

DOCKETED

Docket Number:	21-OIR-01
Project Title:	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
TN #:	252711
Document Title:	Southern California Public Power Authority Comments on Rulemaking to Amend PSD Program
Description:	N/A
Filer:	System
Organization:	Southern California Public Power Authority
Submitter Role:	Public
Submission Date:	10/24/2023 3:36:51 PM
Docketed Date:	10/24/2023

*Comment Received From: SCPA
Submitted On: 10/24/2023
Docket Number: 21-OIR-01*

**Southern California Public Power Authority Comments on
Rulemaking to Amend PSD Program**

Additional submitted attachment is included below.



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October 24, 2023 | [Submitted electronically](#)

California Energy Commission
Docket No. 21-OIR-01
715 P Street
Sacramento, CA 95814-5512

RE: Rulemaking to Amend Regulations Governing the Power Source Disclosure Program

The Southern California Public Power Authority¹ (“SCPPA”) is pleased to provide feedback on the pre-rulemaking workshop on updates to the Power Source Disclosure (PSD) program held on September 26, 2023.² SCPPA appreciates the opportunity to work with CEC staff on this program.

As a member of the California Municipal Utilities Association (CMUA), SCPPA supports their written comments, and highlight the following for CEC staff:

- Annual accounting and the Power Content Label (PCL) should not be expanded beyond retail sales.
- SB 1158 implementation of hourly accounting rules must not disincentivize reliability nor disadvantage a retail supplier who has procured sufficient renewable and zero carbon resources to meet load.
- SB 1158 intended to increase the accuracy of tracking GHG emissions from unspecified power, but using a default emissions factor, as proposed by the CEC, will fail to do so. The CEC should seek more stakeholder input on accurately assessing emissions from unspecified procurement.
- For implementation of SB 1158 with regard to line losses, the CEC should use a default loss factor but provide an option to use a different approach if the retail supplier can show relevant support, as was done in CARB’s MRR.
- SB 1158 exempts non-IRP POUs and the written updates to the PSD program should expressly include a provision that recognizes the exemption.
- The process for streamlining and modernizing PSD reporting should include testing by utility staff and consultants to identify common errors or potential improvements and include voluntary early hourly data reporting to allow 2027 to be used as a “test year” using 2026 data.

In addition to the comments detailed by CMUA, SCPPA provides the following input:

SCPPA requests the CEC eliminate GHG emissions associated with geothermal resources on the PCL. The transition to a clean grid, as mandated by statute, is reliant on the availability of renewable, base-load resources

¹ SCPPA is a joint powers authority whose 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.

² See <https://www.energy.ca.gov/event/workshop/2023-09/staff-pre-rulemaking-workshop-updates-power-source-disclosure-regulations>

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such as geothermal. For a variety of policy, market, and practical reasons, the limited GHG emissions associated with geothermal resources should not be listed on the PCLs, including the following:

- Electricity generation from geothermal resources is made possible due to naturally occurring underground features, and these features often manifest at the surface via hot springs, fumaroles (steam vents), mud pots, and geysers. These surface features not only indicate the presence of a geothermal resource, but they also release the *naturally occurring* greenhouse gases into the atmosphere.³ Measuring emissions from geothermal resources solely at a geothermal power plant does not adjust for those emissions that are already naturally occurring. There is no definitive evidence about how geothermal power plant activities impact the overall emission levels of a geothermal resource over time. While greenhouse gases can be measured from these facilities, it is impossible to determine the extent to which these emissions are greater than what would be naturally occurring, and there is research to suggest that the operation of the geothermal power plant reduces emissions from the surrounding geothermal field.⁴
- Geothermal power plants are recognized for meeting stringent clean air standards, with minimal land use and impact.⁵ Different types of technologies are used to generate electricity using geothermal resources, depending on the temperature and pressure of the resource. Some geothermal power plants, like binary-cycle power plants, are essentially enclosed above ground, thus not creating any plant emissions. Others use flash technologies, where steam from the geothermal resource is used directly to turn a turbine, with some water vapor releasing into the atmosphere.⁶ Most importantly, geothermal power plants *do not use combustion to generate electricity and do not emit combustion related air contaminants*. Not only do geothermal resources emit significantly lower greenhouse gases than fossil fuels, but the source of those greenhouse gases is the natural geothermal resource cycle.
- The purpose of the PCL is to provide consumers of electricity with “simple to understand” information about a utility’s energy sources. Including greenhouse gas emissions from geothermal power plants on the PCL creates customer confusion about the utility’s clean and renewable energy procurement versus their fossil fuel resource mix.
- CARB’s treatment of geothermal resources reflects its unique nature. While CARB requires geothermal facilities to report emissions under MRR, and includes those emissions in the State’s GHG Inventory, they recognize the unique nature of these facilities and their emissions by excluding them from compliance obligation under the Cap-and-Trade program.⁷ The nuances of geothermal resources being an RPS-eligible, renewable resource, are lost on the PCL. As customers support transitioning away

