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Middle River Power, LLC Comments on Draft 2021 IEPR Scoping Order

Additional submitted attachment is included below.

February 19, 2021

California Energy Commission
Docket Unit, MS-4
Docket No. 21-IEPR-01
1516 Ninth Street
Sacramento, California 95814-5512

Via electronic submittal

Dear Docket Unit, Commissioners and Commission Staff:

Middle River Power, LLC (“MRP”) is pleased to submit these comments on the February 5, 2021 Draft Scoping Order for the 2021 Integrated Energy Policy Report (“Draft Scoping Order”) (“2021 IEPR”).

Introduction

MRP owns approximately 2 GW of natural gas-fired generation operating within the bulk power system under the operational control of the California Independent System Operator Corporation (“CAISO”). MRP has developed and is currently deploying with the current owners two battery energy storage systems (“BESS”) totaling 110 MW and a 100 MW solar photovoltaic system at or connecting into the same interconnection facilities at MRP-owned generating plants.

Comments

The proposed scope for the 2021 IEPR consists of four topics:

1. Energy reliability over the next five years
2. Evolving role of the pipeline gas system
3. Building decarbonization and energy efficiency
4. Energy demand

After some over-arching comments, MRP will comment on each of these topics below.

Decarbonizing California’s economy by 2045 is a monumental undertaking. Accomplishing this goal in a cost-effective way without undue disruption to California’s economy (estimated to be the world’s fifth largest based on 2019 data¹) mandates decarbonizing through a holistic, coordinated, least-cost approach across all economic sectors. According to 2018 data from the California Air Resources Board, the electric power and commercial and residential sectors accounted for less than one-quarter of California’s GHG emissions, while the transportation, industrial and agricultural sectors accounted for more than two-thirds of GHG emissions.² If

¹ https://en.wikipedia.org/wiki/Economy_of_California

² See California Air Resources Board 2000-2018 Trends Figure Data, available at https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2018/2000_2018_ghg_inventory_trends_figures.xlsx.

decarbonization is indeed California's north star, California cannot focus its decarbonization efforts on only a few economic sectors to the neglect of others. Understanding that the IEPR is an *energy* policy report, it is critical that energy issues be considered in a broader context of economic and policy issues, not as a separate, disconnected piece of the puzzle.

MRP now discusses the four main topics proposed in the Draft Scoping Order.

1. Energy reliability over the next five years

MRP agrees that the severe weather-induced rolling blackouts that California experienced in 2020 should prompt a deeper examination of electric reliability issues in the 2021 IEPR.³ The Draft Scoping Order, however, appears to view the electric reliability issue through the lens of forced retirement of gas-fired generation. Viewing reliability issues only through this lens is neither necessary nor prudent. Recent analysis shows that the most cost-effective way for California to maintain reliability for the coming decades is to retain significant amounts (25 GW or more) of the existing gas-fired generation fleet.⁴ As the penetration of intermittent renewable generation increases, the gas-fired generation fleet will run increasingly less, helping California achieve its GHG goals, while still helping to maintain the electric system reliability vital to a modern economy.

An examination of electric system reliability issues must consider *all* applicable reliability issues, including local capacity requirements, ramping, energy duration, reactive power and frequency response requirements. It must also use practical estimations of the physics and costs associated with California's ability to lean on an evolving western interconnection for its capacity and energy needs as well as California's ability to "export" its solar surplus to the rest of the west.

Finally, as the Draft Scoping Order notes (page 5), an examination of electric system reliability issues must account for the interdependencies of the electric and natural gas delivery systems. In particular, the issue of increasing intra-day gas system balancing needs driven by the gas-fired generation fleet responding to the more volatile net load curve, which is currently under consideration in the California Public Utilities Commission's Gas Systems Rulemaking (R.20-01-007), warrants consideration and discussion in the 2021 IEPR.

2. Evolving role of the pipeline gas system

MRP strongly supports the Draft Scoping Order's proposal to examine the role of renewable gas and hydrogen (page 5). These technologies have the potential to leverage the existing gas

³ While not a California issue, the recent extreme weather-induced disruptions experienced in Texas also point to the disruptions that can occur when a state's electric supply system is not designed to handle extreme weather.

⁴ See Energy and Environmental Economics, Long-Run Resource Adequacy Under Deep Decarbonization Pathways for California (available at https://www.ethree.com/wp-content/uploads/2019/06/E3_Long_Run_Resource_Adequacy_CA_Deep-Decarbonization_Final.pdf); see also California Energy Commission Draft 2021 SB 100 Joint Agency Report at Figure 7 (the "SB 100 Core Scenario"). This report is available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=235848&DocumentContentId=68803>.

delivery system and long-duration electric generation fleet to cost-effectively decarbonize the energy supply system without negatively impacting reliability.

3. Building decarbonization and energy efficiency

To the extent that building decarbonization strategies involve electrification, MRP encourages the Commission to ensure that those new electrification demands are properly incorporated in the IEPR's electric system reliability analyses. Additionally, to the extent that building decarbonization strategies involve alternate fuels, MRP encourages the Commission to ensure that those demands are properly incorporated in the analyses in the IEPR's pipeline gas analyses.

4. Energy demand

MRP strongly supports the Draft Scoping Order's proposal to "...reassess the impacts on electricity demand of climate change, behind-the-meter generation, adoption of battery storage, energy efficiency standards, fuel substitution programs, and transportation electrification trends."⁵ To this list MRP suggests expressly adding the impacts of building electrification, as outlined in the third proposed main topic, and transportation electrification, on energy demand. MRP also respectfully urges the Commission to consider the interactions between the gas and electric delivery systems, as well as the need to consider a multi-sector approach to decarbonization (*e.g.*, the role of electrification in reducing transportation and building sector GHG emissions) as it develops its energy demand forecasts.

Conclusion

MRP thanks the Commission for the opportunity to submit these comments on the Draft Scoping Order.

Respectfully submitted,

/s/ Brian Theaker

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⁵ Draft Scoping Order at page 6.