

DOCKETED

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BANC Comments on SB 100 Draft Report Workshop

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:
SB 100 Draft Report Workshop
RE: SB 100 Joint-Agency Report

Docket No. 19-SB-100

**COMMENTS OF THE
BALANCING AUTHORITY OF NORTHERN CALIFORNIA
ON THE SENATE BILL 100 DRAFT REPORT WORKSHOP**

I. INTRODUCTION

The Balancing Authority of Northern California (“BANC”) appreciates the opportunity to provide comments on the *Draft 2021 SB 100 Joint Agency Report* (“Report”) as well as the Senate Bill 100 Draft Report Workshop (“Workshop”) held by the California Energy Commission, California Public Utilities Commission, and California Air Resources Board (collectively the “Joint Agencies”) on December 4, 2020.

At the Workshop, the BANC General Manager provided comments on the Report as well as recommendations for how best to achieve the goals of Senate Bill (“SB”) 100.

II. COMMENTS

BANC is a joint powers authority established pursuant to Section 6500 *et seq.* of the California Government Code. BANC operates as a public agency and is governed by the BANC Commission, currently made up of an executive representative from each of its members. BANC’s members include the Cities of Redding, Roseville, and Shasta Lake, the Modesto Irrigation District, the Sacramento Municipal Utility District (“SMUD”), and the Trinity Public Utilities District. BANC is a registered Balancing Authority (“BA”) and Planning Coordinator

with the North American Electric Reliability Corporation and operates as a neighboring BA to the California Independent System Operator (“CAISO”) BA. BANC became an Energy Imbalance Market (“EIM”) Entity in 2019 to facilitate the participation of SMUD in the EIM. BANC is scheduled to “go-live” with its Phase 2 of EIM, to include the participation of the Modesto Irrigation District, the Cities of Redding and Roseville, and the Western Area Power Administration-Sierra Nevada Region (“WAPA”).¹

A. Completing the Report With a Reliability Assessment Must be an Immediate Priority

BANC is a strong supporter of the greenhouse gas reduction goals reflected in SB 100, and recognizes that implementation must be balanced against the equally important goals of safety, reliability, and affordability. As noted by the Joint Agencies staff, the results of the current evaluation are directional, but do not provide a definitive assessment of the ability to meet the goals of SB 100, which will require more detailed analysis. In terms of reliability, BANC urges the Joint Agencies to prioritize a reliability assessment, which is admittedly missing from the current report.² The importance of reliability cannot be stressed enough, and its implications for the longer term trajectory of decarbonization goals are evident in the wake of the August 2020 heat wave events and California’s recent resource adequacy challenges. The Joint Agencies should commence this assessment immediately in partnership and collaboration with the California BAs, as SB 100 intended.³ A complete picture of how California is able to achieve its decarbonization goals is not possible until a detailed reliability assessment is

¹ WAPA operates within the BANC Balancing Authority Area (“BAA”) and participates in BANC processes; however, WAPA is not a formal member of BANC. Currently WAPA participates through various agreements with BANC, including the BANC Energy Imbalance Market Participation Agreement. The California-Oregon Transmission Project, which is managed by the Transmission Agency of Northern California, is also within the BANC BAA.

² Report at 109.

³ SB 100 mandates that the Joint Agencies develop the Report, and all future reports, “[i]n consultation with all California balancing authorities.” Cal. Pub. Util. Code § 454.53(d)(2).

completed. BANC stands ready to work side-by-side, as the statute contemplates, to complete this necessary task.

B. Process Suggestions to Improve Future Reports

Going forward, BANC encourages the Joint Agencies to engage in more robust collaboration with the California BAs, as envisioned in SB 100. Collaboration should include the joint development of inputs and assumptions in any future study efforts. This is especially true as the Joint Agencies move forward with reliability and deliverability analyses for the California BAs. Due to the distinct makeup of each BA in terms of geography and transmission available for imports, each BA must individually evaluate how resource conditions may affect its ability to fulfill its reliability obligations. A statewide evaluation will likely not provide an accurate assessment of each BA's given situation.

In addition, BANC suggests that frequent reviews in between the 4-year study cycles will be needed. BANC recommends that the Joint Agencies conduct an annual or biannual assessment on policy, technology, and operational changes that could impact the goals of SB 100. There are enough rapidly evolving issues to warrant an annual update, including technology changes, regional resource assessments, evolving clean energy policies in other states, and a host of other changes. As Chair Mary Nichols stated during the Workshop, the Report highlights the enormous challenges ahead, which require a complete transformation of the type of electricity Californians consume. Conducting the process once every four years is insufficient to meet the challenges of SB 100 implementation. Numerous stakeholders echoed this sentiment during the Workshop, and called for a more frequent review.

C. An Honest Assessment is Required on the Future Need for Existing Thermal Resources

The Report recognizes that thermal units, at reduced capacity, will likely be required to meet load obligations in the modeled portfolios.⁴ No significant new natural gas plants have been approved and sited for many years. Keeping the natural gas infrastructure, including transportation and generation, will likely require continued investment to maintain reliability. Gas storage is proposed to be retired or divested from utility operations. Many existing gas plants are in the middle of their lifecycles, and 2040 targets place them beyond expected retirements. It seems likely, therefore, that gas infrastructure will require continued investment and new gas generation may be necessary. Therefore, an assessment of needed investment in natural gas infrastructure is essential.

D. A Comprehensive Assessment of Affordability Would Better Inform the Legislature

Expenditures of consumer dollars on decarbonization is not a complete picture of the total cost of delivery. Ratepayers are being affected by costs outside of decarbonization efforts, such as rising costs associated with wildfire hardening. It is important to have a complete picture of rate projections to inform the Legislature. BANC recommends that the Joint Agencies take a comprehensive and holistic approach to assessing the financial impacts of energy policy implementation on consumers. The Joint Agencies should conduct an affordability analysis that results in end-use customer retail rate projections. Further, the Joint Agencies should assess the impact of other rate design choices, such as net energy metering, on how different consumers will bear these costs.

⁴ Report at 88-89.

III. CONCLUSION

BANC appreciates the opportunity to provide these comments and looks forward to continuing to work with the Joint Agencies in this proceeding.

Dated: December 18, 2020

Respectfully submitted,

/s/ James Shetler
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Northern California