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350 Bay Area --CARB should direct CPUC and E3 to improve models

Additional submitted attachment is included below.

350 Bay Area is a nonprofit organization working to accelerate California's response to the climate crisis. Our membership includes over 25,000 ratepayers in the San Francisco Bay Area. We are fully committed to meeting the SB100 goal as rapidly as possible in a way that maximizes equity for vulnerable communities, and minimizes cost to ratepayers.

The current analysis presented in the draft SB100 report is based on modeling at the CPUC and by E3 that undermines our state's ability to make wise decisions to accomplish its climate, affordability, reliability and equity goals, because the models presented in the report substantially underestimate the potential role of distributed generation, and do not include essential costs of the scenarios considered.

A recommendation should be added to the report directing the CPUC and E3 to immediately incorporate 1) the option of selecting PV generation and storage resources on the distribution grid In Front Of The Meter in the CPUC's Integrated Resource Planning and 2) a value for the societal benefits (GHG, health, and land use) in all scenarios considered in E3 modelling.

These values are clearly NOT zero, so a placeholder value should be used while more refined estimates are developed. Strategic decisions based on the "cost" of the scenarios in the model should not be made in the absence of these highly relevant data.

This recommendation is essential so that decisions are not made prematurely based on inadequate data, and so that these necessary data are available when it is time for the 2025 report.

History and rationale:

- 1) The CPUC's Integrated Resource Planning (IRP), a fundamental pillar of E3's scenario development, only includes PV options for utility-scale solar or behind the meter customer solar. The latter is judged not selectable as a resource because it is deemed economically inefficient. However there is NO OPTION in the IRP for selecting medium scale PV interconnected on the distribution grid, which is actually cheaper than utility scale PV when the 2-3 cents per kWh transmission cost is incorporated--even without

incorporating a value for the resiliency/reliability value of DER's and the land use value. 350 Bay Area has submitted comments in the IRP proceedings to this effect. We urge that this SB100 report should direct the CPUC to incorporate a DER option in the IRP modelling, to obtain a more accurate estimate of affordability and reliability in the model scenarios.

- 2) In 1990, the legislature directed the CPUC to incorporate the health impact of energy generation in their cost-effectiveness planning. It is unconscionable that for a 2020-2021 report, E3 and the CPUC do not yet incorporate a value for the cost imposed on California residents's health by the air pollution from fossil fuel generation. Furthermore, the failure noted above to incorporate DER's as an option for modelling results in a massive selection of utility-scale solar, with substantial implications for natural and working land use, and disruption of carbon sequestration in desert soils, as noted in the draft report. This is the basis for our recommendation that CARB, the CPUC, and the CEC should direct E3 to incorporate a "best estimate" in their modelling for a value for the societal benefits (GHG, health, and land use) in all scenarios. These values are clearly NOT zero, so a placeholder value should be used while more refined estimates are developed. Strategic decisions based on the "cost" of the scenarios in the model should not be made in the absence of these highly relevant data.
- 3) Finally the report implies that meeting SB 100 goals requires increasing interchange of energy across the Western Regional Grid. While some interchange may be beneficial, until E3 and the IRP modeling incorporates the option of Distributed Energy Resources-- ie on the distribution grid-- the analysis fails to provide the appropriate portfolio for analysis. Since a substantially escalating portion of customer bills comes from the cost of the building and maintaining the long distance transmission grid, the failure to incorporate an option for DER's makes scenarios such as the "no combustion" or accelerated timeline appear more expensive than they actually may be. For example,

the cost of the “no combustion” scenario is estimated at 18.1 cents per kilowatt-hour compared to the core scenario cost of 16.0 cents per kilowatt-hour . The \$0.03 per kilowatt-hour approximation of the Transmission Access Charge suggests that an appropriate analysis could make the no combustion option quite feasible.