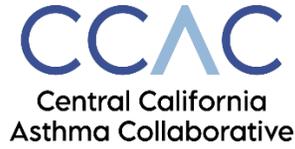


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<b>Docket Number:</b>	24-OIIP-03
<b>Project Title:</b>	Informational Proceeding on Non-Energy Benefits and Social Costs
<b>TN #:</b>	261051
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Docket Number: 24-OIIP-03*

**Comment on NEI OIIP**

*Additional submitted attachment is included below.*



January 10, 2025

**RE: 24-OIIP-03, Comment on Scope of Non-Energy Impacts Proceeding**

To the California Energy Commission,

The Center for Biological Diversity (“Center”), Central California Asthma Collaborative, California Environmental Justice Alliance, Vote Solar, The Climate Center, Clean Coalition, 350 Bay Area, California Alliance for Community Energy, Local Clean Energy Alliance, GRID Alternatives, The Protect Our Communities Foundation, the Building Energy, Equity & Power (“BEEP”) Coalition, the Local Government Sustainable Energy Coalition, and Environment California provide the following comments on the California Energy Commission’s (“CEC”) Order Instituting Informational Proceeding, 24-OIIP-03, to integrate non-energy benefits (“NEBs”) and social costs (collectively “Non-Energy Impacts” or “NEIs”) into energy planning and investment decisions (“NEI OIIP”).

**I. The NEI OIIP Must Achieve Outcomes Illustrated by the Community Voices Panel.**

The CEC initiated the NEI OIIP in response to the February 5, 2024 Petition (“Petition”) from several of our organizations to determine methodologies to integrate NEIs into “CEC analyses, policies and programs.”<sup>1</sup> The Petition was based on Division 15 of the Public Resources Code, which governs activities at the CEC, and specifically mandates that “resource planning and investment shall . . . *minimize the cost to society* of the reliable energy services that are provided by natural gas and electricity, and to improve the environment.”<sup>2</sup>

In granting the Petition, the CEC confirmed that “[i]ncluding non-energy benefits and social costs in CEC analysis and decision-making provides a more holistic understanding of the impacts and benefits of investments and decisions.”<sup>3</sup>

The Kickoff Workshop keynote, Assemblymember Gómez Reyes similarly echoed the need for the “most informed decisions as we transition to clean energy.” After the keynote, the “Community Voices” panel then explained the importance of this need for informed energy resource planning and investment to advance community-based clean energy resources, especially for disadvantaged communities (“DACs”).

For instance, Leadership Counsel for Justice and Accountability (“Leadership Counsel”), alongside a resident from Lanare in Fresno County described how the COVID-19 pandemic

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<sup>1</sup> CEC Order No: 24-0313-05b, *In the Matter Of Non-Energy Benefits and Social Costs*, Order Instituting Informational Proceeding, available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=255178&DocumentContentId=90863>.

<sup>2</sup> Cal. Pub. Res. Code § 25000.1(a) (emphasis added).

<sup>3</sup> See CEC Findings, Order No 24-0313-05 available at <https://www.energy.ca.gov/filebrowser/download/6144?fid=6144#block-symsoft-page-title>.

highlighted the need for resilient energy infrastructure that improves access to not only clean electricity, but also food, medical services and transportation during economic hardships.<sup>4</sup> Leadership Counsel demonstrated plans for a resilience hub that centered intentional community input and pathways to receive State funding.

The Local Clean Energy Alliance (“LCEA”) then stressed that we are living in a “time of crisis” with wildfires and extreme heat, with an associated need for resilient energy infrastructure which goes further than simply providing electricity, but also enables community access to water storage, basic medical care, childcare and education resources, communications, recreation, transportation, food access, pollution reduction, local wealth creation, and other essential community needs.<sup>5</sup> The Energy Coalition’s afternoon presentation underscored resiliency as a priority for local governments.<sup>6</sup>

Both LCEA and the California Environmental Justice Alliance noted that local, clean energy resources, such as those provided through the successful Solar On Multifamily Affordable Housing Program, provide transformative social benefits such as bill savings and tenant education for those who have been historically left out of the clean energy transition.<sup>7</sup> *It is clear that resilient energy infrastructure, designed by community members, and local pollution reduction are critical to meet community needs, especially in DACs.*

Finally, Mayor of Huron, Rey León detailed that California is in the midst of a new “Energy Rush,” and cautioned the state to not repeat the same mistakes of our past energy decisions that created disproportionate pollution impacts and unequal distribution of benefits in DACs.

