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## NCPA Comments re SB 100 Workshop on Reliability

NORTHERN CALIFORNIA POWER AGENCY COMMENTS ON JOINT AGENCY WORKSHOP ON PLANNING FOR SENATE BILL 100 ANALYSIS OF RELIABILITY

*Additional submitted attachment is included below.*

**BEFORE THE CALIFORNIA ENERGY COMMISSION**

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| **In the matter of:**<br>**SB 100 Joint Agency Report: Charting a Path to a 100% Clean Energy Future** | **Docket No. 19-SB-100** |

# NORTHERN CALIFORNIA POWER AGENCY COMMENTS ON JOINT AGENCY WORKSHOP ON PLANNING FOR SENATE BILL 100 ANALYSIS OF RELIABILITY

The Northern California Power Agency[1] (NCPA) offers the following comments to the California Energy Commission (CEC) and California Public Utilities Commission (CPUC) (collectively, the "Joint Agencies") on the Senate Bill 100 Joint Agency Workshop, *Planning for SB 100 Analysis of Non-energy Benefits, Social Costs, and Reliability*, held on November 1, 2021 (November 1 Workshop). In particular, NCPA focuses these comments on the final presentation, *Approach to SB 100 Reliability Modeling*.

## I. INTRODUCTION

In order for California to successfully meet its ambitious decarbonization and electrification goals, the state must be able to ensure that the "lights remain on." As more and more segments of the economy are electrified, the detrimental consequences of power outages, rolling blackouts, or even Flex Alerts, will be compounded and increasingly costly. In light of the importance of ensuring that the path to achieving the SB 100 goals, NCPA urges the Joint Agencies to address three elements:

- It is essential that the SB 100 portfolios are based on scenarios that ensure the reliable supply of electricity to the grid during all hours of the day;

[1] NCPA's members are the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District. Collectively, these publicly-owned utilities, rural electric cooperative, port authority, public transit district, and public utility district provide reliable and affordable electricity to approximately 700,000 electric customers in central and northern California.

- The Joint Agencies should undertake the necessary modeling that assesses the impacts on electricity sector reliability as soon as possible, and not wait until the 2025 SB 100 Report;
- The findings in the 2021 SB 100 Joint Agencies Report[2] cannot be used as evidence of electricity sector reliability without a separate analysis of the impacts that the portfolios would have on electricity reliability.

## II. COMMENTS

### A. Each Portfolio Must Ensure Electric System Reliability

NCPA and its member agencies prioritize the provision of clean, reliable, and affordable electricity for their residential, commercial, and industrial customer-owners. NCPA's 775-megawatt portfolio of power plants is approximately 50% greenhouse gas emission-free. Of upmost import to NCPA and its members is the ability to continue to reliably provide that electricity, even as the state moves towards its twin goals of increased electrification of all sectors of the economy and decarbonization. It is from this perspective that NCPA underscores the importance of modeling *reliability of the electric grid* as part of the development of scenarios and portfolios that will inform the state's pathway to achieving the SB 100 goals. NCPA supports statewide goals to decarbonize, but the operational realities must be considered and assessed along the way. The 2021 Report provides a directional roadmap for achieving the state's electrification and decarbonization goals, yet the conclusions of the 2021 Report acknowledge that additional studies will be needed in several key areas, including reliability.[3]

During the November 1 Workshop, staff noted that the purpose of the modeling is to support the development of California's electricity grid so that it will be reliable (Presentation, PDF, p. 63). While reliability is listed as one of the objectives of the modeling, NCPA believes that the Joint Agencies must take steps to ensure that only results that ensure that the electric grid

[2] 2021 SB 100 Joint Agency Report, published March 15, 2021 (2021 SB 100 Report).
[3] See, for example, 2021 Report: "Further analysis is needed to evaluate topics such as reliability and land use and better reflect equity, workforce, and additional planning and implementation considerations," (p. 6); "Initial analysis demonstrates that SB 100 is technically achievable, though additional analysis is needed to evaluate reliability and other factors more comprehensively" (p. 16); "Further analysis is necessary to determine reliability of the portfolios, better capture the impact and value of resources that are either not represented or not well valued in the current modeling framework.." (p. 17); "Additional modeling is needed to evaluate whether the projected portfolios meet system reliability requirements. Projected 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." (p. 19).

remains reliable be considered viable. SB 100 specifically requires "an evaluation identifying the potential benefits and impacts on system and local reliability associated with achieving" the SB 100 policy goals.[4] However, when asked during the workshop to further explain how reliability will be prioritized in the modeling process, staff noted that this is something that has not been resolved. Instead, staff noted that there is currently not even an assumption that every portfolio will consider reliability. NCPA believes this is a mistake and directly contrary to the specific mandates of SB 100.

