

California must act swiftly to find long-term sources of electricity capable of filling the gap left by the closure of a San Diego nuclear plant, state leaders said yesterday.

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The Golden State needs to plan for the next decade, keeping in mind the need to prevent the kinds of energy shortages that plagued it in 2000-2002, said Robert Weisenmiller, the California Energy Commission's chairman. Power prices spiked during that period, and there were rolling blackouts.

"There's no time for complacency on this. Certainly, the message I've gotten from the governor is we will not replay the movie of the early 2000s in terms of the energy system," Weisenmiller said, referring to Gov. Jerry Brown (D).

The state has "billions of dollars really of investments that we need to make," Weisenmiller said. "Those investments will really transform our grid power system in Southern California in lots of great ways, but we really will continue to need to work together very closely to make sure that those pieces go in in a timely fashion."

The California Energy Commission yesterday brought together the heads of the state's Public Utilities Commission (PUC), Air Resources Board (ARB) and Water Resources Control Board; the California Independent System Operator (CA-ISO); and the Los Angeles-based South Coast Air Quality Management District (AQMD) to discuss the power situation. The potential threat is to the region stretching from San Diego to Los Angeles, which was served by San Onofre.

The meeting in Sacramento marked the latest to focus on how the state will go forward without the plant, which juiced 1.4 million homes and allowed the grid operator to import more power. In fact, Weisenmiller said, "the entire transmission system in Southern California was built along the presumption" that San Onofre would be there.

Plant owner Southern California Edison (SCE) opted in June to shut San Onofre down when it became too costly to manage while fighting for Nuclear Regulatory Commission approval to restart one steam generator. The plant already have been closed for 17 months following a Jan. 31, 2012, leak of radioactive fluid.

The state found short-term power supplies after San Onofre shut down in 2012 and made further adjustments to get through this summer. California now must determine its path for the next decade or more, leaders said.

It is a key moment for the state, said Sierra Martinez, legal director of California energy projects at the Natural Resources Defense Council.

"This is a flashing sign telling the various commissions that there is a fork in the road, there is an opportunity to go down a path of clean energy," Martinez said. "On the other hand, if the commissions don't actively and aggressively pursue a lot of those clean energies, the consequence is we'll be filling those needs with conventional resources."

Given the life of a power plant, those decisions could affect the state's goals out through 2050, he said.

California has the nation's most aggressive climate mandates. It aims by 2020 to cut greenhouse gas emissions to 1990 levels and by 2050 to shrink those 80 percent below the 1990 point. The state has the country's only economywide carbon cap-and-trade program.

The state has pledged to stay on its green path. The Energy Commission's staff has produced a report that lays out options the state could take. Among its priorities is a commitment to making half of San Onofre replacement power come from what's being called "preferred resources." Those include energy efficiency, locally based renewable power, energy storage, and demand response, under which people are asked to cut back on electricity use when supplies are tight.

Conventional generation, the report said, should only be used when needs cannot be met with preferred resources.

Contingency permits

But the state at the same time is making plans in case it needs new power plants. ARB Chairwoman Mary Nichols said California for the first time is developing contingency permits for power sources that would need to come online quickly.

"Rather than waiting for an emergency situation as happened back in 2000, and then waiting for people to come in with ideas on how to handle it, we're going to be proactively going out and looking at where the need is and figuring out how we could put in plans and actual projects to address that," Nichols said during a conference call with reporters.

Under normal permitting procedures, Nichols said, a developer comes in with a project or technology and then starts the process of figuring out how to meet air requirements, including where to get offsets for emissions. The state now will be seeking to determine "what could be done, where it could go, how to get offsets quickly when needed."

That includes having the Energy Commission potentially approve where projects could be located, even before applications are filed.

"This could cut literally years off of the process of putting new resources into effect," Nichols added. Asked about the emissions associated with any new natural gas plants that came online, Nichols said that the state isn't going to waive its rules, even with San Onofre's closure.

"The Clean Air Act is still enforced in California, so is A.B. 32," she said, referring to the state's climate law. "We're not looking to do anything that jeopardizes our forward progress on meeting our air quality standards or our climate goals. What we're trying to do is do everything we can to ensure reliability of supply."

The AQMD in Los Angeles has regulations governing how someone can build a new power plant, Nichols said. The state wants to make sure it has identified in advance potential offsets, she said.

Steve Berberich, president and CEO of the state's grid operator, said California right now is looking just at the repowering of existing plants that are old and inefficient. Meanwhile, there are going to be retirements for some natural gas plants, he said.

The state also is looking at possibly adding new transmission lines, including potentially one from San Onofre's site to the Imperial Valley located east of San Diego, and/or one from Alberhill in Riverside County to Suncrest, also east of San Diego.

The state also might consider a six-month permitting process for developments that comply with all legal requirements, do not have health or safety concerns or significant adverse environmental impacts, would not hurt the electrical system and have little to no public controversy.

Reliability, cost concerns

The PUC currently has a proceedings underway to decide on the San Onofre replacement power. The agency is studying likely economic growth, population growth, future energy demand and retirements of existing power plants over the next decade. If it determines there would be a power shortfall, it would authorize any new power plants needed to meet that shortfall. That likely won't happen before March 2014.

At the meeting, some expressed concerns about power costs and reliability.

"What policies or procedures will be put in place to assure energy affordability?" asked Frank Lopez, public policy manager with the Los Angeles Chamber of Commerce, who added that it is a "top concern of the business community."

State officials responded that they are mindful of choosing the "most economic ways" of meeting policy goals. Within the preferred resources, any projects that are chosen must meet a cost-effectiveness test, they said.

Ted Owen, president and CEO of the Carlsbad, Calif., Chamber of Commerce, said that a "reliable electricity is a basic need of every business in our area." Trade group members are concerned about the potential for blackouts given San Onofre's closure. Wind and solar power is intermittent, he said.

"Natural gas-fueled generation is therefore essential," Owen said.

Others asked why the state doesn't shoot higher in terms of green sources.

A representative from Sierra Club California said that the states should aspire to make up any needed generation with 100 percent preferred resources including renewables. San Onofre didn't produce carbon emissions, and the state shouldn't replace it with sources that add to greenhouse gas pollution, the green group representative said.