

# **AB 1318: South Coast Air Basin Electricity Needs Assessment and Permitting Recommendations**

Kick-Off Meeting  
November 10, 2010

South Coast Air Quality Management District  
Diamond Bar, California

# Today's Meeting

- Overview of legislative directive
- Activities to date
- Framework for electric reliability needs assessment
- Plan to address offset shortage and increase availability of offsets
- Public participation process
- Proposed schedule
- Next steps
- Contacts

# Assembly Bill 1318

- Requires ARB, in consultation with CEC, CPUC, CAISO, and SWRCB to prepare a report for the Governor and Legislature that evaluates the electrical system reliability needs of the South Coast Air Basin (SCAB) and recommends the most effective and efficient means of meeting those reliability needs while ensuring compliance with State and federal law
- Given the current air permitting issues facing power plants under the SCAQMD program, the report is to include recommendations for long-term, sustainable permitting of additional needed capacity

# Activities to Date

- ARB, CEC, CPUC, CAISO, and SWRCB have discussed schedule, responsibilities, and available information to support the evaluation required under AB 1318
- Two technical agency teams have been formed to manage analysis required to meet the legislation
- Agency consensus that studies already completed or underway do not have sufficient information on various load and resource scenarios to provide complete reliability assessment
- More detailed studies needed to provide analysis extending to 2020

