



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Continue Electric  
Integrated Resource Planning and Related Procurement  
Processes.

Rulemaking 20-05-003  
(Filed May 7, 2020)

**NOTICE OF EX PARTE COMMUNICATION**

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Attorneys for Independent Energy Producers  
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Dated: August 19, 2020

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Pursuant to Rule 8.4 of the Commission’s Rules of Practice and Procedure, the Independent Energy Producers Association (IEP) provides the following notice of ex parte communication.

On August 18, 2020, at about 2:00 p.m., Jan Smutny-Jones, CEO of IEP, and Brian Cragg, outside counsel to IEP, had a meeting with Leuwan Tesfai, Chief of Staff and Legal Advisor to Commissioner Shiroma, and Mondee Lu, Legal and Policy Intern to Commissioner Shiroma. The meeting took place by conference call and was initiated by Mr. Cragg. The meeting lasted about 30 minutes.

During the meeting, Mr. Smutny-Jones presented the attached slide deck and discussed the role of gas-fired resources in managing the transition to the goal of zero-carbon electric supply in California. Mr. Smutny-Jones noted the role that gas-fired resources had played during the recent period of high temperatures and near-record high electric demand. Mr. Smutny-Jones described how thousands of megawatts of gas-fired capacity had been retired due to competition from new technologies, many of which were pioneered by IEP members, but that recent calls for targeted retirements of existing plants were based on faulty assumptions, rather

than the actual operation and characteristics of existing gas resources. Mr. Cragg commented that the existing gas fleet provided insurance against unexpected events and would be critical to assuring reliability as the state and the Commission confront the uncertainty created by increased electrification of the transportation sector, the retirement of the Diablo Canyon units, and the longer-term effects of the COVID pandemic and economic contraction.

The attached slides were the only written materials used in connection with this meeting.

Respectfully submitted August 19, 2020, at San Francisco, California.

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By /s/ Brian T. Cragg

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# GAS-FIRED GENERATION ISSUES

INDEPENDENT ENERGY PRODUCERS ASSOCIATION

## IEP PLAYS AN IMPORTANT ROLE IN IMPLEMENTING CALIFORNIA'S CLEAN ENERGY POLICIES

- IEP was founded in 1982 to represent renewables and cogeneration (QF) in the CPUC implementation of PURPA and has been in the forefront of supporting the Renewables Portfolio Standard (RPS) and clean energy standards ever since.
- IEP member companies represent a diverse portfolio of clean utility scale resources: solar, wind, geothermal, biomass, battery and long-duration storage.
- IEP member companies modernized the gas fleet and were pioneers in incorporating battery storage into their operations.
- IEP member companies are incorporating storage into their solar projects.
- IEP supports wholesale regional competitive markets in providing affordable, reliable and clean energy to California.

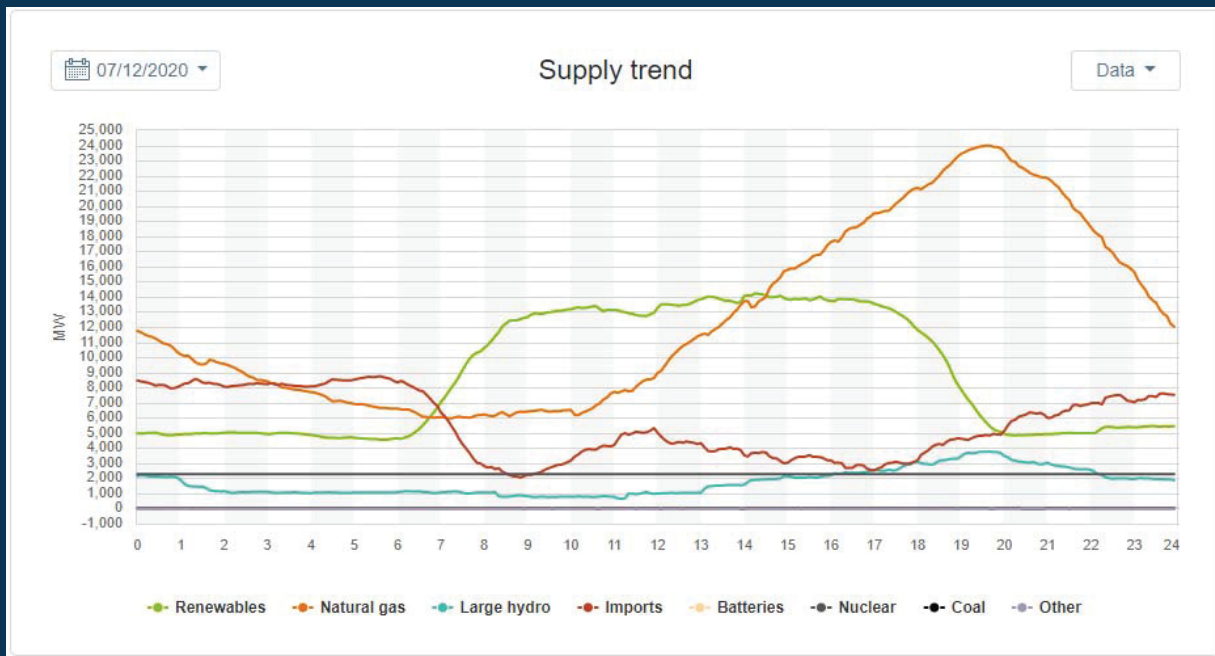
## THERE IS AN INCREASING CLAMOR TO “DO SOMETHING ABOUT GAS”

