

CALIFORNIA ENERGY COMMISSION1516 Ninth Street
Sacramento, California 95814Main website: www.energy.ca.gov**12-IEP-1C**

DATE JUN 08 2012

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In the matter of,

*2012 Integrated Energy Policy Report
Update (2012 IEPR Update)*

) Docket No. 12-IEP-1C
)
) WORKSHOP
) RE: Electricity Infrastructure
) Planning

Lead Commissioner Workshop on Electricity Infrastructure Issues in California

As part of the *2012 Integrated Energy Policy Report Update (2012 IEPR Update)*, the California Energy Commission's IEPR Lead Commissioner will conduct a workshop on the challenges in planning electricity infrastructure in Southern California. Commissioner Carla Peterman oversees the *2012 IEPR Update*. Commissioners from the California Public Utilities Commission (CPUC), and executives from the California Air Resources Board and the California Independent System Operator will also attend.

FRIDAY, JUNE 22, 2012

Beginning at 9:30 a.m.

CalTrans Bldg District 7, 100 South Main Street
Conference Rooms A, B, C
Los Angeles, California
(Wheelchair Accessible)

Remote Access Available by Computer or Phone via WebEx™
(Instructions below)

Following the workshop, the IEPR Lead Commissioner will determine the extent to which this issue requires further examination in the *2012 IEPR Update* and the extent to which the various ongoing efforts among the participating agencies are sufficient.

Agenda

The purpose of this workshop is to receive updates about the electric infrastructure planning studies underway within state government agencies, operators of balancing authorities, and other interested organizations. Although much of the focus of the *2012 IEPR Update* is on efforts to achieve the 33 percent of annual energy by 2020 requirement in state law, the *2011 IEPR* acknowledged the need for fossil, dispatchable resources to satisfy some portions of system needs. Such resources are more likely to be required to satisfy local capacity requirements and renewable integration than to

simply meet annual electrical energy demand by end users. Southern California represents a unique situation of substantial once-through cooling (OTC) capacity that must be replaced to satisfy state policies, but also situated in an air shed with the nation's tightest criteria pollutant permitting regime.

The workshop will address:

- Studies of the amount of OTC capacity that must be replaced to satisfy local capacity area requirements.
- A status report on the several studies needed in order to satisfy the requirements of Assembly Bill 1318 (V. Manuel Perez, Chapter 285, Statutes of 2009), which requires determination of the amount of needed fossil capacity and identification of constraints on air permitting.
- New studies of the implications of replacing capacity and energy from the state's nuclear power plants.
- How procurement authorization can be provided by the CPUC to investor-owned utilities to enable OTC replacement in the face of incomplete studies.
- The extent to which electrification of combustion processes are likely to be pursued by South Coast Air Quality Management District in its planning to achieve ambient air quality standards, thus increasing the pressure to plan, procure, permit and construct reliable sources of electric energy.

Background

Public Resources Code Section 25301 directs the Energy Commission to regularly assess all aspects of energy demand and supply. These assessments provide the foundation for analysis and recommendations to the Governor, Legislature, and other agencies for energy policies that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety. The Energy Commission has studied the issues of OTC impact mitigation and constraints on fossil power plant development in several recent IEPR proceedings. The 2011 IEPR stated:

“Reducing the impacts on the marine and estuarine environments from the use of OTC technologies in older power plants and the scarcity of emission offsets for new fossil power plants are two of the most important challenges facing the electricity generating industry. To reduce impacts, many of the owners of California's aging power plants are choosing to retire rather than make capital investments in the facility, causing a need for new capacity to satisfy peak demand and appropriate reserves. However, licensing new power plants is difficult, given the scarcity and corresponding cost of offsets required to avoid harmful impacts on air quality. Even repowering at the site of an aging power plant has its challenges. So, while policies to reduce the use of OTC are increasing the demand for new power plants, air quality constraints are restricting the development of fossil fuel power plants. This complexity is especially apparent in those areas of the state where existing air quality fails to satisfy

ambient standards. The South Coast Air Basin, for example, is experiencing the full effects of these opposing forces. To satisfy local capacity requirements (LCR) and help integrate variable renewable generation, the region will have to replace some of its older capacity with dispatchable, flexible fossil power plants when existing OTC power plants retire. The *2009 Integrated Energy Policy Report* discussed the South Coast Air Basin's situation in detail and made recommendations to address the challenges, but uncertainties continue." (Chapter 9)

Over the course of the last two IEPR proceedings, some progress in completing necessary studies has been achieved, but not all of them have been completed, and considerable uncertainties remain.

Technical staff of state government agencies, operators of balancing authority areas, and other experts will provide updates about the status of electricity infrastructure planning studies. A panel of recognized stakeholder organizations will provide reactions to these presentations.

Public Comment

Oral Comments. The IEPR Lead Commissioner will accept oral comments during the workshop. Comments may be limited to three minutes per speaker. Any comments will become part of the public record in this proceeding.

Written Comments. Written comments should be submitted to the Dockets Unit by **July 13, 2012**. Written comments will also be accepted at the workshop, however, the Energy Commission may not have time to review them before the conclusion of the workshop. All written comments will become part of the public record of this proceeding. Additionally, written comments may be posted to the Energy Commission's website.

The Energy Commission encourages comments by e-mail. Please include your name and any organization name. Comments should be in a downloadable, searchable format such as Microsoft® Word (.doc) or Adobe® Acrobat® (.pdf). Please include the docket number 12-IEP-1C and indicate Electricity Infrastructure Issues in the subject line. Send comments to **docket@energy.ca.gov** and copy the technical lead staff at **Mike.Jaske@energy.ca.gov**.

If you prefer, you may send a paper copy of your comments to:

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 12-IEP-1C
1516 Ninth Street
Sacramento, CA 95814-5512

Public Adviser and Other Commission Contacts

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If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 or by email at LQuiroz@energy.ca.gov at least five days in advance.

Media inquiries should be sent to the Media and Public Communications Office at (916) 654-4989, or by email at mediaoffice@energy.ca.gov.

If you have questions on the technical subject matter of this meeting, please contact Mike Jaske at (916) 654-4777 or by email at Mike.Jaske@energy.ca.gov. For general questions regarding the IEPR proceeding, please contact Lynette Green, IEPR project manager, at (916) 653-2728 or by email at Lynette.Green@energy.ca.gov.

The service list for the *2012 IEPR Update* is handled electronically. Notices and documents for this proceeding are posted to the Energy Commission website at [www.energy.ca.gov/2012_energypolicy/index.html]. When new information is posted, an e-mail will be sent to those on the energy policy e-mail list server. We encourage those who are interested in receiving these notices to sign up for the list server through the website at www.energy.ca.gov/listservers/index.html.

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If you have difficulty joining the meeting, please call the WebEx Technical Support number at 1-866-229-3239.

Availability of Documents

Documents and presentations for this meeting will be available online at:
www.energy.ca.gov/2012_energypolicy/index.html

Date: June 8, 2012



CARLA PETERMAN
Lead Commissioner
2012 Integrated Energy Policy Report

Mail Lists: [energypolicy](#), [electricity](#)