California Energy & Climate Report

Public Utilities Cite ARB's GHG Plans As Hurdle To Meeting 2030 RPS Target

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Representatives of California public utilities this week cited a litany of challenges to meeting the state's renewable portfolio standard (RPS) of 50 percent clean power by 2030, including how state air board proposals to reduce greenhouse gas emissions could restrict development of solar and wind projects on "natural and working lands," and drive up the price of compliance costs.

In addition, state air board officials should have a better understanding of fundamental RPS issues, while energy agency staff should be better educated on the board's cap-and-trade program and mandatory GHG reporting rule, some of the publicly owned utilities (POUs) contend.

"One of the challenges we've found ourselves facing, particularly over these last few years, is how to navigate what can sometimes be inconsistent and even sometimes contradictory policies under the climate change umbrella for California," said Tanya DeRivi, director of government affairs with the Southern California Public Power Agency (SCPPA), which represents 11 POUs in the region.

Better Education Urged

DeRivi suggested to a Dec. 13 California Energy Commission (CEC) workshop on developing guidelines to implement the 50 percent RPS and new integrated resource plans (IRPs) required of utilities under the landmark 2015 law SB 350 that state officials undertake a process to "cross educate" staff with the California Air Resources Board (ARB), CEC and other agencies to make them better understand the various high-profile GHG and clean power programs being implemented in the state.

In addition, a new task force should be created among the regulatory agencies that would take input from stakeholders to "help align some of the policies under the umbrella" programs to meet the goals of SB 350 and SB 32, a law enacted earlier this year that set a 2030 GHG target of 40 percent below 1990 levels, she recommended.

POUs are facing multiple challenges in trying to meet the 50 percent RPS by 2030, DiRivi and other POU representatives said during this week's workshop. Some of these involve policy and regulatory priorities in ARB's pending regulatory "scoping plan" to achieve the 2030 GHG target.

For example, there are "multiple references throughout that scoping plan that the state should preserve and protect natural and working lands from development -- intense development -- which in our minds could mean no renewables in some key areas of the state," DiRivi said.

The scoping plan specifically recommends that officials target local planning processes to help preserve open and natural working lands, she noted. "Well, a key example we have found in southern California that raised a key concern for us about a year and a half ago was the further expansion of a local ordinance . . . that outright banned the development of renewable projects in the state of California."

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ARB's scoping plan also references protecting "offshore lands," DiRivi noted, which could thwart utility plans to pursue wind or other power projects to help them meet the RPS. "That's another issue -- we talked about offshore wind, particularly given the different . . . geography of the . . . Outer Continental Shelf on the western coast as opposed to the eastern coast, which could make it more difficult to build offshore wind here off of California."

DiRivi pointed out that just this week Gov. Jerry Brown (D) announced that he had signed a memorandum of understanding (MOU) with the Department of Interior that includes provisions to streamline renewable power projects, both onshore and offshore.

The provision in ARB's scoping plan aiming to protect certain offshore areas "seems to contradict" the MOU, she said.

ARB Program Threats

A pending ARB proposal to amend its cap-and-trade program by revising how the state accounts for GHG emissions tied to interstate power transactions also threatens utility compliance with the RPS, DiRivi argued.

"That could potentially double, or even triple, the compliance costs for public power utilities," particularly those that operate in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM), or are considering joining that market, she said.

ARB is proposing the revisions after staff found that the system being used by CAISO is under-counting GHG emissions that are being leaked to other states. This happens when clean -- and lower cost -- renewable power is imported by California, but dirtier power tied to generators in other states that could have been delivered to California is dispatched elsewhere in the western region to meet demand.

Better coordination of agency programs could reap valuable benefits, including lowering compliance costs, DiRivi told the workshop this week.

"One is greater evaluation and interaction between the cap-and-trade program and the RPS program, with the goal of aligning those two, since those interactions can directly impact overall costs for both programs," she added. "Right now we're facing situations where it's cheaper for us to actually turn off renewables in the state of California, rather than paying someone to take it off of our hands. And even if we were trying to sell to out-of-state marketers, we probably wouldn't be getting any emissions credit, which [CEC Chairman Robert] Weisenmiller had noted in a commission meeting a few months ago as well."

Some of DiRivi's core sentiments were shared during the workshop by Scott Tomashefsky, regulatory affairs manager of the Northern California Power Agency, which represents 15 utilities in the region.

He said that one of the greatest challenges in "dealing with the RPS" is "looking at policies and making sure they're aligned." CEC should try to the greatest extent possible to align the dozens of reports and compliance periods that utilities are required to comply with under the state's RPS and GHG programs, he said.

CEC and other state agencies must also analyze how implementation of the laws will impact customers, both financially and in terms of environmental benefits, he added.

Nick Schlag, a consultant with the firm Energy + Environmental Economics, which has conducted multiple analyses of what California must do to meet its 2030 RPS and GHG targets, said during this week's meeting that the state may have to reach a 60 percent renewable power level by 2030 to achieve the GHG target for that year.

He said that solar energy will likely have to make up the great majority of new renewables to reach the 2030 RPS and GHG targets, in part because the potential for resources such as wind and geothermal "looks fairly limited."

Solar, "on the other hand, is boundless in its potential," in part because costs for the resource have decreased significantly in recent years, Schlag added.