

COMMENTS OF THE COMMUNITY ENVIRONMENTAL COUNCIL

Pursuant to the Order Instituting Rulemaking (OIR), dated February 20, 2008, the Community Environmental Council (“CE Council”) submits these pre-workshop comments.

The CE Council is a member-supported non-profit environmental organization formed in Santa Barbara in 1970 and is the leading environmental organization in our region. In 2004, the Environmental Council shifted its mission to focus entirely on energy and transportation issues and we are spearheading a regional effort to wean our communities from fossil fuels, on a net basis, during the next two decades. We are almost unique in combining vigorous on the ground advocacy on a number of energy and climate change-related issues with our work on state and federal policy issues. Our state policy work is directly informed by our experience with what works at the local level – “on the ground.” More information on the CE Council and our energy programs may be found at www.fossilfreeby33.org.

In summary, the CE Council urges the Commission to:

- Consider lifecycle emissions analysis for all utility activities (generation, energy efficiency, demand response) in this proceeding
- Fully consider the impact of new natural gas generation on meeting the state’s goal of a 33% renewable portfolio standard by 2020
- Supports requiring the utilities to conduct a GHG reduction activity report, as suggested by the Commission

I. Discussion

The CE Council is new to this proceeding and will submit brief comments at this time on issues that have not been explicitly identified in the Preliminary Scoping Memo. In later comments, we will discuss the other issues raised in the OIR and Preliminary Scoping Memo.

The OIR states (at p. 11):

We invite parties to comment on the issues we propose for development in this OIR and following receipt of comments and the Prehearing Conference (PHC)/Workshop, the assigned Commissioner will add any additional issues that should properly be within the scope of this proceeding.

The OIR defines the new long-term procurement planning (“LTPP”) scoping standard (at p. 12):

- Any procurement-related issue(s) not already considered in other procurement-related dockets, as outlined in Table 1 above, may be considered, subject to the following conditions. The issue(s) must:
 - (1) Materially impact procurement policies, practices and/or procedures;
 - (2) Be narrowly defined; and
 - (3) Demonstrate consistency with one or more of the LTPP proceeding goals described in Section 4 above.

Accordingly, the CE Council proposes in these comments two issues areas that should be fully considered in Phase I of this proceeding.

A. Lifecycle greenhouse gas emissions analysis should be considered for all power sources and energy efficiency measures

California is committed to doing its part to reduce greenhouse gas emissions resulting from its energy use and other behavior. As all climate scientists readily acknowledge, limiting only point source emissions of greenhouse gases (GHGs) may miss a large part of total emissions from any given activity. California law and policy recognizes this fact in the transportation sector, with AB 1007's passage in 2006 requiring a "full fuel cycle" (a term synonymous with "lifecycle assessment") assessment for all transportation fuels, including petroleum, ethanol and hydrogen. The Energy Commission and the Air Resources Board completed the AB 1007 final report (State Alternative Fuels Plan, Dec. 24, 2007) late last year.¹

There is no such law or policy governing the utility sector, resulting in a serious imbalance in the state's energy and climate policy. The Commission has authority to require a lifecycle emissions analysis in the utility sector. General information on lifecycle emissions analysis, as well as some specific analysis of certain technologies, may be found at Columbia University's Center for Lifecycle Analysis, at <http://www.clca.columbia.edu/>.

The Commission's sister agencies, ARB and CEC have expressed support for considering lifecycle emissions in crafting policies to mitigate climate change. The CEC stated, in the 2004 California greenhouse gas emissions inventory, published in December of 2006: "Because GHGs affect the entire planet, not just the location where they are emitted, policies developed to address climate change should include an evaluation of emissions from the entire fuel cycle whenever possible." (P. iii.) ARB is also on the record in numerous forums (including Deputy Director Mike Scheible's oral comments to the Commission

¹ Online at: <http://www.energy.ca.gov/ab1007/>.

during the pre-hearing conference for Phase II of R.06-04-009) regarding its belief that lifecycle emissions analysis should be conducted when determining policies for mitigating climate change. **Accordingly, the Commission is alone in declining to utilize lifecycle emissions analysis.**

The CE Council has raised this issue in R.06-04-009 (the climate change proceeding) and the Commission stated, on Feb. 2, 2007:

In its PHC statement, Community Environmental Council recommended that the CPUC apply a lifecycle analysis to identify emissions related to liquefied natural gas storage facilities. Community Environmental Council argues that lifecycle analysis provides a more complete picture of emissions associated with energy consumption. However, such an analysis is considerably more complicated than traditional output-based emissions analysis. I understand from CPUC staff that researchers have yet to agree upon a methodology for performing lifecycle analyses of GHG emissions for some fuel sources, in particular, nuclear and liquefied natural gas. If this proceeding were to undertake a lifecycle analysis for liquefied natural gas facilities, to be consistent a lifecycle analysis would be necessary for all methods used to produce electricity. This would require well-established, peer-reviewed analyses and/or submission by the parties of alternative analyses for review in this proceeding. Because the methodology for lifecycle analysis of GHG emissions is still being developed, and widely accepted studies have not been completed, I do not include lifecycle analysis of GHG emissions in the scope of Phase 2. Because CARB has indicated a desire to conduct this type of analysis for its AB 32 regulations and those regulations are not required to be adopted until after the end of the timetable for this proceeding, it is possible that the CPUC may want to consider analysis of lifecycle emissions during a later proceeding.²

The Commission has not thus far, in R.06-04-009, indicated when it may reconsider the lifecycle emissions analysis issue. Accordingly, we urge, more than a year after the Commission's statement above, that the Commission in this proceeding develop a rigorous lifecycle emissions analysis protocol for the

² Pp. 13-14.

electricity and the natural gas sectors, similar to what has been completed for the transportation sector pursuant to AB 1007.

This proposal meets the conditions in the LTPP scoping standard in that it will (1) materially impact procurement policies, practices and/or procedures and is (2) narrowly defined. If the Commission finds that this proposal should be more narrowly defined, we are happy to provide additional guidance, using existing state precedent from the AB 1007 proceeding. Last, the proposal will help achieve the fifth goal described in the OIR:

Serve as the forum for comparing resource alternatives against each other, in terms of uniform criteria such as cost, risk, reliability, and **environmental impact**, in order to optimize California's electric resource portfolio.³

The *raison d'être* of the lifecycle emissions analysis approach is to more accurately describe the environmental impact of a given activity. Accordingly, our proposal that the Commission create a lifecycle emissions analysis approach for the utility sector meets the three requirements of the LTPP scoping standard.

B. The Commission should calculate the impact of new fossil fuel generation on the state's existing Renewable Portfolio Standard goals

The Commission and other agencies have long supported the 33% by 2020 RPS goal, in the Energy Action Plan and through many decisions (including D.07-12-052 in this proceeding). The Preliminary Scoping Memo in this proceeding states (at p. A-8):

³ P. 8. Emphasis added.

One area in particular that the Commission intends to highlight and address in this process is building analytical capability to assess the Energy Action Plan (EAP) goal of 33% renewables by 2020. The EAP called on all California load serving entities (LSEs) to “evaluate and develop implementation paths for achieving [the 33% renewables goal] in light of cost-benefit and risk analysis.”

We applaud the Commission for re-committing to pursue this goal (despite a much less supportive statement by the Commission in the just-released D.08-03-013, at p. 35). However, the Commission has not, to our knowledge, performed even an initial calculation of the impact of approving new fossil fuel power plants on achieving the 33% RPS goal. Because of the apparent internal conflict at the Commission regarding how seriously it should take the 33% RPS goal, **it is our strong recommendation that a detailed analysis of this issue be conducted in Phase I of this proceeding.**

Under some scenarios, literally all new generation built in California through 2020 will need to be renewable in order to meet this goal.

Renewable energy facilities produced about 32,000 GWh in 2006 (the latest figures available from the Energy Commission).⁴ With electricity demand projected to be about 330,000 GWh in 2020,⁵ up from 289,000 GWh in 2008, the 33% will require about 110,000 GWh. Accordingly, we will need to construct new renewable energy facilities sufficient to supply about 78,000 GWh of electricity by 2020 (110,000 minus 32,000). Under these projections, only 41,000 GWh of new electricity production could be met with new renewable resources without retiring any existing power plants.

⁴ California Energy Commission, Net System Power Report 2006, p. 4 (April 2007). Online at: <http://www.energy.ca.gov/2007publications/CEC-300-2007-007/CEC-300-2007-007.PDF>.

⁵ California Energy Commission, California Energy Demand 2008-2018, Staff Revised Forecast, p. 12 (Dec. 2007).

The rate of retirement of natural gas and coal plants becomes very important under this scenario. In order to meet the 33% RPS, 37,000 GWh of existing non-renewable generation will have to be retired (78,000 minus 41,000).

Alternatively, natural gas plants that are used today as baseload or shoulder facilities could be used only as peak facilities or only to balance intermittent resources like solar and wind power.

The Commission seems to acknowledge the possibility of the above scenario in the Preliminary Scoping Memo, writing (at p. A-21):

In general, the trade-off continuum before us is between overprocuring resources (in a conservative view of firm capacity) at risk of crowding out preferred resources that have shorter development timelines (or causing excess ratepayer costs due to excess resources), or underprocuring resources at the risk of poorer environmental performance from more aging plant generation, higher costs and poorer environmental performance from “just-in-time” procurement resources, or reliability problems.⁶

The Commission should explicitly acknowledge the risk of fossil fuel generation crowding out renewable energy resources and conduct an analysis of this issue as the first step in serious planning for meeting the 2020 RPS goal.

