

**DOCKETED**

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STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:

SB 100 Joint Agency Report: Charting a Path to a  
100% Clean Energy Future

Docket No. 19-SB-100

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**COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION  
ON THE JOINT AGENCY SCOPING WORKSHOPS ON THE SENATE BILL 100  
REPORT**

The California Municipal Utilities Association (CMUA) appreciates the opportunity to provide comments on the Joint Agency Workshop on the Senate Bill (SB) 100 Report.

CMUA is a statewide organization of local public agencies in California that provide electricity and water service to California consumers. CMUA membership includes publicly owned electric utilities (POUs) that operate electric distribution and transmission systems. In total, CMUA members provide approximately 25 percent of the electric load in California. California's POUs are committed to, and have a strong track record of, providing safe, reliable, affordable and sustainable electric service.

**I. INTRODUCTION**

SB 100 (De Leon, 2018) requires that electricity retail sellers procure a minimum share of their electricity sales from eligible renewable resources according to the following schedule:

- 33% by December 31, 2020,
- 44% by December 31, 2024,
- 52% by December 31, 2027, and
- 60% by December 31, 2030.<sup>1</sup>

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<sup>1</sup> Cal. Pub. Util. Code § 399.15(b)(2)(B).

SB 100 also establishes state policy that eligible renewable energy resources and zero-carbon resources supply 100 percent of all retail sales of electricity to California end-use customers and 100 percent of electricity procured to serve all state agencies by December 31, 2045.<sup>2</sup>

In addition, SB 100 requires that the California Public Utilities Commission (CPUC), California Energy Resources Conservation and Development Commission (Energy Commission) and the California Air Resources Board (CARB), in consultation with all California balancing authorities, issue a joint report to the Legislature by January 1, 2021.<sup>3</sup> The joint agency report is to include:

- “(A) A review of the policy described in subdivision (a) focused on technologies, forecasts, then-existing transmission, and maintaining safety, environmental and public safety protection, affordability, and system and local reliability.
- (B) An evaluation identifying the potential benefits and impacts on system and local reliability associated with achieving the policy described in subdivision (a).
- (C) An evaluation identifying the nature of any anticipated financial costs and benefits to electric, gas, and water utilities, including customer rate impacts and benefits.
- (D) The barriers to, and benefits of, achieving the policy described in subdivision (a).
- (E) Alternative scenarios in which the policy described in subdivision (a) can be achieved and the estimated costs and benefits of each scenario.”<sup>4</sup>

CMUA agrees that the Joint Agency Report should address the cost, safety and reliability impacts of policies being pursued. In addition to these statutory requirements, the report should:

- Identify a joint agency definition of zero-carbon resources, including the treatment for offsetting emission reductions and carbon capture and storage,
- Recognize the impacts of existing policy such as the anticipated load growth due to transportation and building electrification, and
- Evaluate primary and secondary costs of policy. This must include affordability impacts and the cost of potentially stranded assets that may result if thermal generation resources are curtailed.

## **II. COMMENTS ON JOINT SCOPING WORKSHOPS**

### **A. The First Report Should Present a Consensus Definition of Zero-Carbon Resources**

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<sup>2</sup> Cal. Pub. Util. Code § 454.53 (a).

<sup>3</sup> Cal. Pub. Util. Code § 454.53 (d)(2).

<sup>4</sup> *Id.*

Fundamental to California's environmental policy goals is the definition of zero-carbon and carbon neutral resources. For example, increasing use of intermittent generating resources will also increase the state's reliance on dispatchable generating resources in order to maintain grid reliability. While biomass, geothermal and hydroelectric generation can be dispatchable, thermal resources, such as natural gas fired generation is critical to maintain grid reliability. Recognizing this, the Joint Agency Report should address the role of that offsetting emission reductions and carbon sequestration will play in allowing the state to meet its carbon goals.

#### **B. The Report Should Incorporate the Influence of Existing Policies**

SB 100 reflects the most recent step taken by California to advance the state's environmental leadership goals. California has a long history of implementing policies to advance environmental protection and energy efficiency goals. To best facilitate the approach to the aggressive goals of SB 100, the Joint Report should include a clear and robust description of existing policies, their environmental goals, functional and cost effectiveness, and their impact on affordability and reliability. CMUA encourages the Joint Agencies to evaluate existing and future policies based on structured and objective metrics. For example, California's transportation and building electrification initiatives provide the opportunity to reduce the environmental footprint of energy use, but in doing so, increase electric the state's electricity demands. Recognizing this, policies should be evaluated based on potential incentive effects on electrification. Through a complete understanding of existing policy, the Joint Agencies can apply lessons learned when considering new policy measures.

#### **C. The Cost Analysis Must Address Primary and Secondary Effects, Including Affordability and the Cost of Stranded Assets**

In conducting the cost analysis mandated by SB 100<sup>5</sup>, the Joint Agencies should look not only at the primary costs of policy, but also the secondary costs and impacts of policies implemented to achieve the state's carbon goals. This analysis should, as an example, include detailed and comprehensive evaluation of the impacts on affordability as well as explicit and implicit subsidies that existing and future policies may create. This evaluation should identify the affordability impacts of customer classes to identify how potential subsidies are paid, and by whom. The Joint Agencies should act to eliminate any cross subsidies and should avoid policies that adversely impact affordability.

Additionally, the cost analysis should identify and evaluate the cost of potentially stranding existing generating assets. The costs of assets developed to reliably meet the state's energy needs that may be curtailed as a result of SB 100 must be included when the Joint Agencies measure the cost of potential policies.

### **III. CONCLUSION**

CMUA appreciates the opportunity to provide these comments and looks forward to continuing to work with staff in this proceeding.

Dated: November 8, 2019

Respectfully submitted,

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<sup>5</sup> *Id.*