In order to avoid repeating past mistakes, however, the state’s planning and investment decision-making processes and tools must have the capacity to identify potential unintended consequences that result in adverse, disproportionate impacts and unjust distribution of benefits.<sup>8</sup> The NEI OIIP should directly address needed improvements in these processes and tools.

## **II. The CEC Should Clarify the Scope of Analysis of NEIs to be Considered in this Proceeding.**

The Community Voices panel highlighted the importance of considering resilience and local pollution reduction. The CEC should continue its work to incorporate these and other

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<sup>4</sup> Presentations for Non Energy Impacts OIIP Kick Off Workshop (October 8, 2024) (“Presentation Slides”) at 10, *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=259480&DocumentContentId=95586>.

<sup>5</sup> *Id.* at 11-20.

<sup>6</sup> *Id.* at 96.

<sup>7</sup> *Id.* at 24-29.

<sup>8</sup> *See id.* at 29, detailing the differences between equality, equity, and justice.

factors included in the scope of the NEIs OIIP as soon as possible: resilience, local air quality, water quality and quantity, local economic development, and avoided land use impacts.<sup>9</sup>

Moreover, the CEC should clarify the scope of analysis for these costs and benefits. The Petition detailed that the CEC must engage in “lifecycle cost evaluation” in analyzing energy matters, because “[i]t is in the best interest of the state to use [physical and natural] resources when it can be demonstrated that long-term cost, water, and energy use reduction will result.”<sup>10</sup> The CEC should clarify the range of impacts to be considered under such a lifecycle evaluation for each of the above NEIs.

Concurrently, the CEC should identify other NEIs to consider in the future as part of the “iterative process” requested by the Petition.<sup>11</sup>

### **III. The CEC Should Develop Recommendations to Enable CEC Planning and Investment Decisions to Achieve Community Voices Outcomes.**

As noted by PSE Healthy Energy at the Kickoff Workshop, a post-hoc analysis of NEIs will neither address disproportionate impacts, nor ensure a just distribution of benefits from energy resources. Yet, as detailed in the Petition and our prior comments in this proceeding, the forthcoming SB 100 Joint Agency Report’s analysis of NEIs is improperly limited to this post-hoc analysis.

Existing tools are similarly insufficient. For instance, in regards to resilience, relying on status quo “economic cost-benefit approaches . . . can deepen existing inequities [and] low-income households may continue to be more likely to experience outages and the damages they cause.”<sup>12</sup>

Consistent with the Warren-Alquist Act, to achieve outcomes called for by the Community Voices panel, and avoid past mistakes, rather than examining outcomes and tradeoffs after decisions have already been made that result in disproportionate impacts or distribution of benefits, the CEC must consider NEIs up-front in its decision-making processes.<sup>13</sup>

Therefore, the NEIs OIIP should:

- Produce methodologies and recommendations on how to integrate NEIs into resource planning and investment decision-making. This work should answer questions raised at the Kickoff Workshop, including whether to use new models,

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<sup>9</sup> These NEIs have been under consideration since at least the 2021 SB 100 Joint Agency Report.

<sup>10</sup> Cal. Pub. Res. Code § 25008. *See also* Center for Biological Diversity et al., Petition for Rulemaking to Integrate Non-Energy Benefits and Social Costs into Resource Planning and Investment Decision-Making (February 2024) (“Petition”) at 27-29.

<sup>11</sup> *See* Order Granting Petition at 2, and Petition at 4, 6.