Just as telling, however, is the Joint Agencies' own assessment of the need for a reliability assessment as soon as possible. In September 2021, the CEC, in conjunction with the CPUC, CARB, and CAISO, issued "Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy."[5] The Priority Actions Report notes early on that "[t]wo key priorities as the state works to meet the SB 100 goals are to maintain system reliability and to increase affordability."[6] The Priority Actions Report highlights the continued urgency to ensure electric reliability, and stated that before the end of the year there would "be a workshop to assess the reliability of the portfolios in the 2021 SB 100 Joint Agency Report."[7] Assessing the reliability of the portfolios in the 2021 SB 100 Report cannot be put off until the next SB 100 report is issued.

Simply stated, California will not be able to meet its carbon neutrality goals and sustain economic viability if it cannot ensure the reliability of the electric grid. The 2021 Report even called out the significance of addressing reliability.[8] As the staff presentation pointed out, there are several different planning horizons, and different agency proceedings that address them. However, as the SB 100 Report sets the directional path for achieving the 2045 goal, it is necessary to look at reliability incrementally and holistically. The state faces several known reliability challenges, and this realization was noted in the 2021 Report itself. For example, in response to the state's assessment of the impacts the August 2020 blackouts had on the state, the

[4] Public Utilities Code § 454.53(d)(2)(B).
[5] https://www.energy.ca.gov/sites/default/files/2021-09/CEC-200-2021-008.pdf ("Priority Actions Report")
[6] Priority Actions Report, p. 1.
[7] Priority Actions Report, p. 6.
[8] 2021 SB 100 Report.

Joint Agencies noted that "[w]hile the August events emphasized the need for near-term reliability, the state agencies and balancing authorities recognize the need to incorporate these reliability principles into the 2045 time horizon."[9]

Concerns about near-term and long-term reliability are evident throughout industry. In the regulatory arena, the CPUC recently adopted a decision requiring load-serving entities in the CAISO footprint to procure at least 11,500 megawatts (MW) of additional net qualifying capacity (NQC), beginning with 2,000 MW by 2023, an additional 6,000 MW by 2024, an additional 1,500 MW by 2025, and an additional 2,000 MW by 2026.[10] Operationally, grid reliability continues to be impacted by the state's prolonged drought, with the resulting reductions in hydropower generation, including unprecedented curtailments at Oroville. Reliability experts at the national level, including representatives at the North American Electric Reliability Corporation and academic institutions are becoming increasingly vocal about the issue, with California being listed one of the regions in North America that is most vulnerable to issues of grid reliability. Furthermore, a recent report looking at the pending 2035 retirement of Diablo Canyon nuclear power plant found that delaying the retirement of the nuclear power plant would have several benefits, including bolstering system reliability to mitigate brownouts.[11] It is important for the Joint Agencies to also recognize constraints associated with delays in the "unprecedent buildout" that will be necessary to meet the goals, including delays associated with permitting, supply chain constraints, and workforce shortages that result in cascading impacts.

What these things underscore is the importance of having a comprehensive reliability assessment **at this time**, especially if the SB100 resource models will be used to inform the interim steps to establish the trajectory to 2045. All of these factors highlight the need for modeling the reliability of the various portfolios and pathways today, when the information can best inform the state's decarbonization pathway.

[9] 2021 Report, p. 105.
[10] CPUC Decision 21-06-035, p. 94.
[11] *An Assessment of the Diablo Canyon Nuclear Plant for Zero-Carbon Electricity, Desalination, and Hydrogen Production*, November 2021, Chapter 1.

