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Opposition Letter to the Puente Power Plant AFC

Additional submitted attachment is included below.

Commissioner Janea Scott
California Energy Commission
1516 Ninth St
Sacramento, CA 95814

Commissioner Karen Douglas
California Energy Commission
1516 Ninth St
Sacramento, CA 95814

Dear Commissioner Scott and Commissioner Douglas,

The undersigned respectfully submit this letter in order to oppose Commission approval of the Puente Power Plant. Approval of the Application for Certification (AFC) of the Puente Power Plant would be contrary to the Energy Commission's duty to only approve projects deemed necessary and in the public interest, would undermine the City of Oxnard's land use policies and the health of an already pollution-burdened environmental justice community, and would be antithetical to achievement of California's ambitious climate and energy policies. Since the procurement authorization in 2013 to fill the Moorpark Subarea local capacity need, preferred resource alternatives, such as battery storage, additional solar, energy efficiency, and demand response are available and have become a significantly more cost-effective and reliable solution. Thus, in order to ensure the Moorpark local reliability need is met in the most cost-effective, environmentally sound, and equitable way, the Energy Commission should suspend the Puente Power Plant AFC and allow the Public Utilities Commission to hold a new request for offer (RFO) to evaluate the cost-effectiveness of preferred alternatives.

Approval of Puente Power Plant would undermine the City of Oxnard's Land Use Plan and further exacerbate the pollution burden on an environmental justice community.

Oxnard bears the most significant pollution burden in Ventura County and is home to predominately low income and minority residents, making it one of the State's disproportionately impacted environmental justice communities. The City of Oxnard issued a moratorium against siting new gas plants along its coast line in an effort to restore its community's ability to enjoy its coastline, much like the neighboring cities of Santa Barbara and Malibu are able to, as well as to prevent harmful impacts to the community. Approval of the Puente Power Plant would further the air pollution burden in the community, impact the coastal biodiversity and recreational opportunities for an already disadvantaged region, and override local policy when other alternatives are available.

The California Independent System Operator (CAISO) study illustrates that the need can be filled with preferred resources.

In the over four years since the initial procurement authorization, the local capacity need has decreased, due to incremental procurement, and cost-effective preferred resources have continued to increase in availability. It is clear from the CAISO study of preferred resource alternatives that the contingency Puente was authorized to fill can be met through an alternative portfolio of preferred resources, including by utilizing battery storage to mitigate a worst case transmission contingency in the Moorpark Subarea.

The CAISO study’s cost assumptions grossly inflates the cost of storage and underestimates the potential for preferred resources in the Moorpark Subarea.

While the CAISO positively bookends the ability of purely battery storage to fill the local reliability need, it uses outdated cost assumptions to evaluate the costs of the alternative scenarios. The CAISO study uses storage projections from 2014 at \$485 per kilowatt-hour, when power purchase agreements (PPAs) have been recently signed for around \$250 per kilowatt-hour in Hawaii.¹ The study also ignores the system value of battery storage, beyond simply meeting the system reliability need.

The amount of long duration batteries needed is overestimated in the study, therefore significantly inflating the preferred alternative cost, as the CAISO study underestimates solar value during a contingency and does not account for the potential additional energy efficiency and demand response available to fill a portion of the local reliability need. Southern California Edison estimated 15 MW of additional targeted energy efficiency is available in the Moorpark Subarea, which was not included in the model. This is on top of the doubling of energy efficiency in existing buildings that is already mandated. Additionally, while the study describes “slow demand response” as being able to respond to CAISO signals in time with short duration batteries, it does not add any new demand response. This is incomplete, as “slow demand response” plus short duration batteries are significantly less expensive than the 9-hour, long duration batteries.

Approval of the Puente Power Plant AFC would be contrary to the rationale for phasing out Aliso Canyon Natural Gas Storage Facility.

On July 19, 2017, a letter was transmitted from Energy Commission Chair Weisenmiller to Public Utilities Commission President Michael Picker describing the intent and will of the Governor’s Office and Energy Commission to develop a plan to permanently close Aliso Canyon Natural Gas Storage Facility.² That letter made clear that closure of Aliso Canyon was a means to meeting California’s climate change policies and that the state “must take decisive actions now to increase the use of renewable energy, improve energy efficiency, electrify the transportation sector and expand the availability of cleaner fuels and technologies.” Adding a new natural gas-fired power plant in the LA Basin, furthering the dependence on natural gas for electric reliability, would be contradictory to the rationale and intent behind the closure of Aliso Canyon and set back resultant progress.

Denial of the Puente Power Plant AFC is an opportunity to demonstrate California’s commitment to it climate and energy goals.

California has positioned itself to be the foremost leader in the fight against climate change through a transition to a low carbon economy. This transition is dependent on a decarbonization of the electric sector, as other sectors electrify. Until now, gas-fired power plants have been the primary means depended on for reliability on the electric grid – a dependence that can no longer stand. It is clear that in

¹ <http://kiuc.coopwebbuilder2.com/sites/kiuc/files/PDF/pr/pr2017-0110-AES%20Solar.pdf>

² <http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR->

11/TN220299_20170721T134102_July_19_2017_Letter_to_California_Public_Uilities_Commission_P.pdf

order to meet the electric sector greenhouse gas targets in 2030 and beyond, policies must instead allow and emphasize carbon-free technology to meet reliability needs. Such a transition is imminently possible, as the technology is available and the costs are now competitive with new gas-fired power plants.

The only outcome for the Puente AFC is to be denied, with plans made for a new RFO intended to meet the Moorpark Subarea local capacity need.

The Puente Power Plant AFC should not be approved. Building a new, oversized gas-fired power plant on coastal land, in an environmental justice community with local policies clearly opposed, should be the last resort for meeting a reliability need. It was made clear in the CAISO study that preferred resources, such as battery storage, can fill the need. For these reasons, we ask that the Energy Commission and the California Public Utilities Commission put a process into place for a new RFO that can determine a suite of solutions that are cost-effective, fill reliability need, and meet State and local policy.

Signed,

V. John White
Executive Director, Center for Energy Efficiency and Renewable Technologies

Dan Lashof
Chief Operating Officer, NextGen Policy

Larissa Koehler
Senior Attorney, Environmental Defense Fund

CC: Governor Jerry Brown
Chair Bob Weisenmiller
Commissioner David Hochschild
Commissioner Andrew McAllister