<sup>12</sup> PSE, Equity in Energy Resilience (October 2024) at 3, *available at* <https://www.psehealthyenergy.org/wp-content/uploads/2024/10/Equity-in-Energy-Resilience-Report.pdf>

<sup>13</sup> Cal. Pub. Res. Code § 25000.1(a).

and developing methodologies to select dollar quantification or ranges and appropriate constraints for non-dollar items.<sup>14</sup>

- Indicate what refinements are needed in future CEC activities and reports, including the 2025 and 2026 Integrated Energy Policy Reports and the 2025 and 2026 California Energy Resource and Reliability Outlook (“CERRO”) reports, to adequately consider NEI values in future CEC findings and decisions.<sup>15</sup> Recommendations should detail what incremental progress can be made and documented in each of these activities and reports to eventually fully incorporate NEI values into the decision-making framework for resource planning and investment decisions.
- Coordinate with the Disadvantaged Communities Advisory Group (“DACAG”), including a briefing to the DACAG, and seeking DACAG input on potential NEI frameworks and methodologies.
- Include an iterative process to embed continued refinement of data granularity and incorporation of additional NEI factors into each CEC activity and report.

#### **IV. The NEI OIIP Should Also Achieve Community Voices Outcomes in the Short Term.**

While the CEC strives to accomplish this proceeding’s long term goal (Section III of this comment) to integrate NEIs into CEC activities that support state resource planning and investment decision-making, the CEC should not foreclose other opportunities presented by this proceeding to make incremental, but significant near-term progress towards achieving Community Voices outcomes. We offer the following recommendations for how the OIIP can address meeting these outcomes in the short term.

##### **1. Inform Analysis Required by the Governor’s Executive Order on Electric Service Affordability.**

Executive Order N-5-24 (“EO”) requires the CEC and other state agencies to consider the elimination of programs that do not appear cost-effective under the status quo cost/benefit analyses.<sup>16</sup>

Likewise, the Public Utilities Commission has reframed energy efficiency investment to explicitly acknowledge that market support and equity programs should undergo evaluation criteria that explicitly addresses equity, particularly those that serve DACs, hard to reach, and

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<sup>14</sup> See e.g. Presentation Slides at 65.

<sup>15</sup> See e.g. CEC, California Energy Resource and Reliability Outlook, 2024 available at <https://www.energy.ca.gov/publications/2024/california-energy-resource-and-reliability-outlook-2024>

<sup>16</sup> Cal. Executive Order N-5-24, available at <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

low-income populations.<sup>17</sup> And, without proper consideration of NEIs, underdeveloped cost-effectiveness tests will provide false signals.<sup>18</sup>

In fact, the EO's language perhaps unintentionally assumes the adequacy of current cost-effectiveness determinations—exactly what this proceeding is intended to address and refine. Although there is insufficient time to complete the work detailed in Section III prior to the EO's required evaluations, information available and to be developed in the NEI OIIP docket should inform the CEC and other state agency evaluation of programs that may not appear “cost-effective” based on undercooked methodologies.

## **2. Target Investment in Resilient Infrastructure to Communities Most at Risk.**

High energy burdens impact 4.4 Million households and generate a total affordability gap of \$4.1 billion dollars in California. If the costs of dealing with power outages are included, an additional almost \$1 billion in resilient energy affordability gap emerges, impacting 4.9 million households. Resilient energy affordability gaps should be considered in energy policy decisions and investments toward more reliable and resilient infrastructure, helping to reduce burdens for those least able to afford the costs of outages.<sup>19</sup>

In the near term, work in the NEI OIIP should include development of methodologies to target investment of resilient resources to minimize outage costs and decrease energy burdens, especially for vulnerable populations.

## **3. Complement Environmental Review of Large Infrastructure Projects.**

The CEC certifies sites and related facilities as “environmental leadership development projects,” effectively “fast-tracking” these projects under CEQA. Existing findings and those to be generated in the NEI OIIP docket should be included in these relevant CEQA processes.

