

**Comments of the Natural Resources Defense Council (NRDC) on the
Committee Workshop on Inter-Agency Analysis of Generation and Transmission
Options for Eliminating Reliance upon Once-Through Cooling Power Plants**

DOCKET 09-IEP-10
DATE <u>8/11/2009</u>
RECD. <u>8/11/2009</u>

Docket Number 09-IEP-10: 2009 IEPR OTC
August 11, 2009

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I. Introduction

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these provide these comments on the July 28, 2009 workshop on once through cooling for the 2009 Integrated Energy Policy Report (IEPR). NRDC is a nonprofit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that Californians demand. We focus on representing our more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption. We submit these comments in response to the questions posed to NRDC by Energy Commission Staff for the July 28, 2009 Workshop on Inter-Agency Analysis of Generation and Transmission Options for Eliminating Reliance upon Once-Through Cooling (OTC) Power Plants.

We write to address two points: the effects of the Priority Reserve cases and the relationship of the loading order to the question of replacing current OTC facilities. These issues are closely related, as we will discuss below.

II. Discussion

1. The Priority Reserve cases.

There are two cases now at issue between NRDC and certain community groups on one hand, and the SCAQMD (the "District") on the other. These cases are relevant to new power plant development in the South Coast District.

The first is a case brought under the California Environmental Quality Act ("CEQA") that successfully challenged a woefully inadequate program environmental assessment (the functional equivalent of an environmental impact report under CEQA) of the District's adoption of rules that would increase pollution in the South Coast air basin

substantially (the new rules would add new pollution equivalent to multiple times the amount of pollution emitted each year at the Los Angeles area ports). In July, 2008, the court ordered the District to write a legally sufficient program environmental assessment of those rules and, as is customary in CEQA cases, enjoined use of the rules in question until the District has complied. As of this writing, the District has not made public even a draft report.

The second case is a challenge to whether the District's internal "bank" of emission reduction credits has any legitimate credits in it. This case is now on its way to the Ninth Circuit for resolution.

What underlies both cases is the requirement of the Clean Air Act that new, polluting facilities in a non-attainment area such as South Coast purchase or obtain emission reduction credits to offset (or, in some cases, more than offset) the pollution that they are permitted to emit. Because emission reduction credits for particulate matter have become very scarce and expensive in South Coast the development of new fossil-fueled electric generation facilities has been affected. Such facilities may include fossil-fueled replacements for current OTC power plants if replacements of that nature are warranted.

As we discuss below, we believe various alternatives to new fossil-fueled replacements should be fully examined before they are approved. If new fossil-fueled plants are not needed, either because existing plants can be retrofitted with new cooling technology or because non-fossil alternatives to maintain grid reliability are available, then the issues raised by the *Priority Reserve* permits are irrelevant to the replacement of OTC capacity.

2. *The loading order.*

NRDC offered comments during the workshop questioning the assumption in certain of CEC staff's written questions that replacements for current OTC facilities should be fossil-fueled. In our comments at the workshop and again here we recommend that before fossil replacements are approved there should be full analysis of the various options, beginning with looking at the most recent demand projections (on which Energy Commission staff is now working) and including various scenarios for how to meet demand at the lowest environmental and cost impact to California. We agree with the

inter-agency recommendations to conduct a range of scenario analyses for grid and local reliability requirements, but also recommend the commission scrutinize the impacts and alternatives of each new plant.

In our view, the loading order should be complimented by aligned policies to ensure that new plant applications, whether for replacement of existing plants or otherwise, are fully scrutinized to ensure the lowest environmental impact alternative is selected. The question of what the loading order prioritizes is different from the question of what facilities exist that are subject to it. For example, if there are not sufficient (either in quantity or in quality) resources from demand reduction and renewables available to meet local and grid wide reliability requirements, and transmission upgrades are impossible or would be inadequate, then new fossil-fueled generation may indeed be needed. But it begs the question to assume that such generation is needed without first making sure that non-fossil-fueled resources have been maximized and all reasonable alternatives, including demand reduction, non-fossil generation and transmission and upgrades, have been fully examined.

III. Conclusion

Thank you for the opportunity to speak at the July 28, 2009 workshop and to submit these comments. We trust that the CEC, CPUC and ISO will keep an open mind about whether, and how, to replace OTC capacity that may be shut down (rather than retrofitted). We urge that every effort be made to minimize the societal impact of energy service provision, particularly in the dirtiest air basin in the United States.

Respectfully submitted,



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