- Several IRP parties advocate for a plan to retire specific gas-fired resources
- CAISO requests “policy guidance on gas-fired resource retention and retirement with sufficient locational and resource specificity”
- There is an increasing push to force-retire gas regardless of the facts regarding cost or need – but what are the facts?

## GAS-FIRED GENERATION REMAINS NEEDED FOR RELIABILITY

- GFG serves a disproportionate share of post-solar net peak load
- GFG is needed to meet net load ramps
- In-state GFG likely becomes more important as west-wide supply tightens and imports become less reliable
- E3's 2019 Long-Run RA study: keeping 17-25 GW of GFG through 2045 is the most cost-effective way to ensure reliability
- GFG ensures reliability during “dark doldrum” multi-day low renewable events – an increasingly binding constraint

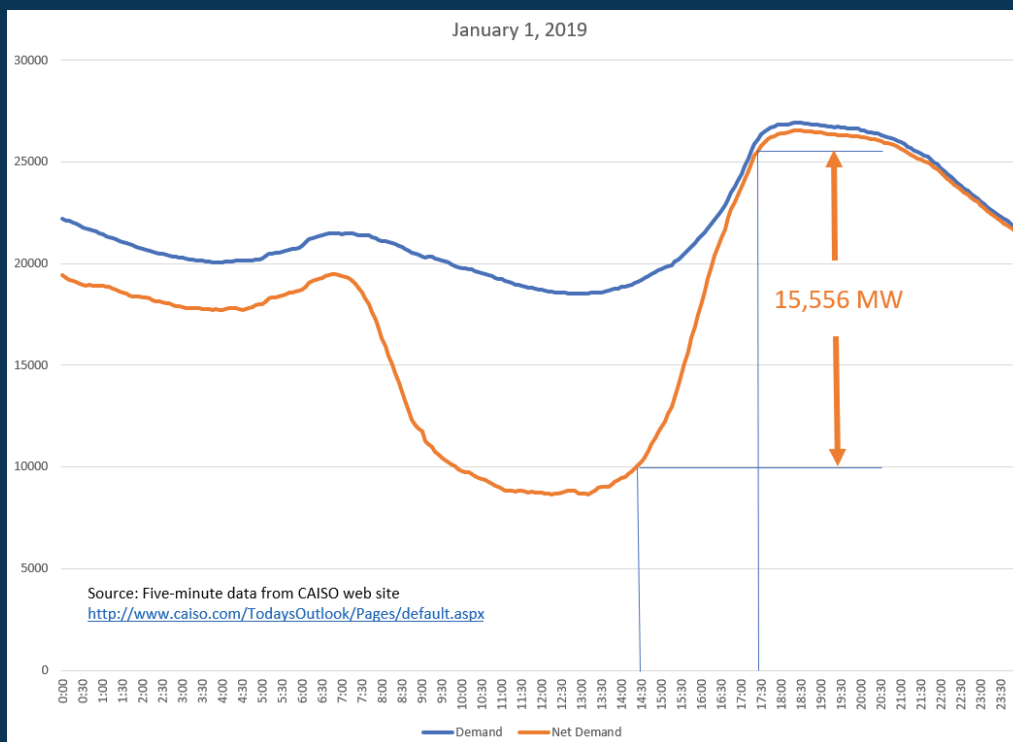
# GFG IS NEEDED BOTH TO SERVE NET LOAD PEAK AND MEET NET LOAD RAMP



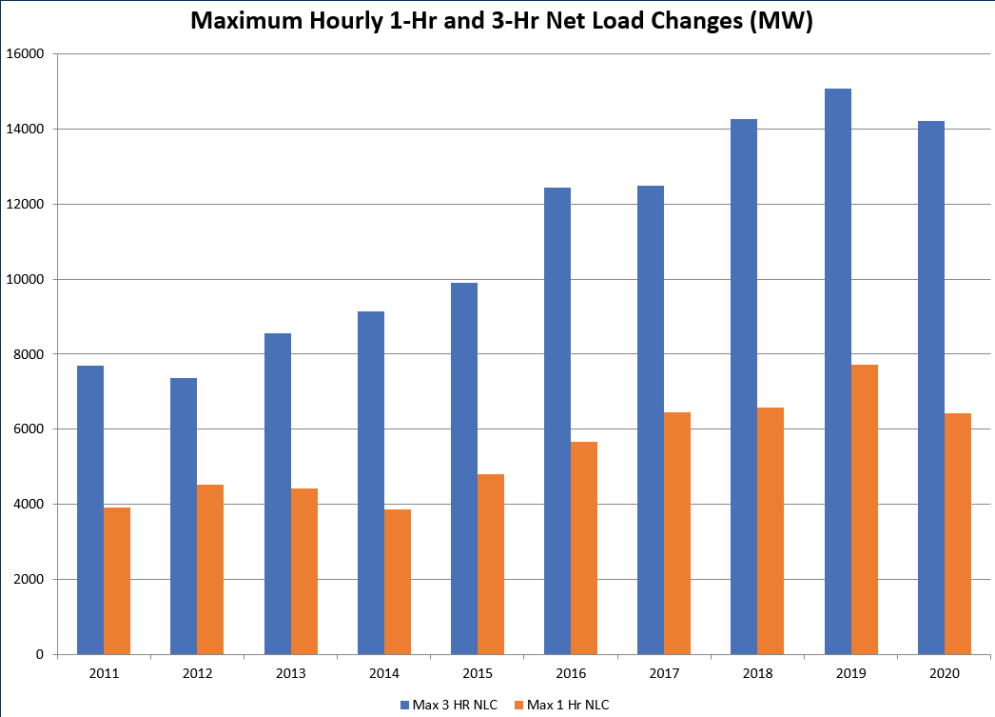
Source: CAISO's Today's Outlook website



# NATURAL GAS GENERATION IS NEEDED TO HELP MEET LARGE WINTER AND SPRING NET LOAD RAMPS

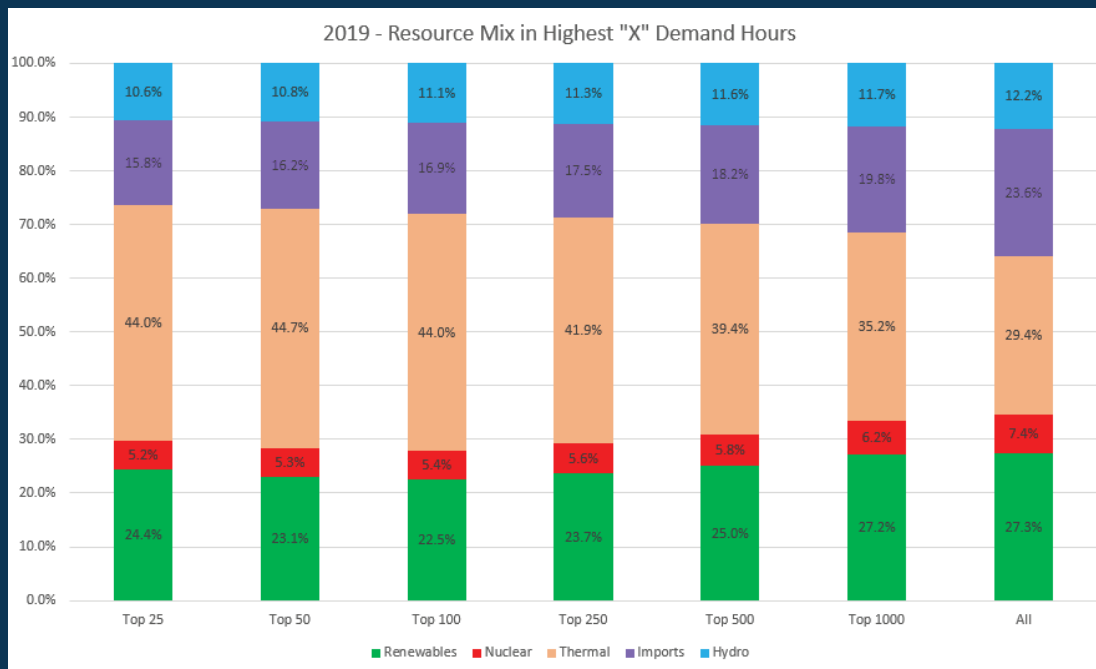