That is, evaluation of these projects should include consideration of NEIs. For instance, SB1420 added hydrogen production facilities and associated onsite storage and processing facilities to eligible environmental leadership development projects. Data and other information from the NEI OIIP docket should inform the CEC's decision whether to permit those projects, including considerations of local air, water quality and quantity, and land use impacts, and resiliency and local economic development at least in an analysis of project alternatives.

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<sup>17</sup> See Petition at 12-15.

<sup>18</sup> See e.g. CPUC Press Release, CPUC Approves Energy Efficiency Plans and Leverages Local Governments to Ensure Consumer Benefits (November 8, 2012) *available at* <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M033/K963/33963319.PDF> (noting that some Regional Energy Network programs collectively contribute to “4,000 gigawatt-hours and 750 megawatts of electricity savings *over the next two years*, reducing the need for at least two large power plants; benefits that are ignored by status quo cost-effectiveness determinations.)

<sup>19</sup> See PSE Healthy Energy, Equity in Energy Resilience, *available at* <https://www.psehealthyenergy.org/wp-content/uploads/2024/10/Equity-in-Energy-Resilience-Report.pdf>.

#### **4. Improve Estimates of Air Quality Benefits.**

As noted in our prior comments in this proceeding, the state’s current estimate for local air quality benefits— the CPUC’s Societal Cost Test (“SCT”) Evaluation’s air quality adder— improperly reduces local air quality value by utilizing a statewide average for air quality benefits, despite also determining that electrification disproportionately benefits DACs.<sup>20</sup> Certainly, it is well settled that dirty energy resources disproportionately impact DACs. It does not make sense to include a “statewide average” when the harms, and benefits of avoiding those harms disproportionately accrue to DAC residents. Averaging the benefits of local air quality forecloses an accurate examination of this public health benefit, and consequently diminishes the local benefits of improved air quality from less polluting resources.

The NEI OIIP presents an opportunity to identify the requisite granular data, and explore capacity expansion and other model refinements,<sup>21</sup> to determine a more accurate value for local air quality benefits. This work can also assist in targeted powerplant retirement, for instance, pursuing retirement in areas with the most degraded local air quality.

#### **5. Improve Decision-Making Based on Land Use Impacts.**

The CEC currently uses Land Use Screens for Electric System Planning to assess renewable resource technical potential for onshore wind, solar photovoltaic, and geothermal resources for electric system modeling and resource planning. The geospatial datasets in a land-use screen may include technical, environmental, and other land-use priorities and considerations (including biodiversity, habitat, and cropland).

The land-use screens, however, should also have “more teeth” and go further to actually constrain resource planning and investment decisions. The NEI OIIP should produce recommendations for how future efforts, such as the CERRO, can further operationalize these land-use screens to meet the intent of the Warren-Alquist Act.

#### **6. Identify Additional Data Needs to Accomplish the Long Term Purpose of this Proceeding.**

Finally, the CEC should identify gaps and barriers to developing additional data to achieve the short and long-term goals of the NEI OIIP. The NEI OIIP should include recommendations on how to fill these data gaps to ultimately achieve the long-term integration of NEIs into CEC decision-making.

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<sup>20</sup> See Center for Biological Diversity et al. Comments on 24-OIIP-03 and SB 100, Comment on Non-Energy Benefits and Social Costs (May 21, 2024); see also CPUC Rulemaking 22-11-013, Center for Biological and The Protect Our Communities Foundation Comments on Societal Cost Test and Air Quality Research Results at 23-25 (April 28, 2023), available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M507/K820/507820041.PDF>.

<sup>21</sup> For instance, the CPUC’s SCT methodology uses a constant or averaged air quality adder to “ensure consistency across supply and demand sides” due in part to the inability of the RESOLVE model to represent “local transmission constraints.” CPUC SCT Impact Evaluation (January 2022) at 14-15.

## V. Conclusion

We reiterate our appreciation for the CEC granting the Petition and initiating this critical proceeding, and respectfully request that the CEC incorporate the above recommendations into the scope of the NEI OIIP.

Sincerely,

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