

<b>DOCKETED</b>	
<b>Docket Number:</b>	23-SB-100
<b>Project Title:</b>	SB 100 Joint Agency Report
<b>TN #:</b>	254830
<b>Document Title:</b>	Indicated POU BAAs and CMUA Comments on SB 100 Modeling Inputs and Assumptions Staff Workshop
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Indicated POU BAAs and CMUA
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	3/4/2024 3:25:41 PM
<b>Docketed Date:</b>	3/4/2024

*Comment Received From: Indicated POU BAAs and CMUA  
Submitted On: 3/4/2024  
Docket Number: 23-SB-100*

**POU BAA and CMUA Comments on SB 100 Modeling Inputs and Assumptions Staff Workshop**

*Additional submitted attachment is included below.*

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:  
SB 100 Joint Agency Report

Docket No. 23-SB-100

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**COMMENTS OF THE INDICATED PUBLIC POWER BALANCING AUTHORITY  
AREAS AND THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION ON THE  
FEBRUARY 16, 2024 SENATE BILL 100 MODELING INPUTS AND ASSUMPTIONS  
STAFF WORKSHOP**

**I. INTRODUCTION**

The Indicated Public Power Balancing Authority Areas<sup>1</sup> (“POU BAAs”) and the California Municipal Utilities Association (“CMUA”) (together “Joint Commenters”) provide these written comments on the California Energy Commission (“CEC” or “Commission”) Senate Bill (“SB”) 100 Modeling Inputs and Assumptions Staff Workshop, held February 16, 2024 (“Workshop”).

The Joint Commenters have been active participants in the SB 100 deliberations and have emphasized the need to maintain grid reliability and affordability of electricity rates while striving to meet the state’s decarbonization goals.<sup>2</sup> In these comments, the Joint Commenters focus on reliability modeling issues and other study inputs covered at the Workshop.

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<sup>1</sup> Balancing Authority of Northern California (“BANC”), Imperial Irrigation District (“IID”), Los Angeles Department of Water and Power (“LADWP”) and Turlock Irrigation District (“TID”).

<sup>2</sup> *Comments of the Joint Publicly Owned Balancing Authority Areas on the November 1, 2021 Joint Agency Workshop on Planning for Senate Bill 100 Analysis of Non-Energy Benefits, Social Costs, and Reliability*, Cal. Energy Commission (Nov. 23, 2021), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=240701&DocumentContentId=74058>. (Docket No. 19-SB-100, TN# 240701.); *Comments of the Publicly Owned Balancing Authority Areas and the California Municipal Utilities Association on the August 22, 2023 Senate Bill Kickoff Workshop*, Cal. Energy Commission (Sept. 15, 2023), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252293&DocumentContentId=87307>. (Docket No. 23-SB-100, TN# 252293.); *Comments of the Indicated Public Power Balancing Authority Areas and the California Municipal Utility Association on the October 31, 2023 Senate Bill 100 Analytical Framework Workshop*, Cal. Energy Commission (Nov. 16, 2023), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=253173&DocumentContentId=88378>. (Docket No. 23-SB-100, TN# 253127.) (hereinafter “Analytical Framework Comments”).

## II. COMMENTS

### A. The Process for Achieving the Collaborative Study Effort Required by SB 100 Must Improve.

As directed by statute, the CEC, California Public Utilities Commission (“CPUC”), California Air Resources Board (“CARB”), and all other state agencies are tasked with working, “in consultation with all California balancing authorities, as defined in subdivision (d) of Section 399.12, as part of a public process” to “issue a joint report to the Legislature by January 1, 2021, and at least every four years after.”<sup>3</sup> The statute requires that the aforementioned agencies work in consultation with the California balancing authorities on a joint reliability progress report to “identify challenges and gaps, if any, to achieving system and local reliability and identify the amount and cause of any delays to achieving compliance with all energy and capacity procurement requirements set by the commission.”<sup>4</sup>

While Joint Commenters appreciate the tremendous efforts that are required to execute the numerous obligations of Commission staff, the Commission and Joint Commenters, collectively, must find a way to regularize the input from the BAAs and stakeholders to improve this process and effectuate the plain language of SB 100 to make this a collaborative process. An *ad hoc* workshop and written comments process does not suffice; it is slow and thwarts a meaningful exchange of ideas and suggestions. Instead, having an iterative process and feedback loop will help avoid some of the questions and comments below regarding how the study will adequately address affordability and reliability concerns.

As we have suggested in the past, the Joint Commenters believe that the CEC should form Working Groups to improve communication of the study process, vet and consider

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<sup>3</sup> Cal. Pub. Util. Code § 454.53(d)(2) (2023).

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

assumptions, and develop options and sensitivities for the study. As we have suggested in prior comments,<sup>5</sup> we urge the immediate formation of modeling Working Groups led by the agencies and the BAAs in collaboration with industry participants and stakeholders to scope a work plan for the assessment of reliability modeling and other study inputs. The Joint Commenters recognize that as we approach mid-2024, all of the essential elements that were suggested to be studied in this cycle will not likely to be accomplished. But that does not mean Californians should be satisfied by a less than fulsome examination of affordability and reliability concerns. The Working Group approach has been utilized in many forums, including the CAISO, Western Interconnection Compliance Forum, the Renewable Energy Transmission Initiative, and North American Transmission Forum. The WECC has implemented this Working Group approach for many years, and the CEC has participated in many of these groups. It is a tried-and-true approach that cannot help but improve the end work product; it should be immediately implemented here.

