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SCPPA's Comments on the November 1st SB 100 Workshop

Additional submitted attachment is included below.



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California Energy Commission
Docket Unit, MS-4
Docket No. 19-SB-100
715 P St
Sacramento, CA 95814

RE: Comments on the November 1st Workshop on Planning for SB 100 Analysis of Non-Energy Benefits, Social Costs, and Reliability

The Southern California Public Power Authority (SCPPA)¹ appreciates the opportunity to provide comments on the California Energy Commission’s (CEC) November 1st workshop on Planning for SB 100 Analysis of Non-Energy Benefits, Social Costs, and Reliability. SCPPA supports the CEC’s efforts in the ongoing SB 100 implementation activities and agrees that assessing reliability and incorporating non-energy benefits should be among the top priorities for the CEC, California Public Utilities Commission (CPUC), and California Air Resources Board (CARB) (collectively, the Joint Agencies) for SB 100 implementation work, along with an analysis of rate and affordability impacts. Reliable, affordable electricity is essential to an equitable clean energy transition and a key element to the state’s building and transportation decarbonization goals. SCPPA offers these comments on the CEC’s approach to SB 100 implementation activities.

The CEC Must Assess Reliability of the Portfolios in the 2021 SB 100 Joint Agency Report Prior to Developing New Policy Scenarios

At the November 1st workshop, CEC staff teed up several questions for stakeholder comments, including “What reliability questions do you have?” A threshold question that must be answered prior to running sensitive analyses or developing new scenarios is: Are the portfolios from the 2021 SB 100 Joint Agency Report reliable? In September, the CEC, in consultation with CARB, the California Independent System Operator, and

¹ SCPPA is a Joint Powers Authority (a public agency), created in 1980, for the purpose of providing joint planning, financing, construction, and operation of transmission and generation projects. SCPPA’s Members include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. Each Member owns and operates a publicly owned electric utility (POU) governed by a board of local officials. Our Members collectively serve nearly five million people throughout Southern California. Together they deliver electricity to over two million customers throughout Southern California, spanning an area of 7,000 square miles. On behalf of SCPPA Members, SCPPA is part of (through ownership and contracts) 35 operational generation facilities and 946 miles of transmission.

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the CPUC, issued a report to Governor Newsom identifying priority actions to accelerate the transition to carbon-free electricity (“Priority Actions Report”).² The report, which responds to Governor Newsom’s July 30th Proclamation of a State of Emergency, highlights the importance of maintaining reliability and increasing affordability as the state works toward achieving the SB 100 clean energy goal.

The Priority Actions Report also explained that later this year, there would be a workshop “to assess the reliability of the portfolios in the 2021 Joint Agency Report and begin to develop approaches to assess non-energy benefits in future modeling efforts” (emphasis added). During the November 1st workshop, however, CEC staff discussed reliability only briefly in the context of SB 100 modeling and appeared to suggest that reliability modeling would occur only after the CEC had identified new policy scenarios and sensitivities to model. Waiting to assess the reliability of the SB 100 portfolios until after the CEC identifies new policy scenarios is problematic, given the important role of the SB 100 portfolios in informing the state’s long-term planning efforts and the critical need to maintain electric system reliability. The CEC should not entertain portfolios that could compromise the reliability of the grid and energy supply.

SCPPA urges the CEC to complete reliability assessments of the portfolios studied in the 2021 SB 100 Joint Agency report as early as possible and *prior* to developing new scenarios to evaluate. The CEC’s analysis should include an assessment of grid resilience (transient and steady state-stability) and resource availability as heat waves and other climate change driven extreme weather events, sometimes spanning the whole West, are expected to occur more frequently. Reliable electricity is a matter of health and safety, needed to provide cooling relief, support communications, store food, power medical equipment, and more; it cannot be compromised. Furthermore, reliable electricity is an essential component of the state’s broader decarbonization strategy. If communities, homes, businesses, and schools do not have dependable power, customers will not adopt electrification measures and those who can afford it will turn to alternative energy sources like diesel backup generators.

Understanding the reliability impacts of the SB 100 portfolios should inform the CEC’s development of new policy scenarios and sensitivities to model. The 2021 SB 100 Joint Agency Report recognized the importance of completing reliability assessments of the SB 100 portfolios, noting that “[p]rojected portfolios can be adjusted as needed in an iterative process to ensure reliability requirements are met and inform the state’s long-term system planning.”

In addition, the reliability of SB 100 portfolios has implications beyond the 2025 Joint Agency Report, as the state seeks to align its long-term planning processes across agencies. For example, CARB’s economy-wide AB 32 Scoping Plan update is using the SB 100 Joint Agency Report as a foundational document. The reliability impacts

² CEC, *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy* (“Priority Actions Report”), September 2021, <https://www.energy.ca.gov/sites/default/files/2021-09/CEC-200-2021-008.pdf>.

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associated with the SB 100 portfolio will be a key component in assessing the feasibility of the different paths considered for achieving carbon neutrality.

SB 100 Modeling Should Incorporate Rate Impact and Affordability Analyses

At the November 1st workshop, CEC staff asked what other (non-reliability) questions stakeholders had, and whether modeling could help. SCPPA recommends the CEC address the question of what impact each of the SB 100 portfolios, and any additional policy scenarios or sensitivities the CEC models, has on electricity rates and affordability. Meeting the SB 100 goal in 2045 will require substantial new investments, as the 2021 SB 100 Joint Agency Report found, which increased costs associated with an accelerated timeline or a constrained resource mix. However, the report did not include an assessment of the cost impacts on rates or affordability, which were slated for future work.

Electricity is an essential public service and must be accessible to all Californians, which is increasingly important as the state seeks to electrify the building and transportation sectors. Many utility customers are already seeing significant rate increases associated with hardening the existing grid, transmission costs, and wildfire mitigation measures. SCPPA requests the CEC's modeling address rate and energy affordability impacts, and placing those analyses in the context of the cumulative impacts of electricity rate increases to households and business customers. The rate and affordability assessments should be conducted following the completion of reliability assessments, to ensure the costs associated with maintaining reliability are fully captured.

SCPPA Supports the CEC's Efforts to Address Non-Energy Benefits in SB 100 Modeling

At the November 1st workshop, the CEC began a discussion of how to incorporate and quantify non-energy benefits, including land-use impacts, public health and air quality, water supply and quality, economic impacts, and resilience, which are important components of an equitable energy transition. SCPPA supports the CEC's efforts to incorporate non-energy benefits into analytical modeling and thanks the CEC for facilitating a thoughtful discussion of challenges and opportunities associated with this. While we acknowledge the challenge of quantifying non-financial costs/benefits, objective measurement tools will be key to successful and equitable achievement of California's bold climate and energy goals. SCPPA looks forward to the continued work in this area.

Policy Scenarios and Sensitivities

SCPPA appreciates the CEC's efforts to develop new policy and sensitivity scenarios for future modeling. Based on the state's strategy to decarbonize other sectors, including building and transportation, through electrification, SCPPA welcomes study of a high electrification scenario that reflects the most recent information on the state's current and future plans. SCPPA further suggests that the CEC add a stress load scenario, with high electrification but low energy efficiency and demand flexibility, to understand cost and reliability impacts if load

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management does not align demand with renewable generation. However, SCPPA reiterates that these important scenarios should be addressed only after the CEC has answered the threshold question of whether the current SB 100 portfolios are reliable.

Conclusion

SCPPA appreciates the opportunity to provide these comments and looks forward to working with CEC staff to incorporate these key analyses in SB 100 implementation activities.

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