# Electric Reliability Needs Assessment

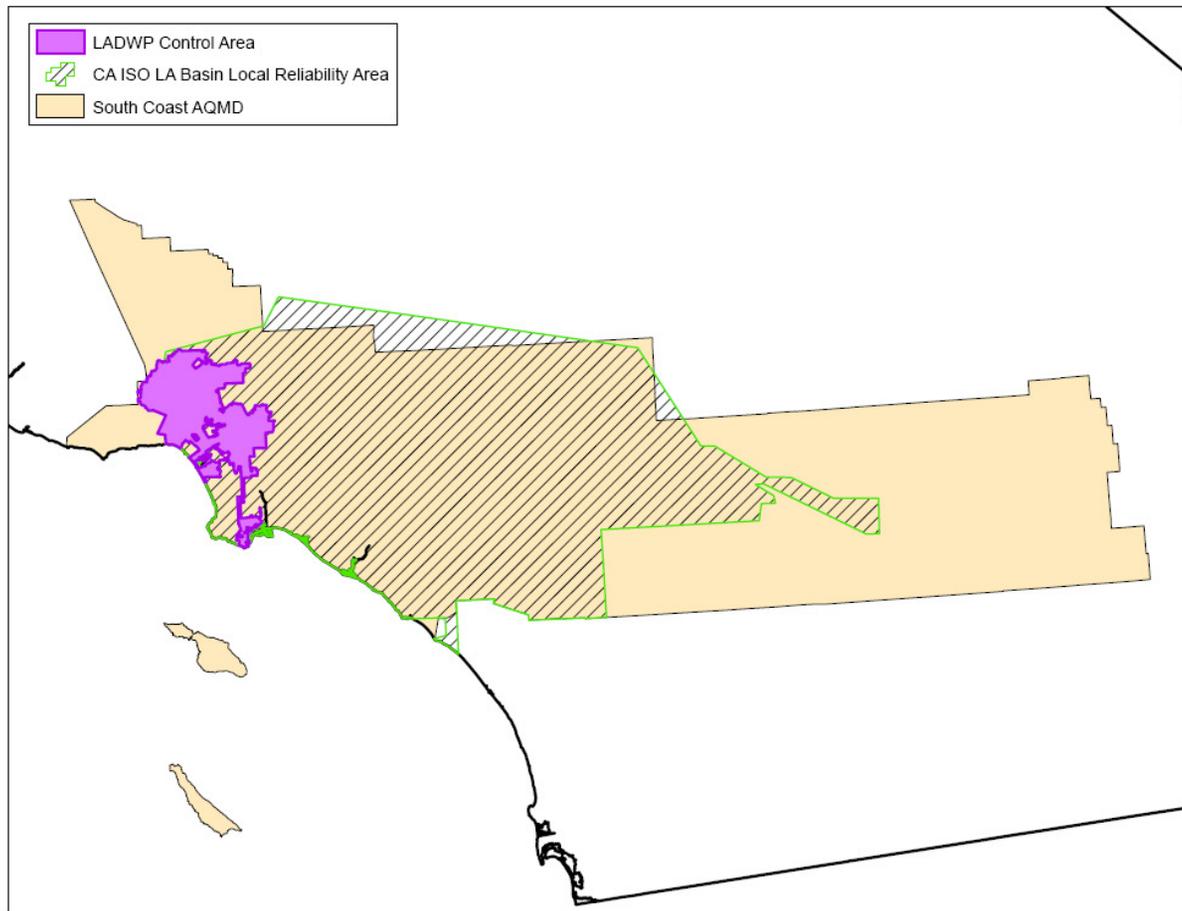
# Objectives

- Develop a means to estimate a range of new generation that needs to be built in SCAB in order to keep the lights on through 2020
- Develop a means to estimate operating patterns of new generation
- Use estimated operating patterns to translate range of new capacity into a range of new emissions
- Provide a foundation for examining how permitting system could be changed to license necessary power plant development

# Background

- CAISO operates most of the transmission grid
- CEC permits new power plants
- CPUC regulates SoCal Edison rates, service and reliability
- LADWP operates its own transmission system and is independent of the CPUC
- SCAQMD's permitting rules influence new power plant development and repowering in SCAB

# Jurisdictional Geographic Issues



# Framework for Assessments

- Model out to 2020
- Conduct reliability modeling using appropriate regions, not limited to SCAB
  - CAISO local capacity areas and SP26
  - LADWP BAA (in basin only)
  - Southern California
- Evaluate a few representative scenarios that are representative of the range of new capacity needs
  - load reduction measures
  - renewable development
- Model with detail necessary (screening spreadsheets, power flow and stability, operating profiles for annual energy and therefore criteria pollutant emissions)

# Long-Term Objectives

- Determine the amount of fossil capacity that must be located in the SCAB to satisfy national, regional, and local (CAISO and LADWP) reliability standards that:
  - Support load growth
  - Enable OTC retirement/repowering
  - Enable renewable integration
- Examine future generation requirements in sufficient detail to determine the amount of air credits that may be required for new fossil generation by 2020
- Consider options to address the need for air credits, including mitigation, improved transmission, etc.

# Air Permit Program Evaluation

# Plan to Address Offset Issues

- Identify potential strategies. For example:
  - Modify SCAQMD rules to increase permitting flexibility and offset availability (e.g., BARCT vs. BACT discount for newly generated ERCs)
  - Make recommendations to focus SB 288 to provide more flexible options to increase offset availability while maintaining air quality protections
  - Consult with U.S. EPA regarding opportunities at the federal level that would provide maximum flexibility for electrical generating units to obtain offsets
- Evaluate each concept to include legal, environmental, administrative, and timing issues associated with implementation

# Public Participation Process

- Plan to provide multiple opportunities for public review and comment through public workshops and/or smaller, issue-focused workgroup sessions
- Available to meet with stakeholders on an individual basis
- Project webpage:  
<http://www.arb.ca.gov/energy/esr-sc/esr-sc.htm>
- Draft of final report will be available for public comment prior to finalization

# Proposed Schedule

Phase 1	Energy agencies initiate and complete simplified scenario modeling analyses and initiate more complex powerflow studies; ARB starts development and analysis of options to increase offset availability
Phase 2	Energy agencies complete detailed studies of capacity additions and initiate translation into expected range of emissions; ARB further refines and analyzes options for increasing offset availability
Phase 3	Energy agencies complete assessment of likely emissions; ARB releases preliminary draft of permit program recommendations for public review and comment
Phase 4	ARB and energy agencies release preliminary draft of integrated electricity and permit report for public review and comment; ARB and energy agencies hold public workshop on draft report
Phase 5	ARB and energy agencies evaluate public comments, finalize report, and submit final report to Legislature and Governor

# Next Steps

- Solicit input for conducting additional studies to include demand-side policy for both CAISO and LADWP control areas for South Coast Air Basin to determine conventional generation needs out to 2020
- Develop, analyze, and prioritize recommendations for changes in SCAQMD permitting rule and/or State and federal law
- Initiate full public process for all elements of AB 1318 including public meetings/workshops

# Contacts

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# Open Discussion