

LAW OFFICES OF SUSIE BERLIN

*1346 The Alameda, Suite 7, #141
San Jose, CA 95126
408-778-8478
berlin@susieberlinlaw.com*

Submitted electronically

November 19, 2021

Ms. Rajinder Sahota
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: ***Northern California Power Agency Comments on 2022 Scoping Plan Update;
Electricity Sector Workshop***

Dear Ms. Sahota:

The Northern California Power Agency¹ (NCPA) appreciates the opportunity to provide these comments on the California Air Resources Board (CARB) November 2, 2021, 2022 Scoping Plan Update – Electricity Sector Workshop. The Electricity Sector Workshop, jointly hosted by CARB, the California Public Utilities Commission (CPUC), the California Energy Commission (CEC) and the California Independent System Operator (CAISO) (collectively, “Energy Principals”), highlighted the myriad challenges and opportunities the electricity sector faces as the state moves to decarbonize the electric grid. NCPA appreciates recognition of these challenges. However, it is absolutely critical that the 2022 Scoping Plan gives full consideration to how to best mitigate the impacts of the transition on California consumers. Consumers deserve to be served by a clean electricity portfolio, but they must also be able to have access to a power supply that is reliable and affordable, today and in the future. Reliability and affordability must be incorporated into the final Scoping Plan recommendations

¹ NCPA is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

in order to ensure that the state's path to meeting its environmental, social justice, and clean air goals are accomplished in a manner that is operationally achievable and economically responsible.

INTRODUCTION

California's electric utilities have already demonstrated their commitment to the state's clean energy transition, reducing its sector-wide greenhouse gas emissions, consistently increasing investments in renewable energy, and advancing emissions reduction and energy conserving projects and programs. NCPA appreciates that the Electricity Sector Workshop provided an opportunity for a deeper understanding of the particular challenges the sector faces, as that recognition is necessary to develop a successful path forward. As NCPA has noted, achieving the state's environmental goals is critically important, but we cannot downplay the importance of reliability and affordability in this effort –and whether California can provide safe and reliable power to its 40 million citizens and whether Californians can continue to address the financial challenges of simply paying their utility bills. The pandemic, wildfires, and heat storms that California has faced over the last year have proven that Californians are resilient, but they have also demonstrated the importance of having 24/7 access to reliable and affordable electricity.

NCPA is pleased that these two issues have been flagged by the state's key policymakers. The Energy Principals recently noted that “[t]wo key priorities as the state works to meet the SB 100 goals are to maintain system reliability and to increase affordability.” We must not lose sight of those priorities.² Achieving these goals means that we must recognize the limitations in the information currently available, but also ensure that these limitations are appropriately addressed in the Scoping Plan Update, as to inform the implementation of new programs or measures, or refinements to existing programs.

Statewide and Interagency Coordination is Necessary

As demonstrated by the Electricity Sector Workshop presentations, each of the Energy Principals plays a role in overseeing various aspects of the electricity sector's decarbonization. In order to ensure the most efficient and informed path forward, there must be even greater

² Report to the Governor on Priority SB 100 Actions to Accelerate the Transition to Carbon-Free Energy (Priority Actions Report), September 2021; p. 1.

collaboration between the Energy Principals than ever before. To that end, NCPA believes strongly that the SB 100 Report led by the CEC, and the Energy Principals' associated efforts, must be coordinated with development of the scenarios and recommendations to be included in the Scoping Plan Update led by CARB. For any Scoping Plan analysis that comes out of this process, CARB must recognize the limitations of the 2021 SB 100 Report, including the lack of a reliability assessment and incomplete information on costs and utility rate affordability. The 2021 SB 100 Report provides a directional roadmap for achieving the state's electrification and decarbonization goals, yet the conclusions of the 2021 Report acknowledge that additional studies will be needed in several key areas, including reliability.³

The Scoping Plan Update should likewise reflect the status of existing and ongoing measures that already account for long-term planning. For example, in March 2021, CARB published the electricity sector 2030 GHG Planning Targets.⁴ These targets are used by electric utilities in their long-term resource planning. The Scoping Plan Update should recognize the time horizon associated with procurement planning – including necessary infrastructure buildout and permitting – and include these constraints in the planning document.

