

## DOCKETED

<b>Docket Number:</b>	13-AFC-01
<b>Project Title:</b>	Alamitos Energy Center
<b>TN #:</b>	216543
<b>Document Title:</b>	Joint Comments: AEC Oppose Sign On Letter
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Sierra Club/ California Coastal Protection Unit/ 350.Org/ Coastal Environmental Rights Foundation/ Los Angeles Waterkeeper
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	3/14/2017 8:01:34 AM
<b>Docketed Date:</b>	3/14/2017

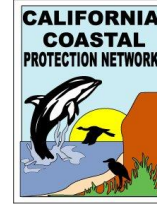
*Comment Received From: Gordana Kajer*

*Submitted On: 3/14/2017*

*Docket Number: 13-AFC-01*

## **AEC Oppose Sign On Letter**

*Additional submitted attachment is included below.*



California Energy Commission  
Docket Unit  
Docket No. 13-AFC-01  
1516 Ninth Street, MS-4  
Sacramento, CA 95814

**RE: Alamitos Energy Center and Huntington Beach Energy Center**

**Via Electronic Mail:** Docket 13-AFC-03 and Docket 12-AFC-02C “e-comment”

Dear Commissioners,

We appreciate the opportunity to comment on the proposed Alamitos Energy Center (AEC)<sup>1</sup> and Huntington Beach Energy Center (HBEC)<sup>2</sup> project applications under consideration by the Energy Commission.

On behalf of the organizations listed below, we are writing to oppose the certification of the AEC and HBEC proposed by AES, for the following reasons:

- The certification of the proposed projects, a 1040 megawatt gas-fired generation facility at Alamitos and 844 megawatt gas-fired generation facility at Huntington Beach, would be inconsistent with state laws and regulations

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<sup>1</sup> Docket 13-AFC-03

<sup>2</sup> Docket 12-AFC-02C

- to reduce greenhouse gas (GHG) emissions and will unnecessarily add to a glut of gas-fired power plant support for renewable energy integration;
- Further, the proposed projects will not meet grid reliability standards for fast start capability of 20 minutes or less;
  - Finally, the environmental analysis for these proposed projects failed to adequately account for adverse impacts to nearby coastal wetlands.

AES's applications to the Energy Commission cannot be certified because doing so would be inconsistent with California laws and policies to minimize greenhouse gas emissions, as expressed in the "loading order"<sup>3</sup> and applied in the California Public Utilities Commission (CPUC) project approvals in its long term procurement process. Not only would certification of the projects as proposed be inconsistent with state laws to reduce greenhouse gas emissions embodied in the CPUC approval, it would also contribute to the already pervasive problem of California's power glut and create even more excessive costs for ratepayers.<sup>4</sup> Finally, certifying new power plants in coastal wetlands without a thorough environmental impacts analysis unnecessarily continues the degradation of these critical areas. Redevelopment of power plants in coastal wetlands undermines and unnecessarily limits options to adapt to inevitable sea level rise encroachment upon coastal wetlands and the loss of critical ecosystem services they provide.

### **Proposed Projects Are Inconsistent With State GHG Emissions Reduction Goals**

The AES applications for certification of the AEC and HBEC projects must be rejected because they are inconsistent with California laws and policies to reduce greenhouse gas emissions as already considered and implemented by the CPUC. The CPUC, through implementation of the "loading order" to minimize GHG emissions in California, found that grid reliability in the Western Los Angeles Region would be met by a number of projects, including a 640 megawatt (MW) gas-fired generation facility at Alamitos and a 644 MW gas-fired generation facility at Huntington Beach.<sup>5</sup> The CPUC also found that any additional capacity for grid reliability in the Western LA Basin must be met with preferred resources to avoid any additional GHG emissions.

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<sup>3</sup> The loading order identifies energy efficiency and demand response as the State's preferred means of meeting growing energy needs. After cost-effective [energy] efficiency and demand response, the state relies on renewable sources of power and distributed generation, such as combined heat and power applications. To the extent energy efficiency, demand response, renewable resources, distributed generation and energy storage are unable to ensure capacity needs the state allows fossil-fired generation.

<sup>4</sup> CAISO, *2017 Local Capacity Technical Analysis Final Report and Study Results*, April 29, 2016, pp. 15-16, available at <https://www.caiso.com/Documents/Final2017LocalCapacityTechnicalReportApril292016.pdf>; Los Angeles Times, *Californians Pay a High Price for Electricity Glut*, February 5, 2017, available at <http://www.latimes.com/projects/la-fi-electricity-capacity/>.

