

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company (U 39-E)
for Approval of 2008 Long-Term Request for Offer Results
and for Adoption of Cost Recovery and Ratesetting
Mechanisms

Application 09-09-021
(Filed September 30, 2009)

RESPONSE OF SIERRA CLUB CALIFORNIA

Edward A. Mainland
Energy Climate Committee
Sierra Club California
801 K Street, Suite 2700
Sacramento, CA 95814
415-902-6365
916-557-1000, ext. 109
ed.mainland@sierraclub.org

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Sierra Club California respectfully submits this Response in support of protests filed by Pacific Environment (PE), Communities for a Better Environment (CBE) and Californians for Renewable Energy (CARE). This Response is a reply to PG&E's application to add two new natural gas-fired power plants in Contra Costa County, delay the retirement of a once-through cooling facility and extend a contract with a cogeneration facility. The Sierra Club fully supports the protests filed by PE, CBE and CARE and urges of the Commission to deny PG&E's application for the two new power plants and for an extension for running Units 6 and 7 at Contra Costa for the following reasons:

• **The power plants are not needed to meet in-state electrical demand**

Together, the two new natural gas-fired power plants proposed by PG&E will add over 1,300 MW to California's electrical grid. PG&E claims that further fossil fuel development is necessary to ensure grid reliability and to meet the state's electrical demand. Recent information from the California Energy Commission as well as that forecasted in the California Gas report demonstrates decreasing demand for electricity from natural gas power plants in the coming years.

• **PG&E's proposal violates its own Environmental Leadership Protocol**

In its Environmental Leadership Protocol, PG&E established a commitment to exceed environmental protection standards by mitigating the environmental impacts of their energy projects. PG&E's current proposal will add two new natural gas-fired power plants to a low-

income community that already hosts 14 power plants and is the largest emitter of sulfur dioxide and carbon monoxide in the Bay Area.

• **PG&E's proposal is inconsistent with California's commitment to renewable energy**

California's Renewable Portfolio Standard law requires that all electrical suppliers procure at least 20% of electricity from renewable resources by 2010. A study conducted by the consulting firm 3E for the California Public Utilities Commission shows that in order to achieve this goal electrical suppliers need to phase-out fossil fuel power plants and increase renewable energy generation. In its application to the CPUC, PG&E did not explain how the two proposed power plants will enable renewable generation. In fact, since California's renewable energy law was passed in 2002, PG&E's track record has been to decrease its renewable generation by building more natural gas-fired power plants throughout the state. Since 2002, PG&E's renewable generation has decreased from 14% to 12.7 %.

• **This application violates Sierra Club California policy.**

On January 24, 2009, Sierra Club California took the following position on new natural-gas electricity generation:

“RESOLUTION To achieve reductions in greenhouse gas emissions mandated by AB 32 the Global Warming Solutions Act of 2006, and to meet the 33% Renewable Portfolio Standard by 2020 as the executive order signed by Governor Schwarzenegger requires, Sierra Club California opposes licensing of new natural gas-fired electrical generation power plants (larger than 50 MW) in California. This policy shall not apply to licensing of alternative technologies using natural gas fuel (such as cogeneration plants, renewables with natural gas backup, large fuel cell facilities, and biogas) if they significantly reduce fossil fuel consumption and carbon emissions, and protect air quality.”

Supporting this resolution, the Club has stated:

1. Current state policy requires large increases in renewable energy, rooftop solar, energy efficiency,

peak demand reduction; building more natural gas power plants is incompatible with these policies.

2. Natural gas power plants increase air pollution in regions of the state that are non-attainment for air quality, and particularly affect the neighborhoods where they are sited.

3. Building more natural gas plants is contrary to achieving California's climate protection goals.

4. The state already has a very large amount of natural gas power.

5. California's Energy Commission has permitted so many new natural gas plants that dozens have not even been built due to lack of sufficient demand.

6. There are numerous alternatives for meeting grid reliability than large natural gas plants, including rooftop solar, battery storage, demand reductions, renewably powered peaker plants, etc. that will not contribute to global warming.

7. If the current efficiency requirements are implemented, demand should actually shrink.

8. We need to send a clear message to regulators and lawmakers that the current policy of unrestrained approval and building of more large-scale natural gas power plants is not acceptable.

9. Each additional approved 500 megawatt NG power plant that is built will emit approximately 2 million tons of carbon dioxide (plus other GHGs) for at least thirty years.

10. Plants under 50 megawatts, including emergency generators and small peaking plants needed for local reliability, are excluded from this policy.

11. The cost of inaction against global warming will be devastating to California and the world.

November 5, 2009

Respectfully Submitted,

/s/ Edward Mainland

Edward Mainland

Co-Chair of Energy and
Climate Committee

Sierra Club California

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Sacramento, CA 95814

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CERTIFICATE OF SERVICE

I, Rory Cox, am over the age of 18 years and employed in the City and County of San Francisco. My business address is Pacific Environment; 251 Kearny Street, Second Floor; San Francisco, CA; 94108.

On November 5, 2009, I served the within document **REPOSE OF SIERRA CLUB CALIFORNIA**, in A.09-09-021, pursuant to the Commission's Rules of Practice and Procedure, with separate and additional delivery of hard-copies by U.S. Mail to Assigned Commissioner Peevey and Assigned ALJ Fararr, at San Francisco, California.

Executed on November 5, 2009, at San Francisco, CA

/s/ Rory Cox

Rory Cox

Electronic Service List, A.09-09-021

dbehles@ggu.edu
magq@pge.com
martinhomec@gmail.com
anne.cleary@mirant.com
filings@a-klaw.com
Kcj5@pge.com
nes@a-klaw.com
sscb@pge.com
taj8@pge.com
cem@newsdata.com
crmd@pge.com
RegRelCPUCCases@pge.com
john.chillemi@mirant.com
sean.beatty@mirant.com
edf@cpuc.ca.gov
nao@cpuc.ca.gov
shi@cpuc.ca.gov