR programs for its customers in the future and will report on such programs in future IRPs. Section IV(a) of the IRP also provides a list of energy programs DCE is exploring, which include demand-side energy management programs, such as building electrification and energy efficiency. DCE customers also remain eligible for demand-side energy management programs run by SCE.

### **Minimizing Localized Air Pollutants With Emphasis on Disadvantaged Communities (“DACs”)**

Section 454.52(a)(1)(H) requires LSE portfolios work to minimize local air pollutants with an emphasis on DACs. The CSP tool results in the following localized air pollutants associated with DCE’s 38 MMT conforming portfolio in 2030, as shown in Table 9 in Section III(d) of the IRP:

- PM2.5: 2.6 tonnes/year
- SO<sub>2</sub>: 0.3 tonnes/year
- NO<sub>x</sub>: 4.9 tonnes/year

These emissions are solely from DCE’s system power purchases, which DCE seeks to minimize through its aggressive green energy procurement goals including a 100% renewable energy goal by 2030 for its Carbon Free product. Although DCE does not serve any DACs as identified using

the CalEnviroScreen tool, it does conduct outreach to low-income communities to encourage enrollment in rate discount programs. Further discussion of DCE’s DAC-related activities is described in Sections III(d) and IV(a) of the IRP.