<sup>5</sup> Decision 15-11-041 available at [http://docketpublic.energy.ca.gov/PublicDocuments/13-AFC-01/TN214629-3\\_20161202T162106\\_19nov15\\_SCE\\_LA\\_Basin\\_application\\_final\\_decision1.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/13-AFC-01/TN214629-3_20161202T162106_19nov15_SCE_LA_Basin_application_final_decision1.pdf).

California has set ambitious and attainable goals to mitigate the enormous threat of climate change. Our environment and economic well-being are already under stress from global warming, and the problems we see today will only get more difficult to mitigate and adapt to in the future.<sup>6</sup>

Modernizing our energy infrastructure will be one of the most important steps to ensuring a safe and productive future for all Californians – and there is no time to wait. Modernizing our energy infrastructure, however, requires consistency among all state agencies regulating the energy industry.

State laws and policies mandating reductions of GHG emissions in California are the foundation of the loading order utilized by the CPUC in reviewing and approving contracts gathered by the utilities for future grid reliability – in this case Southern California Edison. The loading order ensures that “preferred resources” – efficiency, demand response, renewable generation and energy storage – are prioritized before approving new gas-fired power plants. In that process of approving SCE’s suite of contracts, including AEC and HBEC, the CPUC was implementing state laws to minimize GHG emissions through application of the loading order.

However, the Alamos Energy Center and Huntington Beach Energy Center projects before this Commission propose gas-fired generation well in excess of what was approved by the CPUC. Among the contracts approved by the CPUC, AES was awarded a contract to build and operate 640 megawatts (MW) of gas-fired generation at the Alamos site but is seeking an Energy Commission license to construct and operate a 1040 MW gas-fired plant on the site. Similarly, the CPUC approved 644 MW of gas-fired generation at the Huntington Beach site and AES is seeking a license to construct and operate an 844 MW facility on that site. The CPUC Decision was clear that the any additional capacity needs in the LA Basin must be met with “preferred resources.” Therefore, the AEC and HBEC projects described in the applications to the Energy Commission threaten to undermine California’s emission reduction efforts. Not only will the certification the projects result in greater emissions than approved through enforcement of California laws and policies by the CPUC, it would set a dangerous precedent for the Energy Commission to approve projects that are inconsistent with those laws and policies.

The State of California has already reviewed projects at the Alamos and Huntington Beach sites through the CPUC’s regulatory enforcement of the loading order, resulting in approval of 640 MW and 644 MW of gas-fired generation at these two sites. It would be inconsistent with the letter and intent of state law, as well as sound public policy, for this Commission to license both the 1,040 MW AEC and the 844 MW HBEC gas-fired projects when the state agency tasked with enforcing these laws, the CPUC, determined that 640 MW and 644 MW of gas-fired generation at the Alamos and Huntington Beach sites were sufficient to ensure grid reliability, and

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<sup>6</sup> Executive Order S-3-05, available at <https://www.gov.ca.gov/news.php?id=1861>.

that any additional capacity must come from preferred resources – not additional gas-fired generation.

To achieve California’s global warming solutions goals, California’s executive agencies must act in harmony to fully enforce legislation and executive orders mandating reduction of GHG emissions. The applications must be denied in their current form, and the Applicant must be instructed to apply for a license consistent with state laws to reduce greenhouse gas emissions.

### **Proposed Projects Do Not Meet Grid Reliability Regulations**

The AEC and HBEC proposals purport to provide essential “back-up” generation capacity to support grid reliability in the LA Basin and enable the integration of renewable energy on the grid. The type of gas-fired power plants proposed at AEC and HBEC, however, cannot meet the mandatory startup time requirement for grid reliability resources.

The specific make and model of combined-cycle capacity proposed in the AEC and HBEC applications cannot meet the California Independent System Operator’s (CAISO) grid reliability requirement for “fast start” generation support in 20 minutes or less. Simple-cycle “peaker” gas-fired capacity is necessary to meet the CAISO fast-start grid reliability requirement. While combined-cycle units may be more efficient than gas-fired generation for “baseload” operations, there is currently an excess of combined-cycle capacity in Southern California, already more than enough to meet daily LA Basin demand without the need to develop more gas-fired generation.