Otherwise, the 33% goal may become impossible to reach, not due to lack of renewable energy resources, sufficient transmission lines or non-competitive costs, but, instead, because the utilities and the Commission had not planned well and had authorized an overbuild of fossil fuel generation. With SCE’s recent announcement that it has contracted for 2,500 megawatts of new natural gas generation by 2012, it becomes clear that our concern is not merely academic – it is a very real possibility. According to the analysis above, if SCE is allowed to contract for the 2,500 MW of new natural gas generation, and similar amounts

⁶ Emphasis added.

are procured by PG&E and SDG&E, achieving the 33% RPS goal by 2020 will very likely be impossible.

Moreover, the Solar and Clean Energy Act of 2008 will very likely be on the ballot in November and may well pass, given a high progressive voter turnout in this presidential election year and the sky-high support for renewables among the public. The Solar and Clean Energy Act would increase the RPS to 40% by 2020 and 50% by 2025. If this initiative passes, the concerns expressed above become even more pressing.

II. Conclusion

The Commission should, in Phase I of this proceeding, create a lifecycle emissions analysis protocol for the electricity and natural gas sectors; and it should conduct an early analysis of the impact of new fossil fuel power generation on achievement of the state's 33% by 2020 RPS goal.

Respectfully submitted,

TAM HUNT

A handwritten signature in black ink, appearing to read 'TH' followed by a long, sweeping horizontal stroke.

Energy Program Director /
Attorney
Community Environmental
Council
26 W. Anapamu, 2nd Floor
Santa Barbara CA 93109
(805) 963-0583, ext. 122

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Service List

rick_noger@praxair.com
ej_wright@oxy.com
doug.larson@pacifcorp.com
stacy.aguayo@apses.com
jgreco@terra-genpower.com
bill.chen@constellation.com
allwazeready@aol.com
akbar.jazayeri@sce.com
rkmoore@gswater.com
fortlieb@sandiego.gov
tdarton@pilotpowergroup.com
srahon@semprautilities.com
dorth@krcd.org
mdjoseph@adamsbroadwell.com
nao@cpuc.ca.gov
stephen.morrison@sfgov.org
ek@a-klaw.com
rsa@a-klaw.com
l_brown246@hotmail.com
bk7@pge.com
nrader@calwea.org
janreid@coastecon.com
michaelboyd@sbcglobal.net
johnredding@earthlink.net
jweil@aglet.org
bdicapo@caiso.com
grosenblum@caiso.com
mary.lynch@constellation.com
cholmes@energy.state.ca.us
mdoughto@energy.state.ca.us
kris.chisholm@eob.ca.gov
dansvec@hdo.net
mpa@a-klaw.com
steven.schleimer@barclayscapital.com
ahendrickson@commerceenergy.com
cweddington@commerceenergy.com
gustavo.luna@aes.com
vitaly.lee@aes.com
btang@ci.azusa.ca.us
marcie.milner@shell.com
jennifer.porter@energycenter.org
sephra.ninow@energycenter.org
tblair@sandiego.gov

jleslie@luce.com
Dkolk@compenergy.com
llund@commerceenergy.com
thunt@cecmail.org
filings@a-klaw.com
nes@a-klaw.com
sls@a-klaw.com
epoole@adplaw.com
CEM@newsdata.com
jfieber@flk.com
tmcaster@flk.com
lex@consumercal.org
beth@beth411.com
jak@gepllc.com
kowalewskia@calpine.com
duggank@calpine.com
ted@energy-solution.com
mrw@mrwassoc.com
rschmidt@bartlewells.com
glbarbose@lbl.gov
rhwisner@lbl.gov
brbarkovich@earthlink.net
e-recipient@caiso.com
david@branchcomb.com
mclaughlin@braunlegal.com
cleni@energy.state.ca.us
pduvair@energy.state.ca.us
rachel@ceert.org
blaising@braunlegal.com
kmills@cfbf.com
cab@cpuc.ca.gov
jk1@cpuc.ca.gov
Claufenb@energy.state.ca.us
dvidaver@energy.state.ca.us
jdiamond@eob.ca.gov
kgriffin@energy.state.ca.us
kkennedy@energy.state.ca.us
lwong@energy.state.ca.us
mpryor@energy.state.ca.us
mringer@energy.state.ca.us
rmiller@energy.state.ca.us
jwoodwar@energy.state.ca.us
ntronaas@energy.state.ca.us