

A decorative horizontal banner at the top of the page showing a green silhouette of a rural landscape with wind turbines, a barn, and a house on the left, transitioning into a city skyline with skyscrapers on the right.

Comments of the Greenlining Institute on SB 350 Studies and Proposed CAISO Regional Expansion

The Greenlining Institute (Greenlining) appreciates the opportunity to provide comment on the California Independent System Operator’s (CAISO) study initiative, as ordered by SB 350. The Greenlining Institute is a research and advocacy organization dedicated to advancing economic opportunity and empowerment for people of color. We seek to build a nation in which communities of color thrive and race is never a barrier to opportunity. Issues of environmental justice and economic inequity are central to our work.

Regional Integration Is One Solution Among Many

Regional integration is one tool in a more expansive toolkit that California can employ to address renewable energy oversupply and flatten the “duck curve.” Other solutions, including transportation electrification, demand response and targeted energy efficiency, and storage, are already key players in California’s broader clean energy and emissions reduction strategies. Indeed, even regionalization as a solution is already underway, through the existing Energy Imbalance Market. The base case scenarios being modeled in these studies must fully reflect California’s existing commitments to these other solutions, as well as examine whether California and its customers get better results – economically and environmentally, statewide and locally – if we continue to emphasize these other solutions rather than aggressively pushing for rapid regionalization.

Regional Integration Need Not Be Rushed

CAISO and PacifiCorp have established a very aggressive timeline for completing the required studies and proposed governance reforms, roughly a year ahead of the December 31, 2017 deadline set forth in SB 350. Greenlining urges that there is no need to rush through the process of making critical determinations about the best way to serve the public interest. None of the proponents of the merger argue, or even suggest, that this matter is so urgent that stakeholders cannot be afforded the full time contemplated in SB 350 to properly assess the impacts of the proposed merger on California, its ratepayers, and its existing clean energy, greenhouse gas (GHG) emissions reduction, and environmental justice policies.

Comments on the BEAR Study

In addition to the five impacts on disadvantaged communities BEAR intends to study (employment, wages, real household incomes, real household consumption, and household energy cost), Greenlining recommends that BEAR calculate energy burden impacts. Energy burden is the percentage of household income spent on energy, and is a common metric used to assess the impacts of energy costs on low income families, in particular. Given what BEAR already proposes to calculate, including household incomes and household energy costs, calculating the energy burden impacts should be relatively straightforward, and more a question of data presentment than one of new study parameters.

Additionally, BEAR should account for differences in monthly bills over the course of the year, if possible, to account for California's dramatic seasonal variation, particularly in inland areas. Summer bills, which out of sheer necessity often include air conditioning costs, are a significant concern for many low and moderate income customers. Greenlining recommends that BEAR take into consideration the seasonal volatility of energy needs and costs, especially in inland areas (many of which are disadvantaged communities as identified by the CalEnviroScreen tool).

Finally, Greenlining recommends that the BEAR study examine the impacts of the proposed merger on energy efficiency jobs and other jobs on the demand side of the meter. While not directly implicated by the proposed merger, issues on the distribution grid and the customer side of the meter will nevertheless feel the ripple effects of any significant policy changes made at the transmission and generation levels. It is unclear whether energy efficiency and other demand side jobs fall under either the electricity or technology models BEAR already plans to conduct, but Greenlining asserts that they should be studied.

Critical Policy Questions Remain Unanswered

Greenlining acknowledges that the study process is currently underway, and that it seems to undertake a thorough, if not entirely complete, assessment of the impacts of the proposed merger. We hope that the studies will answer the following questions. Without satisfactory answers to these questions, Greenlining would have significant reservations about pursuing further regional integration.

Transmission - Will we need new transmission to actually make the promise of sharing clean power across the west a reality? If so, where, how much will it cost, and who will pay? Will California, because of its aggressive clean energy policies, find itself on the hook for more than its fair share of the costs? And would those costs exceed the cost of building that generation in our own home state? Would they exceed the costs of meeting those needs through non-generation resources like targeted energy efficiency, demand response, transportation electrification, and storage?

In-state natural gas plants - Will California end up increasing its use of in-state natural gas power plants as a result of regionalization? How can we guarantee to the communities living near our existing gas power plants that they would not experience increased

emissions, and all the health and economic impacts that go with it, as a result of regionalization? How can we guarantee that no new natural gas plants will be built in California to serve regional needs?

Green jobs - Will regionalization create new clean energy jobs in California, or will the jobs end up moving out of state? Will developers in the future find it more economical to serve California demand by building new renewable generation outside of California?

Jurisdiction – Greenlining is very concerned about jurisdiction. CAISO as well as the Legislature must, to the extent possible, look closely and critically at what regionalization would do for California’s autonomy to design and implement future policies on GHG reduction, local distributed generation, efficiency and demand response, and other policies that focus on cleaning up California’s air and energy sources within our own borders. These matters are critical to California’s public health, environmental stewardship, and economic success, and we must retain our ability to continue in our role as a world leader.

Given recent court decisions, there is a real concern that California’s ability to define its own destiny in these arenas may be defeated at the Federal Energy Regulatory Commission (FERC) or in the federal courts if we venture further into regionalization. It would be short sighted for California to green-light this regional expansion today, only to find after it’s too late that we have sacrificed our autonomy as an environmental and environmental justice leader. On this we cannot afford to be optimistic. Any pursuit of further regionalization must take all necessary steps to ensure that California can continue its aggressive pursuit of demand-side clean energy policies, without risking federal pre-emption.

Continued Stakeholder Engagement

Greenlining appreciates this opportunity to comment and looks forward to engaging further on this critical policy question.

Respectfully submitted,

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