### B. The Joint Agencies Should Accelerate the Reliability Assessment of the Various Portfolios to Inform not Only the Path to Achieving the State's SB 100 Goals, but also the Current Critical Planning Documents Under Development

In December 2020 comments on the draft 2021 Report, NCPA urged the Joint Agencies to clearly define the role of the 2021 SB 100 Report, and in particular how the report will inform or be used relative to the CARB 2022 Scoping Plan Update and the CEC's 2021 Integrated Energy Policy Report. The 2022 Scoping Plan Update will not only assess progress towards achieving the 2030 SB 32 targets, but will also **lay out a path to achieve carbon neutrality by mid-century**. The 2021 IEPR similarly informs state policies, as the assessments and forecasts set forth therein are used "to **develop energy policies** that conserve resources, protect the environment, **ensure energy reliability**, enhance the state's economy, and protect public health and safety."[12] Indeed, the Priority Actions Report notes that the "dual goals of reliability, especially near term, and the rapid transition toward SB 100 goals are achievable and complementary, but require a deliberate and robust coordination amongst the [CEC], the [CPUC], the [CARB], and the [CAISO]."[13] The Joint Agencies and CAISO's own assessment underscores the importance of this coordination. The failure to definitively address this topic jeopardizes the ability of the state to have a comprehensive assessment of reliability in developing its path forward. Without looking at this collectively, each state agency is essentially developing reports that address critical electricity sector policies and objectives in a silo, without the benefit of a complete picture of the impacts those policies and positions will have on electricity sector reliability.

As the Joint Agencies noted in the 2021 Report, "[c]ompletion of the reliability assessment will provide the joint agencies a more substantiated assessment of pathways to achieve SB 100 while maintaining reliability."[14] The 2021 Report also noted that this step could be completed as part of the 2025 SB 100 Report or possibly through existing state efforts, and noted that the CEC and CPUC are assessing resource availability to complete this modeling

[12] Pub. Res. Code § 25301(a)
[13] Priority Actions Report, p. 3.
[14] 2021 Report, p. 106.

ahead of the next report.[15] California cannot wait until 2025 for this assessment to be complete. NCPA believes that this assessment is warranted **at this time**, especially given the significant policy documents under development at the various state agencies. NCPA reiterates its call for the Joint Agencies to accelerate their assessment of the portfolios looking at electric system reliability. Because of the overlap between the SB 100 Report, the 2021 IEPR, and the 2022 Scoping Plan, NCPA urges the Joint Agencies to embark on the reliability assessment sooner, rather than later, so that the Scoping Plan Update and IEPR can be used as vehicles to assess the next step analyses that are needed to further develop the pathways to meeting SB 100, rather than waiting until the next SB 100 Report in 2025. Failure to fully assess the impacts that various portfolios will have on reliability, and at this time, risks seeing the agencies silo important considerations without the benefit of the continuity needed to ensure a smooth transition to a decarbonized future.

Given the number of key policy decisions that will be made between now and 2025 – including the implementation of programs and measures stemming from the 2022 Scoping Plan Update, conducting a reliability analysis at this time could only serve to strengthen those outcomes.

### C. The Joint Agencies Should not rely on the 2021 SB 100 Report when Addressing Matters Relevant to the Electricity Grid Without a Reliability Analysis

The 2021 SB 100 Report was the *first step* in evaluating the challenges and opportunities to implementing SB 100. As Staff noted in the presentation, "the estimates in this report will change over time as additional factors, such as system reliability, land use, energy equity, and workforce needs, are more closely examined." (Presentation PDF, p. 9) NCPA raises this now because of concerns that the 2021 Report will be relied upon as the basis for supporting the long-term policy decisions and considerations being addressed in the CARB Scoping Plan Update and CEC 2021 IEPR. Without the benefit of an analysis of reliability impacts on the electric grid, the report's conclusions are unsupportable. Until such time as the statutorily-required reliability analysis is conducted, the initial findings can speak only to the *possibility* that the SB 100 goal is

[15] *Id.*

*achievable.* Indeed, the 2021 Report should not be relied upon for purposes of informing these key documents conclusions relevant to the electric grid because the 2021 Report results do not reflect the true costs of meeting the goals while ensuring electric reliability. It is critically important that it be viewed in the proper context, and that these preliminary results not be seen as conclusory.

## III. CONCLUSION

NCPA appreciates the opportunity to provide these comments and looks forward to continuing to work with the CEC and the Joint Agencies on ensuring that the portfolios and pathways to our 2045 decarbonization goals are ones that ensure a reliable electric grid. NCPA urges the Joint Agencies to immediately undertake the critically important assessment of reliability of the electric grid so that it can be used to appropriately inform the planning documents currently under development, including the 2022 Scoping Plan Update and 2021 IEPR. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com with any questions.

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Respectfully submitted,

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