

DOCKETED	
Docket Number:	21-ESR-01
Project Title:	Energy System Reliability
TN #:	245480
Document Title:	Bay Area Municipal Transmission Group Comments - BAMx Comments on Joint Agency Workshop on Diablo Canyon Power Plant
Description:	N/A
Filer:	System
Organization:	Bay Area Municipal Transmission Group
Submitter Role:	Public Agency
Submission Date:	8/19/2022 1:25:56 PM
Docketed Date:	8/19/2022

*Comment Received From: Bay Area Municipal Transmission Group
Submitted On: 8/19/2022
Docket Number: 21-ESR-01*

BAMx Comments on Joint Agency Workshop on Diablo Canyon Power Plant

Please accept the comments of the Bay Area Municipal Transmission group ("BAMx") on the August 12th workshop.

Additional submitted attachment is included below.

BAMx Comments on the Joint Agency Workshop on Diablo Canyon Power Plant

On August 12, 2022, the California Energy Commission ("CEC") jointly conducted a workshop with the participation of the Office of Governor Gavin Newsom and the California Independent System Operator ("CAISO"), to provide an update on electric reliability needs in the face of climate change, supply chain delays and other factors affecting the online dates of new generation and energy storage projects, and a discussion of the role that the retaining for a few years of the previously assumed retirement of Diablo Canyon Power Plant ("DCPP") could have in supporting mid-term electric reliability and California's clean energy transition.¹ The Bay Area Municipal Transmission group ("BAMx")² appreciates the opportunity to comment on the August 12th workshop. Despite the extensive analysis that has been performed to date, what stood out the most from the presentations and discussion was the need for a lot of further research- not only on the feasibility and consequences of the extension of the Diablo license but the analysis of alternative ways to meet the mid-term reliability needs. BAMx believes that one of those alternatives that needs further attention is the existing gas-fired capacity.

BAMx recognizes that comprehensive and coordinated statewide planning is necessary to ensure that California continues to have a safe and reliable electricity system as new renewable and zero-carbon resources and associated transmission infrastructure is developed, consistent with the State's clean energy and environmental priorities and goals. BAMx, therefore, applauds the efforts of CEC Commissioner Siva Gunda in hosting the August 12th workshop.

Background: AB 205 and Recent Budget Actions

To address growing challenges of climate change as well as the reliability of the electric system, Governor Gavin Newsom recently signed Assembly Bill ("AB") 205, which, among other provisions, appropriates \$2.2 billion to a Strategic Electricity Reliability Reserve to acquire sufficient reliability energy resources beyond the existing clean energy procurement activities of utilities, community choice aggregators, and electric service providers to preserve reliability during the kinds of extreme events that are occurring with greater frequency due to climate change. Neither AB 205 nor recent budget actions extend the current operations of the Diablo Canyon Power Plant. However, they could allow delaying the planned closure of several gas-fired power plants that would be critical in meeting the shortfalls identified in the CEC's Summer Stack Analysis for 2022-2026.

Joint Agencies Need To Expediently Explore the Possibility of Extending the Anticipated Retirement of DCPP and Gas-Fired Generation

BAMx appreciates the opportunity to provide comments at this stage in this very important proceeding. The August 12th workshop discussed the State's electric system reliability outlook, actions that would be needed to preserve the option of extending, for a limited term, the

¹ CEC, Office of Governor and CAISO are referred together as "Joint Agencies" hereafter.

² BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

operating license of DCPD, and how such an extension, if it occurs, could fit within California's broader clean energy transition. BAMx strongly supports these Joint Agency efforts.

BAMx agrees that it is critical to evaluate Governor Newsome's proposals, including the option of extending the operating license of DCPD beyond its current planned closure date of 2024 (Unit 1) and 2025 (Unit 2). Still, we realize much more information is needed before the State can decide whether to implement these proposals. During the August 12th workshop, Senator Laird well-articulated the uncertainty surrounding the ability to keep DCPD online beyond its expected retirement date. And although more feasible, more attention should also be given to retaining gas-fired capacity until adequate resources to meet the midterm needs of the CAISO are proven. BAMx understands many issues need to be overcome with this issue, just as there are with DCPD, but we believe an in-depth investigation of this option is warranted.

Chair Gunda demonstrated during the August 12th workshop the importance of retaining gas-fired generation. Even with significant procurement of new resources underway, challenges associated with gas-fired generation retirements could undermine grid reliability. Furthermore, as the decision-makers and policymakers scrutinize the need for transmission upgrades to address the reliability impact of the absence of Aliso Canyon, they must have a complete picture of how existing generation capacity can continue to serve those reliability needs cost-effectively while satisfying the State's goals of reducing or eliminating the use of fossil fuels. One such example is the "green" or "clean" or "**decarbonized**" hydrogen that could play a key role in State's clean future. The information presented at the CEC IEPR Workshop on June 28, 2022, provides considerable insights into the hydrogen economy's uses, economics, and feasibility. This is one more reason further assessments of extending gas-fired generation ("DCPD +") must be performed comprehensively.

Although the feasibility of retaining needed generation resources is key, additional studies should occur concerning the consequences of retaining these generation resources. Especially critical will be the assumptions made about the ratepayer impact of the retention of these facilities. Capital and operating cost assumptions will be important, as well as assumptions made about Federal and State funding support, which may offset the ratepayer impact of these costs. An investigation of the transmission buildout and related cost impacts of these transmission facilities should also be studied. In summary, the possibilities of extending the operation of gas-fired generation also need to be explored during the time the feasibility and cost of extending the operation of DCPD are studied. BAMx strongly urges the Joint Agencies to do so.

Conclusion

BAMx is fully supportive of taking any necessary steps to achieve the State's climate goals. BAMx further understands the impacts of not meeting loads reliably. It also understands that electric rates will continue to rise to achieve those climate and reliability goals. But it is incumbent on us all to do so in a manner that achieves those goals as cost-effectively as possible. BAMx appreciates the opportunity to comment on the August 12th workshop. We hope to work with the Joint Agencies staff to continue to improve and enhance these efforts.

If you have any questions concerning these comments, please contact Paulo Apolinario (papolinario@svpower.com or (408) 615-6630).