³ See https://geothermal.org/sites/default/files/2021-02/Geothermal_Greenhouse_Emissions_2012_0.pdf

⁴ See <https://www.sciencedirect.com/science/article/abs/pii/S0960148121006972>

⁵ See <https://www.nrel.gov/docs/fy05osti/35939.pdf>

⁶ See <https://www.energy.gov/eere/geothermal/electricity-generation>

⁷ See <https://ww2.arb.ca.gov/sites/default/files/classic/cc/reporting/ghg-rep/regulation/mrr-2018-unofficial-2019-4-3.pdf>

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from fossil fuels, this confusion can cause the unintended consequence of disincentivizing the procurement of geothermal resources – an otherwise valuable renewable baseload resource.

- Assigning carbon emissions to geothermal energy resources is counter to the well-established public policies at both the state and federal level that promote the procurement of geothermal as a clean energy resource. Example of these policies include the following:
 - **California’s 100% Clean Energy Policy:** Pursuant to SB 100 (de León, Chapter 312, Statutes of 2018), California’s policy to achieve 100% clean energy by 2045 considers geothermal as an eligible resource. Furthermore, the 2021 SB 100 report includes scenarios with increased amounts of geothermal to (1) meet the 100% goal and (2) provide resource adequacy as fossil fuel resources decrease.⁸
 - **CPUC Mid-term Reliability Procurement:** The CPUC has called for the development of 1,000 MW of additional geothermal resources in its Mid-term Reliability procurement requirement in recognition of the critical clean baseload energy attributes that only geothermal resources can presently provide⁹.
 - **California’s Emissions Performance Standards:** SB 1368 (Perata, Chapter 598, Statutes of 2006) established a state emission performance standard for power plants. According to the bill, “The establishment of a policy to reduce emissions of greenhouse gases, including an emissions performance standard [EPS] for all procurement of electricity by load-serving entities, is a logical and necessary step to meet the Governor’s goals for reduction of emissions of greenhouse gases.”¹⁰ The California Energy Commission’s implementation regulations exempt renewable electrical generation facilities, including geothermal, from the EPS.¹¹
 - **DWR Central Procurement:** Pursuant to the recently enacted AB 1373 (Garcia, Chapter 367, Statutes of 2023), the state has created a mechanism to allow the Department of Water Resources to act as a central procurement entity for load serving entities to procure, among other things, long-lead time geothermal energy resources. According to the author, “While the last decades of California’s renewable development has favored intermittent renewables, policymakers are overdue in planning for and valuing other renewable development [e.g., geothermal resources] that can better match intermittent resources’ profiles.”¹²
 - **California’s Lithium Valley Commission:** Formed by AB 1657 (E. Garcia, Chapter 271, Statutes of 2020), the Lithium Valley Commission, among other things, identified actions that will support the further development of geothermal power that have the potential to provide the cobenefit of lithium recovery from existing and new geothermal facilities.¹³

⁸ See https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100

⁹ See <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>

¹⁰ See http://leginfo.ca.gov/pub/05-06/bill/sen/sb_1351-1400/sb_1368_bill_20060929_chaptered.pdf

¹¹ See Cal. Code Regs., tit. 20, § 2903

¹² See 9/14/23 Assembly Floor Analysis, page 3 https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240AB1373#

¹³ See <https://www.energy.ca.gov/data-reports/california-power-generation-and-power-sources/geothermal-energy/lithium-valley>

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- **Federal Inflation Reduction Act:** The Inflation Reduction Act of 2022 (IRA) has the potential to be the most significant climate legislation in U.S. history, offering funding, programs, and incentives to accelerate the transition to a clean energy economy. The most significant clean energy policies in the IRA are the clean energy tax incentives, which treat geothermal as a net zero emission resource.
- **U.S. Department of Energy’s Enhanced Geothermal Shot:** The U.S. Department of Energy (DOE) has adopted the “Achieving the Enhanced Geothermal Shot,” which is a department-wide effort to dramatically reduce the cost of enhanced geothermal systems. According to DOE, “achieving the Enhanced Geothermal Shot will go a long way toward reaching President Biden’s goals of 100% carbon pollution-free electricity by 2035 and net-zero emissions across the U.S. economy by 2050.”¹⁴

For the reasons listed above, SCPPA requests that the greenhouse gas emissions associated with geothermal resources be excluded from the PCL.

Conclusion

Thank you for the opportunity to provide comments on the Power Source Disclosure Program. SCPPA is available to discuss this comment letter and work with CEC staff on this issue.

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¹⁴ See <https://www.energy.gov/sites/default/files/2023-08/EERE-ES-Enhancing-Geothermal-082223-508.pdf>

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