Ensuring the Reliability of the Electric Grid Is Part of any Scoping Plan Scenario

As each of the Energy Principals recognized, ensuring the reliability of the electricity grid is necessary to meet the state's climate and decarbonization goals. While the 2021 SB 100 Report has yet to conduct an analysis of the reliability of the portfolios discussed therein, the Energy Principals did note the importance of that subsequent analysis and the need to conduct it before the next SB 100 Report is completed in 2025. However, since the 2022 Scoping Plan Update will precede the next SB 100 Report by three years, the Scoping Plan Scenarios must separately recognize and factor-in the impacts the various scenarios will have on electricity reliability. Simply stated, scenarios and portfolios that do not result in the reliable provision of

³ See, for example, 2021 Report: "Further analysis is needed to evaluate topics such as reliability and land use and better reflect equity, workforce, and additional planning and implementation considerations," (p. 6); "Initial analysis demonstrates that SB 100 is technically achievable, though additional analysis is needed to evaluate reliability and other factors more comprehensively" (p. 16); "Further analysis is necessary to determine reliability of the portfolios, better capture the impact and value of resources that are either not represented or not well valued in the current modeling framework.." (p. 17); "Additional modeling is needed to evaluate whether the projected portfolios meet system reliability requirements. Projected portfolios can be adjusted as needed in an iterative process to ensure reliability requirements are met and inform the state's long-term system planning." (p. 19).

⁴ <https://ww2.arb.ca.gov/sites/default/files/2021-04/sb350-final-report-2020.pdf>

electricity across the state should not be considered in the final Scoping Plan Update recommendations and suggested actions.

The legislature has recognized the importance of reliability, and SB 100 specifically requires “an evaluation identifying the potential benefits and impacts on system and local reliability associated with achieving” the SB 100 policy goals.⁵ We agree with this recognition but the timing of this assessment must be better aligned with the efforts CARB is undertaking in this proceeding.

Affordability of Electricity Must be Considered in Developing Scenarios and Scoping Plan Recommendations

NCPA appreciates the thoughtful and sobering Electricity Sector Workshop discussion on customer impacts. The inescapable truth is that achieving our climate and decarbonization goals will require significant additional investments in resources and infrastructure. The Scoping Plan Update must recognize this conclusion, as well as the impacts that it will have on California’s residents and businesses, many of which are already reeling from the impacts of the pandemic. The Priority Actions Report notes that in order for all Californians to reap the benefits of decarbonizing our electricity grid, is critical to consider the affordability of utility electric bills, which are already relatively high compared to other states.⁶ The Scoping Plan should likewise consider the costs associated with meeting the state’s objectives, the rate impacts that could result, and how increased electricity rates could impact affordability of electricity.

NCPA recognizes that assessing the costs of decarbonization measures is not going to be easy. For example, as recently as November 17, 2021, the CEC was discussing its efforts to identify natural gas transmission infrastructure, which can be facilitated by increased electrification.⁷ That discussion also highlighted the fact that the transition would have different cost impacts on gas and electricity customers, which will not necessarily be commensurate with the individual benefits received. It is costs like these that must be factored into the total equation. For that reason, NCPA urges CARB to include in the Scoping Plan

⁵ Public Utilities Code § 454.53(d)(2)(B).

⁶ Priority Actions Report, p. 16.

⁷ California Energy Commission Staff Workshop on Strategic Pathways and Analytics for Tactical Decommissioning of Portions of Natural Gas, November 17, 2021; <https://efiling.energy.ca.gov/getdocument.aspx?tn=240245>.

Update, an analysis of options for financing the state's decarbonization transition, so that California's electricity ratepayers are not forced bear that cost alone. As was noted during the Electricity Sector Workshop, costs and benefits are not equally dispersed, and the state should be focused on evaluating alternatives for funding that do not result in ever-increasing electricity rates.⁸ This is going to be especially critical in the face of increased electrification in our homes, businesses, and industries.

CONCLUSION

NCPA appreciates the opportunity to provide these comments and looks forward to working with CARB, the CPUC, CEC, and CAISO, as well as other stakeholders on addressing the critically important issues facing the electricity sector. The end goal is to ensure that the path forward outlined in the Scoping Plan Update provides not only a clean electric grid, but one that is reliable and does not come at the cost of affordable electricity rates. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com if you have any questions regarding these comments.

Sincerely,



LAW OFFICES OF SUSIE BERLIN

Attorneys for the **Northern California Power Agency**

⁸ See Severin Borenstein Electricity Sector Workshop presentation; Designing Electricity Rates for an Equitable Energy Transition; full report at <https://www.next10.org/publications/electricity-rates>.