



Analysis of Generation Offset Requirements for SCAB

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CEC 2011 Integrated Energy Policy Report and ARB AB 1318 Joint Workshop

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Michael R. Jaske, PhD

Electricity Supply Analysis Division

mjaske@energy.state.ca.us / 916-654-4777



Purpose of Workshop

- Purpose: Present ARB/energy agency AB 1318 “work plan” to stakeholders, receive comments and consider modifications to the “work plan,” continue with analytic activities already underway, and develop a schedule for the AB 1318 report to the legislature.



Background for Workshop

- The energy agencies (CEC, CPUC, and CAISO) have been actively participating to assist SWRCB staff on OTC mitigation.
- A joint proposal was made to SWRCB staff on May 19, 2009.
- SWRCB staff accepted the joint proposal and the State Board adopted a proposed policy based on the joint proposal on May 4, 2010.
- CEC staff believes most OTC plants will retire, or repower, rather than refit cooling technologies for the existing power generation equipment.



Background, cont'd

- Few or no offsets are available in SCAB through standard market ERCs, thus the legislature enacted AB 1318 and SB 827 in the 2009 session to allow construction of some plants.
- AB 1318 also directs ARB, in conjunction with the energy agencies and SWRCB, to assess:
 - reliability-based capacity requirements implying offset needs, and
 - offset availability, and recommended options to increase offset availability, should these be needed to allow needed power plant development.



2011 IEPR Perspective

- CEC has adopted policies encouraging retirement and replacement of aging power plants since 2005.
- Is the CEC content to use OTC policy compliance as the principal vehicle to achieve this policy?
- Load growth and renewable integration create additional needs for capacity development.
- Reliability considerations demand careful assessment of various combinations of demand reduction, supply-side resource additions and transmission system upgrades.
- This workshop is one input for the 2011 policy report.



ARB AB1318 Perspective

- The “work plan” report represents the thinking of the ARB/energy agency technical staff team.
- Stakeholders need an opportunity to see and comment on analytic plans.
- To the extent that comments suggest additional considerations, then this could affect the time line and resources required.
- The final AB1318 report is a vehicle to provide recommendations to the legislature, and implementation will take additional time and effort.



Agenda Focuses on AB 1318

- Preliminaries:
 - Jaske introduction
 - Bishop summary of OTC policy
- Update on related SCAQMD activities
- AB 1318 “work plan:”
 - Overview by inter-agency AB 1318 team
 - Comments from two panels of stakeholders
 - Comments from the public