There is a more appropriate “fast start” alternative to gas-fired generation at AEC and HBEC that is in keeping with the mandate to reduce GHG emissions – battery storage. The preferred alternative of battery storage in the LA Basin was limited in the CPUC-approved contracts on the grounds that SCE made a “reasonable” effort to meet the mandatory preferred resources in the “loading order.” However, the CPUC did not determine additional battery storage, or other preferred resources, were not feasible and superior alternatives to gas-fired generation.

The CPUC Decision limited battery storage to 100 MW at Alamos. Ironically, AES is now proposing a total of 300 MW of battery storage at the site, which would replace the need for excessive gas-fired generation. Since the CPUC decision was finalized, SCE has demonstrated how quickly additional battery storage can be added in the LA Basin. In response to the recent Aliso Canyon gas storage facility failure, SCE developed two utility-scale battery installations in six months.

The Energy Commission cannot approve gas-fired generation at AEC or HBEC, under the guise of providing support for renewable generation, when the technology chosen does not meet the CAISO grid reliability standard for quick response back-up capacity. The applications must be denied in their current form, and the Applicant must be instructed to apply for a license consistent with regulations and standards

meant to ensure fast starting and ramp-up times to adequately support ever expanding renewable generation.

### **Application Analysis Does Not Ensure Adequate Environmental Protection and Climate Mitigation**

The Energy Commission must thoroughly document past, present and future impacts to rare coastal wetlands adjacent to the Alamitos and Huntington Beach sites, and define a superior alternative to minimize those impacts. That has not happened in either the AEC or HBEC certification process to date.

Like many power plants in California, the existing Alamitos and Huntington Beach Generating Stations were constructed in coastal wetlands in the 1950s. These power plants were approved before the scientific community recognized the irreplaceable and invaluable benefits of these critical areas for wildlife habitat, storm damage abatement, water pollution abatement, and coastal protection. These projects and others that dredged and filled coastal wetlands have resulted in the loss of approximately 90% of these critically important areas in southern California.

Power plants are particularly ill-suited for property in or adjacent to wetlands given the adverse impacts of noise, polluted run-off, as well as air pollution settling on and degrading natural habitat. Further, predicted sea level rise will put these critical ecosystem services under even greater pressure than today from inevitable climate change. It is imperative to the health of California's coastal environment and communities that the mistakes of the past are not repeated, but reversed wherever feasible.

The public requested that the CPUC complete a CEQA analysis prior to approval of the contracts to construct and operate a new 640 MW gas-fired facility at Alamitos. The CPUC, however, found that their approval of contracts did not require an Environmental Impact Report because the Energy Commission would subsequently complete a comprehensive environmental impacts review and the project could be rejected by the CEC on environmental grounds. The CPUC effectively deferred to the CEC to review the environmental impacts of the 640 MW project they approved – not the 1040 MW being reviewed by the Energy Commission in the AEC application.

Adequate review of the avoidable adverse impacts is being undermined by the disjointed and fragmented decisions of the CPUC and the Energy Commission. The CPUC considered the same project objectives of grid reliability as those proposed in the AEC and HBEC applications before the Energy Commission, and found superior alternatives for meeting those basic objectives by limiting gas-fired generation to 640 MW at Alamitos and 644 MW at Huntington Beach. The Energy Commission is reviewing projects of 1,040 MW at Alamitos and 844 MW at Huntington Beach and declining to harmonize the project size with the CPUC authorization, or adequately consider superior alternatives that largely eliminate the negative impacts of gas-fired generation.

This fragmented decision-making process, and each agency's selective reliance on the other, has resulted in undermining the goals of CEQA, inadequate environmental protection, and the loss of critical opportunities to adapt California's coast to inevitable sea level rise. The applications must be denied in their current form, and the Applicant must be instructed to apply for a license consistent with state laws to reduce greenhouse gas emissions before resorting to the cap and trade market.

### **Conclusion**

The AEC and HBEC applications must be denied based on the factual record and legal arguments in the proceedings. The Energy Commission's certification of power plant licenses must be consistent with all state laws, regulations and standards, and the AEC and HBEC are clearly inconsistent with laws and regulations to reduce greenhouse gas emissions, and regulations to develop generation that is capable of providing fast-start support for renewable generation.

Sincerely:

Sierra Club  
Evan Gillespie  
Deputy Director, Beyond Coal Campaign

California Coastal Protection Network  
Susan Jordan  
Executive Director

350.org, Los Angeles South Bay  
Joe Galliani  
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Earth Law Center  
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