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*Comment Received From: Nicholas Blair
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ACWA SB 100 Draft Report Comments

Additional submitted attachment is included below.



Bringing
Water
Together

December 18, 2020

Comment letter submitted via electronic commenting system

The Honorable David Hochschild, Chair
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

The Honorable Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

The Honorable Liane Randolph, Commissioner
California Public Utilities Commission
505 Van Ness Ave,
San Francisco, CA 94102

Re: Association of California Water Agencies' Comments on Draft SB 100 Report

Dear Interagency Principals of the SB 100 Report,

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide public comments to the California Energy Commission (CEC), California Air Resources Board (CARB), and California Public Utilities Commission (CPUC) [Joint Agencies] for the Draft 100 Joint Agency Report (Draft Report) and applauds staff for all of the hard work that has gone into developing the Draft Report over the last fifteen months. ACWA represents more than 460 public water agencies that collectively deliver approximately 90 percent of the water in California for domestic, agricultural, and industrial uses.

ACWA sees water agencies as key partners in the State's clean energy goals as the State works to achieve the framework set in SB 100. Water agencies could play an important role in improving reliability, both in the short term ahead of Summer 2021 when similar heat storm conditions are expected to resemble August 2020 and over the long term. For decades, local water agencies have been actively contributing to the State's clean energy supply. ACWA members have implemented a wide range of renewable and zero-carbon energy projects, including small and large hydropower, biogas, microturbines, geothermal, wind, energy storage, and photovoltaic solar. In addition, ACWA members have participated in a combination of energy efficiency, demand-side management, and peak-use reduction programs. These projects and programs have helped make water more affordable for their customers, while contributing to the achievement of the State's greenhouse gas emissions reduction goals. The Preliminary Root Cause Analysis (Root Cause Analysis) released by CPUC, CEC, and the California Independent Service Operator, and the recent adoption of the Order Instituting Rulemaking 20-11-003 (OIR) on electric reliability drive home the need for an "all tools in the toolkit" approach for these pressing issues. ACWA stands ready to work with the Interagency Principals, staff, and

diverse stakeholders on this high priority effort. Public water agencies can be key partners as they have played, and will continue to play, a significant role in decarbonizing California's economy in a safe, reliable and equitable manner.

In response to the Draft Report, ACWA submits the following comments:

Comment 1- ACWA Supports Draft Report inclusion of Large Hydropower amongst SB 100 Eligible Zero-Carbon Resources, and encourages further consideration of Hydropower for accomplishing SB 100 Goals.

ACWA applauds the inclusion of existing large hydropower amongst the eligible zero-carbon resources in the Draft Report to achieve California's SB 100 goals by 2045. Hydropower is a valuable clean energy resource for meeting the State's power needs and improving energy grid reliability. Hydropower resources, both small and large, can be coupled with other clean energy resources, such as wind and solar, to maintain system reliability during normal and stressed system conditions. Currently, many public water agencies in California generate clean hydroelectric power with the water they deliver to farms, communities and the environment. Public water agencies have the ability to quickly increase hydropower generation when additional power is needed. Hydropower resources played an important role in providing additional power during the power outages on August 14-15 this year.

ACWA encourages continued consideration of hydropower in future SB 100 reports. To reiterate from ACWA's previous letter, and as noted by Ammon Danielson of Western Area Power Administration during the December 4 workshop, both small and large hydropower will be essential for meeting the State's power needs, including: baseload, peak load, ramping and resource adequacy. The recent heatwave highlighted that blackouts are a concern when experiencing increasing temperatures because of climate change. The demand for energy increases with rising temperatures. When solar generation drops off after sundown, a diverse portfolio of clean energy resources, including small and large hydropower, is essential for ensuring energy grid reliability. Hydropower resources, both small and large, can aid in maintaining system reliability during both normal and stressed system conditions.

Comment 2- ACWA supports the proposed approaches for Demand Flexibility, Storage, and Natural and Working Lands.

