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California Resources Corporation Comment Letter

Please see attached pdf for comments from CRC.

Additional submitted attachment is included below.

July 14, 2026

California Energy Commission
Docket Unit
1516 Ninth Street
Sacramento, CA 95814

Docket No. 21-ESR-01

Re: Comments on the California Energy Resource and Reliability Outlook 2026 Draft Staff Report

Dear Docket Unit:

California Resources Corporation (CRC) and its Carbon TerraVault (CTV) business appreciate the opportunity to comment on the California Energy Resource and Reliability Outlook 2026 Draft Staff Report (CERRO 2026). CRC supports the California Energy Commission's (CEC) efforts to provide a comprehensive assessment of California's energy resources and reliability needs.

CRC agrees with the Draft Staff Report's recognition that California's reliability and decarbonization objectives will require clean firm resources and appreciates the report's findings regarding carbon capture and sequestration (CCS). CERRO 2026 concludes that CCS retrofits of existing gas plants are the lowest-priced firm zero-carbon technology and are selected in every scenario where they are allowed.¹ As California's leading CCS developer, with California's first operating Class VI storage project and multiple power-sector CCS projects under development, CRC offers the following recommendations to strengthen the final report.

I. More Clearly Recognize CCS as a Clean, Cost-Effective Firm Resource

CERRO 2026 correctly treats retrofits of existing gas plants to 95 percent CCS as candidate clean firm resources for long-term planning purposes.² It also finds that the Base scenario retrofits about 10 GW of existing natural gas plants with CCS by 2045, while the No CCS scenario results in modeled 2045 costs about 15 percent higher than the Base scenario.³ These findings are central to the report's resource planning conclusions and should be stated more prominently in the Executive Summary and Conclusions.

CRC recommends that the final report clearly explain the CEC's treatment of high-capture CCS as an SB 100 compliant clean firm resource for statewide planning purposes. This would not prejudice individual procurement compliance determinations, but it would provide important guidance to the CPUC, load-serving entities, and transmission planners as they evaluate future procurement and transmission needs. It would also align CERRO with CARB's 2022 Scoping Plan, which applies CCS

¹ CEC, California Energy Resource and Reliability Outlook, 2026 Draft Staff Report, June 30, 2026, at 72.

² CEC, CERRO 2026 Draft Staff Report, at 58; id. at 67 n.73.

³ Id. at 64-65.

to 16.7 MMT of CO₂ from existing fossil gas electricity generation in 2045 as part of California's carbon neutrality pathway.⁴

This recommendation follows from the Draft Staff Report's own analysis: where CCS is available, the model selects it because it provides clean firm capacity at lower modeled system cost; where CCS is removed, the system relies on other emerging resources or requires significantly larger solar and storage buildouts.⁵

II. Improve the Report's CCS Eligibility Assumptions

CRC supports the CEC's inclusion of natural gas with CCS as a candidate resource and recommends two refinements to avoid understating feasible CCS deployment.

A. Remove the 150 MW screening threshold

CERRO 2026 limits CCS retrofit eligibility to existing combined cycle plants over 150 MW, while noting that this screen may overstate retrofit potential because some plants may lack adequate onsite space or access to favorable CO₂ storage geology.⁶ CRC agrees that not every existing gas facility is a viable CCS candidate, but nameplate capacity should not be the primary screen.

Retrofit feasibility depends on site-specific factors, including access to CO₂ storage geology, proximity to pipeline or other transportation infrastructure, plant configuration, and available site conditions. A smaller facility located near a viable storage complex may be more feasible than a larger facility without those characteristics. CRC therefore recommends that CERRO modeling remove the 150 MW screening threshold for CCS retrofits of combined cycle plants.

B. Evaluate new natural gas facilities with CCS, including fuel cells, as a sensitivity

The Draft Staff Report states that new gas facilities with CCS technology are not a candidate resource but does not provide a policy basis for that categorical exclusion.⁷ CRC recommends that the CEC evaluate new natural gas facilities with CCS, including natural gas fuel cells with CCS, as candidate clean firm resources in CERRO modeling or, at minimum, as a sensitivity scenario.

Fuel cells with CCS can provide affordable, dispatchable power with near-zero criteria pollutant emissions due to their non-combustion process. They are modular, can scale from kilowatts to hundreds of megawatts, and can be sited in a broader range of settings than conventional combustion resources. More than 1.4 GW of natural gas fuel cells have been deployed worldwide, including commercial and utility-scale projects in California.⁸ Given California's extensive natural gas and electric infrastructure and world-class CO₂ storage geology, this resource class could meaningfully contribute to California's clean energy goals in both the near and long term.

⁴ California Air Resources Board, 2022 Scoping Plan for Achieving Carbon Neutrality, Dec. 2022, at 201.

⁵ CEC, CERRO 2026 Draft Staff Report, at 64-65.

⁶ Id. at 60.

⁷ CEC, CERRO 2026 Draft Staff Report, at 60.

⁸ Utility Dive, Bloom Energy says it is on track for 2 GW annual production capacity, Oct. 2025, available at <https://www.utilitydive.com/news/bloom-energy-says-its-on-track-for-2-gw-annual-production-capacity/804291/>.

III. Recognize the Reliability Value of In-State Crude Production

CRC appreciates the Draft Staff Report's discussion of California's petroleum reliability challenges, including refinery closures, the State's specialized fuel requirements, declining in-state production, and increased reliance on marine imports. These issues are central to ensuring that California maintains reliable and affordable transportation fuel supplies during the energy transition.⁹

CRC recommends that the final report build on this discussion by expressly recognizing that in-state crude production remains one component of petroleum reliability. California crude production helps support the State's existing refining system and can reduce dependence on longer, more complex supply chains for marine-delivered crude oil and refined products. CRC therefore recommends that the final report continue to assess the relationship between declining in-state production, refinery operations, import dependence, and petroleum reliability, consistent with the CEC's broader focus on fuel reliability, affordability, and supply resilience during California's transition to cleaner transportation fuels.

Conclusion

CRC appreciates the CEC's thoughtful analysis and supports the Draft Staff Report's recognition that clean firm resources will be essential to a reliable and affordable energy transition. CRC's recommendations are intended to strengthen the final report by more clearly reflecting the report's own findings on CCS, improving CCS eligibility assumptions, and recognizing the role of in-state crude production in petroleum reliability. CRC and CTV look forward to continuing to work with CEC staff as California advances a reliable, affordable, and lower-carbon energy system.

Sincerely,

A handwritten signature in black ink that reads "Chris Gould". The signature is written in a cursive, flowing style.

Chris Gould
EVP & Chief Sustainability Officer
Carbon Terravault

⁹ CEC, CERRO 2026 Draft Staff Report, at 123-24; id. at 7-9.