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SDGE Comments on Workshop on Midterm Reliability

Additional submitted attachment is included below.

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September 7, 2021

Commissioner Siva Gunda
California Energy Commission
Docket Unit, MS-4
Docket No. 21-ESR-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: San Diego Gas & Electric Company Comments on the August 30, 2021, Midterm Reliability Analysis and Incremental Efficiency Improvements to Natural Gas Power Plants Workshop

Dear Commissioner Gunda:

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to submit comments regarding the August 30, 2021, Midterm Reliability Analysis and Incremental Efficiency Improvements to Natural Gas Power Plants Workshop. SDG&E agrees with the goals of the Midterm Reliability Assessment and appreciates the public process by which it was shared with stakeholders.

The workshop aimed, in part, to answer the question of whether incremental thermal resources provide an additional reliability benefit compared to a portfolio of preferred resources. SDG&E agrees it is important to analyze midterm reliability and explore hypothetical resource portfolios, however, the CEC's takeaway that the gas portfolio is less reliable than preferred resource portfolios is inaccurate since the takeaway is founded on inconsistent approaches to developing the hypothetical gas portfolios versus preferred resource portfolios.[1]

To determine reliability of the various scenarios, the CEC used a two-step process which first created the resource portfolios to hypothetically replace planned resources in the California Public Utility Commission's (CPUC) Proposed Preferred System Portfolio (Proposed PSP),[2]

[1] CEC Presentation for August 30 Lead Commissioner Workshop on Midterm Reliability Analysis, slide 32. Available here: https://efiling.energy.ca.gov/GetDocument.aspx?tn=239554&DocumentContentId=72991

[2] *See* Administrative Law Judge's Ruling Seeking Comments on the Preferred System Plan, issued on August 17, 2021.

then the CEC tested the hypothetical portfolios for reliability using Loss of Load Expectation (LOLE) analysis.

For the preferred resource scenarios, the CEC used Effective Load Carrying Capacity (ELCC) values to develop the portfolios.[3] This is not the same methodology used to develop the gas portfolio. Importantly, when developing the hypothetical preferred resource portfolios, the ELCC values include outage rates and other deliverability characteristics of the preferred resources, which results in more MWs being required in each respective preferred resource scenario.

However, for the hypothetical gas scenario, ELCC values were not used when developing the portfolio, because they do not exist for gas resources. Instead, the CEC incorrectly used nameplate capacity to develop the gas portfolio which essentially treats gas resources as "perfect capacity" units, not factoring in the average outage rate of approximately 7.5% (according to the CEC). Essentially, unlike preferred resource portfolios, the gas portfolio was underbuilt, which led to the incorrect takeaway that the gas portfolio is less reliable than the preferred resource portfolios.

At the Workshop, CPUC Commissioner Rechtschaffen highlighted the "counterintuitive" results when modeling gas resources. CEC analyst Mark Kootstra acknowledged that the results of the analysis were "complex" due to several factors, including inconsistent treatment of gas versus preferred resources[4]

Mr. Kootstra's expectation was that when "the ELCC values are being done right, we're still going to see a little bit of a difference because **[the] gas [portfolio] does not include forced outages, so you're not quite comparing apples to apples.**"[5] This statement confirms that the hypothetical gas portfolio was not developed properly because it did not factor in outage rates. It is important to note, this is not a disagreement over a modeling assumption, rather, this is an error in modeling that must be addressed.

SDG&E recommends the CEC correctly develop the gas portfolio by factoring in an appropriate outage rate to ensure the results of the reliability analysis are accurate before making assumptions about the reliability of a gas resources portfolio.[6]

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[3] The CEC acknowledged the ELCC values being used for their midterm reliability assessment should be updated when the CPUC issues its latest ELCC report.

[4] CEC Midterm Reliability Assessment Zoom Workshop; beginning hour 1, minute 10. Available here: https://efiling.energy.ca.gov/GetDocument.aspx?tn=239555&DocumentContentId=72992

[5] *Id*; hour 1 minute 14 (emphasis added).

[6] If the CEC does not adopt SDG&E's recommendation to correct the gas portfolio and include outage rates, the CEC should remove the gas scenario from its final analysis and explain why the gas scenario was removed and cannot be relied upon; or caveat the graph contained in the analysis to ensure stakeholders understand the inconsistency in the portfolio development approach, and remove the takeaway that preferred resources can provide equivalent system reliability to gas resources, considering that key takeaway is based on flawed analysis.

SDG&E looks forward to working collaboratively with the CEC to help develop the Midterm Reliability Assessment final analysis.

Sincerely,

/s/ Chris A. Summers

Chris A. Summers
Director of Origination, Energy Supply Dispatch
SDG&E