# NET LOAD RAMPS INCREASE WITH INCREASING SOLAR PENETRATION



Source: CAISO Daily Renewables Output Data

# THOUGH ANNUAL GFG ENERGY IS DECLINING, IT REMAINS CRITICAL FOR SERVING PEAK DEMAND

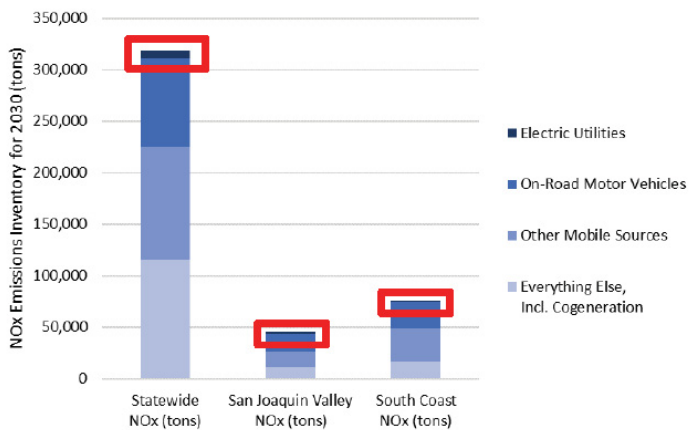


Source: CAISO Daily  
Renewables Output Data

# NATURAL GAS-FIRED GENERATION CONTRIBUTES ONLY 2-4% OF STATEWIDE NO<sub>x</sub>

## Generation Compared with Mobile Sources

- Motor vehicles and other mobile sources create between 60-75% of overall NO<sub>x</sub> emissions, depending on location
- Electric utilities represent 2-4% of 2030 NO<sub>x</sub> emissions



"California Emissions Projection Analysis Model" which is an online tool at: <https://www.arb.ca.gov/app/emsmv/fcemssumcat/fcemssumcat2016.php>

Source: CPUC Energy Division  
September 18, 2017 Proposed  
System Reference Plan  
presentation at slide 92  
(available at  
[https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/AttachmentA.CPUC\\_IRP\\_Proposed\\_Ref\\_System\\_Plan\\_2017\\_09\\_18.pdf](https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/ElectPowerProcurementGeneration/irp/AttachmentA.CPUC_IRP_Proposed_Ref_System_Plan_2017_09_18.pdf))

## RETAINING GAS-FIRED GENERATION NEITHER PREVENTS GHG REDUCTIONS NOR HAS UNDUE IMPACTS

- Environmental impacts: It's really about cars, not GFG.
  - Electric sector is 16% of GHG; Transportation is 41% of GHG (CARB 2016)
  - GFG amounts to only 2-4% of state-wide criteria pollutants (IRP)
  - Many anecdotal reports of greatly improved local air quality during COVID-19 even *though GFG ran more across the same months in '20 than in '19*
- First IRP: 30 MMT target met even keeping entire GFG fleet in service
- Takeaway: GFG declining in importance as an energy resource, but remaining critical as a capacity resource

## SUMMARY

- While GFG has driven (and will continue to drive) California's carbon reductions, there is far more carbon in other economic sectors, such as transportation, and the electric sector is the key driver for societal de-carbonization
- Force-retiring GFG without considering economic or reliability impacts will be detrimental to California industry and consumers
- An extra-market process to pick winners and losers among gas resources will be highly contentious and heavily litigated
- Market economics and the changing resource mix will continue to reduce GFG energy and the associated emissions without the need for contentious extra-market action