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SoCalGas Comments on the Natural Gas Power Plants Workshop

Additional submitted attachment is included below.

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December 16, 2020

California Energy Commission
Docket Unit, MS-4
Docket No. 20-SIT-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Comments on the Commissioner Workshop on Incremental Efficiency Improvements to the Natural Gas Powerplant Fleet for Electric System Reliability

Southern California Gas Company (SoCalGas) appreciates the opportunity to comment on the California Energy Commission's (CEC's) workshop led by Commissioner Karen Douglas on Incremental Efficiency Improvements to the Natural Gas Powerplant Fleet for Electric System Reliability held on December 2, 2020.

The reliability of the State's energy system is critical to California's economic vitality and the well-being of all communities. Our comments focus on the importance of increasing the flexibility of the existing natural gas-fired fleet and highlights several specific reliability considerations discussed at the workshop.

The CEC staff presentation addressed the increasing need for flexibility and responsiveness from the gas-fired generation fleet. The decarbonization of the electric grid increasingly relies on a higher proportion of resources for which output is characterized by a high degree of variability both within the intraday and multiday time scales. In practice, the more variable the electric generation output, the more gas-fired resources will be called on to balance intraday reliability and multiday system resiliency. This, in turn, is leading to both increasingly volatile and unpredictable demand (takes) from the gas system that fuels power generators.

While outside the scope of the CEC workshop, improving interoperability between the gas and electricity systems fits squarely within the Commission's goals for the workshop: ensuring reliability. A recent study by the National Renewable Energy Laboratory (NREL) and the Joint Institute for Strategic Energy Analysis (JISEA) concludes that enhanced scheduling and coordination between the electric and gas systems enhances reliability by decreasing load curtailments while accommodating increased renewable resource penetration.[1]

[1] Guerra Fernandez, Omar Jose, et al. *Electric Power Grid and Natural Gas Network Operations and Coordination*. No. NREL/TP-6A50-77096. National Renewable Energy Lab. (NREL), Golden, CO (United States), 2020.

Further, the workshop referenced the recommendation within the California Independent System Operator (CAISO) Preliminary Root Cause Analysis for enhancing scheduling within the day ahead market. In that vein, SoCalGas recently proposed scheduling enhancements between electric generators and gas system operators to better match demand with supply, which will particularly enhance reliability on constrained days.[2] The CEC workshop also identified approaches to improve the efficiency and responsiveness of the gas-fired power plant fleet in responding to the needs of electric balancing authorities. We respectfully suggest that doing the same between power plant operators and the system upon which they depend for responsive just-in-time fuel delivery will facilitate and amplify the desired public policy outcomes.

Lastly, the workshop focused on the opportunities and challenges to invest in the identified technological improvements. While this was a timely conversation, the CEC didn't ask the fundamental question: will power plants receive just compensation for the reliability benefits they provide. If not, the owners and operators will not be incentivized to make these critical investments for incremental efficiency improvements. The natural gas capacity fleet chart showed at the workshop included some unplanned retirements; however, the chart did not account for other plants retiring due to lack of procurements. In fact, Debi Le Vine, CAISO Director of Infrastructure Contracts and Management, acknowledged that several resources sent letters to the regulatory agencies stating that they will retire (in 2021) because they have not been procured. Though many of these plants are less flexible, some are brand new, fast start combined cycle plants. The flexible nature of these power plants is the backbone to system reliability and essential to high renewable penetrations. As such, it is vital to ensure cost recovery of any investments moving forward to meet the State's decarbonization goals set forth in Senate Bill 100.

In closing, to be reliable in the short term, California's energy system will require interoperability between the gas and electric systems. This includes plants on reserve as well as plants that keep system voltage and frequency in balance. However, the reliability of the system is being challenged by increasing incidences of severe weather and other threats. Accordingly, SoCalGas asks that the CEC further evaluate the reliability of the State's energy system in the 2021 Integrated Policy Report (IEPR).

SoCalGas supports policies that seek to evaluate the opportunities and constraints to improve the State's energy system reliability. We look forward to continuing to work with the Commission in support of those goals.

Sincerely,

/s/ Tim Carmichael
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[2] California Public Utilities Commission Order Instituting Rulemaking 20-01-007, Long-Term Gas Planning Rulemaking, 2020.