B. Joint Commenters Continue to be Concerned that the Reliability Analysis in the Report Will Not be Adequate.

Given the timeline for completing the 2025 report, the scope of the SB 100 study is overly broad and suggests a prioritization of extensive scenario analysis over any meaningful reliability assessment. The CEC has proposed including seven scenarios and three additional sensitivity studies and anticipates having draft results within three months. Completing the modeling and validating the results for a large number of scenarios will require a tremendous amount of work. Given the short amount of time allotted for this complex modeling, Joint Commenters are deeply concerned that reliability studies will again be sacrificed, as in the 2021 SB 100 study, due to time constraints. There is more value in ensuring that the Report includes

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<sup>5</sup> Analytical Framework Comments at 4-5.

robust reliability analysis than in evaluating a broad range of scenarios with inadequate reliability modeling.

Joint Commenters emphasize the urgency and necessity of the SB 100 process including adequate study of the reliability of the portfolios that are developed, which must include a loss-of-load analysis. We have found that in capacity-limited portfolios, such as those relying heavily on wind and solar, capacity expansion models and production cost models do not adequately address reliability issues that arise during anomalous weather conditions. A robust loss-of-load analysis is needed to identify whether the system can meet basic RA requirements, including the 1-day-in-10-year loss-of-load standard. Evaluating whether a given long-term resource build achieves these basic reliability metrics will provide the state with critical information regarding the size and complexity of the challenges to meeting a low-emissions portfolio and is necessary to ensure that cost and affordability analyses accurately reflect the cost of a reliable system.

Furthermore, as discussed in previous comments<sup>6</sup>, power flow modeling is crucial to enable the Report to provide a full picture of reliability risks and benefits associated with different scenarios. The current modeling approach only incorporates capacity expansion and production cost modeling, which may lead to gaps in the analysis of this Report cycle. Grid resilience depends on the ability to withstand outages to critical facilities, which, as a result, should shape the location and resource mix selected in the portfolio. Thus, to adequately assess reliability, the CEC must ensure there is sufficient time to conduct a robust loss-of-load study and model the ability of the new resources to serve all areas of the grid using power flow modeling.

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<sup>6</sup> *Id.* at 2-3.

The Joint Commenters recognize this may not all be achievable, particularly the power flow analysis, in this study cycle. But we can do better, and we can jointly articulate a follow-up process in 2025 that will built on this study cycle to include robust reliability analysis in a mid-cycle report rather than wait for 2028.

C. Affordability is Critical to Achieving Decarbonization Goals. Joint Commenters have Questions About the Cost Assumption Inputs.

Achievement of SB 100 goals will be heavily influenced by the affordability of utility electric bills.<sup>7</sup> The Joint Commenters are concerned about the transparency of assumptions in the underlying studies that are being relied upon for forward cost projections. For example, the Workshop's slides showed certain energy production and technology operation and maintenance costs decreasing over the next 20-30 years.<sup>8</sup> This assumed trend, with exceptions, appears to be applicable to most technologies, including mature technologies. It is not clear how this was determined. While certain emerging technologies may have downward price curves over time as the industry reaches scale, it is not at all clear why certain other mature or labor-intensive energy production technology costs are projected to decrease over that same period. This also runs counter to what Joint Commenters are seeing in the market for their current and future procurement, and what is included in the Padilla Report,<sup>9</sup> which shows upward cost trends in recent years. Many factors contribute to significant price increases including procurement mandates, the cost of capital, natural gas price volatility, and shortages of equipment of all types.

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<sup>7</sup> *Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy*, California Energy Commission, Cal. Energy Commission (Sept. 2021), <https://www.energy.ca.gov/sites/default/files/2021-09/CEC-200-2021-008.pdf>.

<sup>8</sup> *Presentation for SB 100 Inputs and Assumptions Workshop*, Cal. Energy Commission (Feb. 16, 2024), <https://efiling.energy.ca.gov/GetDocument.aspx?tn=254504&DocumentContentId=89916>. (Docket No. 23-SB-100, TN# 254504.)

<sup>9</sup> *2023 Padilla Report: Costs and Cost Savings for the RPS Program (Public Utilities Code § 913.3)*, Cal. Public Utilities Commission (May 2023), <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/documents/energy/rps/2023/2023-padilla-report---final.pdf>.

The first step in better understanding the forward cost projections is to have better transparency into the cost assumptions. The Joint Commenters understand that the values that will be used for the REGEN and PLEXOS models will include certain modifications and adjustments, but as they are currently displayed, these values do not reflect reality. While Joint Commenters have accessed what appear to be the base documents for the cost assumptions, the information provided is incomplete and it is still not clear to us how these cost projections are being derived. Ultimately, like any other study with variables, the Commission should be examining sensitivities that provide a range of cost outcomes depending on several variables. It would be most advantageous to discuss these issues in a Working Group setting such that concerns could be vetted and addressed before modeling runs begin.

### **III. CONCLUSION**

The Joint Commenters appreciate the opportunity to provide these comments and look forward to continuing to work with the Joint Agencies in this proceeding.

Dated: March 4, 2024

Respectfully submitted,

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