ACWA supports the focus in the Draft Report on demand flexibility as we believe the water and wastewater sectors are well-positioned to provide over-generation mitigation. During ACWA's recent Fall Conference, CPUC President Batjer noted her appreciation for the water sector being amenable to supplying backup power when the State was "dialing for megawatts", and CEC Commissioner McAllister encouraged further collaboration with water agencies on the value proposition of demand flexibility. Public water agencies quickly responded to energy shortages during the recent state of emergency in August 2020 by increasing their generation of hydropower resources to help meet the State's demand and can be ready to be ready to increase generation and reduce demand for similar conditions in the future. For example, Valley Center Municipal Water District was called upon by San Diego Gas & Electric to run a 2 MW backup emergency generator. Many water and wastewater utilities routinely minimize use of electricity during summer on-peak (high electric price) periods. Clear communication and an enhanced understanding of the electric reliability support is needed, and will greatly enhance

opportunities for synergies between the water and energy sectors. As noted in the Root Cause Analysis and OIR, an enhanced emphasis on demand flexibility will be critical for the upcoming summer to better prevent power outages during predicted heat storms.

ACWA supports the focus in the Draft Report on an enhanced need for energy storage to support a diverse portfolio of intermittent energy sources. Local water agencies are moving the needle with investments to develop energy storage projects, including battery storage, pumped storage and bulk storage, for on-site or grid-level electric reliability that are cost-effective and economically viable for water agency customers. While most existing pumped storage capacity in California is concentrated in a few California counties, there is opportunity to expand throughout the State via water and wastewater systems as virtual batteries and self-generation resources. Additionally, many water and wastewater agencies have substantial self-generation facilities that convert solar, wind, biogas, and flowing water to electricity. Combined with electric batteries and/or fuel storage, these self-generation assets could potentially be operated to increase water sector grid intersections.

ACWA supports the approach in the Draft Report on Natural and Working Lands as a resilient venue for carbon sequestration. ACWA encourages cost-effective sustainability programs and multi-benefit projects such as conserving energy and water and adapting to the impacts of climate change. Focus must be on multi-benefit projects that provide “win-win scenarios” for all stakeholders.

Comment 3- ACWA encourages more rapid action on Transmission Planning and Process.

ACWA supports the Draft Report recommendation to align SB 100 efforts with current State efforts, and more specifically encourages more action towards bringing new transmission infrastructure online to support incorporation of new SB 100 eligible energy resources onto the energy grid. This effort, through the Transmission Planning Process of CPUC and CAISO, is timely ahead of what is forecasted to be another difficult summer as climate change has thrust California into a new normal. This is a crucial step to ensure that new and varied generation resources can come online where energy is to be consumed, and meet State-led GHG reduction targets. Additional transmission assets will reduce congestion within the existing system, and ensure that supply is successfully delivered to end-use customers. ACWA has advocated on the need for a diverse portfolio of energy resources, and storage; additional investment in transmission is also a part of this mix.

Conclusion

As previously mentioned, ACWA stands ready to work with the Interagency Principals, staff, and diverse stakeholders on this high priority effort. Public water agencies can be key partners as agencies have played, and will continue to play, a significant role in decarbonizing California’s economy in a safe, reliable and equitable manner.

ACWA appreciates the diligent work by staff across the CEC, CARB and CPUC. We thank you for the opportunity to comment and look forward to working with you and your staff. Additionally, we once again want to offer our thanks to CPUC President Batjer, CEC Commissioner McAllister, and CARB Deputy Executive Officer Edie Chang for participating in our Fall Conference to discuss SB 100 in a panel discussion. We see that as a great continuation of the conversation between

the water sector and Joint Agencies. Please do not hesitate to contact me at nickb@acwa.com or (916) 441-4545 if you have any questions regarding ACWA's input.

Sincerely,



Nicholas Blair
Regulatory Advocate

cc: The Honorable Marybel Batjer, President, California Public Utilities Commission
The Honorable J. Andrew McAllister, Commissioner, California Energy Commission
Mr. Drew Bohan, Executive Director, California Energy Commission
Mr. Richard Corey, Executive Director, California Air Resources Board
Mr. Dave Eggerton, Executive Director, Association of California Water Agencies
Ms. Cindy Tuck, Deputy Executive Director for Government Relations,
Association of California Water Agencies