



Item #5: Petition for Rulemaking – Non-Energy Benefits and Social Costs (Docket Nos. 23-SB-100 and 23-OIR-01)

March 13, 2024 Business Meeting

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Overview

- Coalition of petitioners¹ requested CEC institute a rulemaking to integrate non-energy benefits (NEBs) and social costs (SCs) into resource planning and investment decision-making.
 - Integrate NEBs and SCs into cost-effectiveness determinations
 - Separate and transparent rulemaking to comprehensively address NEBs & SCs
 - Iterative process, starting with specific categories, refine methodologies with other economic considerations, and reflect qualitative life cycle value of externalities as standards for resource portfolios
 - Inform the 2025 SB100 Interagency Report

¹Center for Biological Diversity, Central California Asthma Collaborative, California Environmental Justice Alliance, Asian Pacific Environmental Network, Greenlining Institute, Local Clean Energy Alliance, Sierra Club California, The Climate Center, Center on Race, Poverty and the Environment, Clean Coalition, 350 Bay Area, GRID Alternatives, The Protect Our Communities Foundation, the BEEP Coalition, the Local Government Sustainable Energy Coalition, and Environment California.



Impact to Californians

Improving integration of non-energy benefits and social costs into planning, policy, and program decision-making for better public health, environmental, community and other benefits and beneficial outcomes.





SB 100 Reports

California Energy Commission (CEC), California Public Utilities Commission (CPUC), and California Air Resource Board (CARB) required to issue a joint-agency report every four years that includes:

- 1. Policy review (technical, safety, affordability, reliability)**
- 2. Reliability benefits and impacts**
- 3. Financial costs/benefits**
- 4. Barriers/benefits of achieving the policy**
- 5. Alternative scenarios and costs/benefits of each**

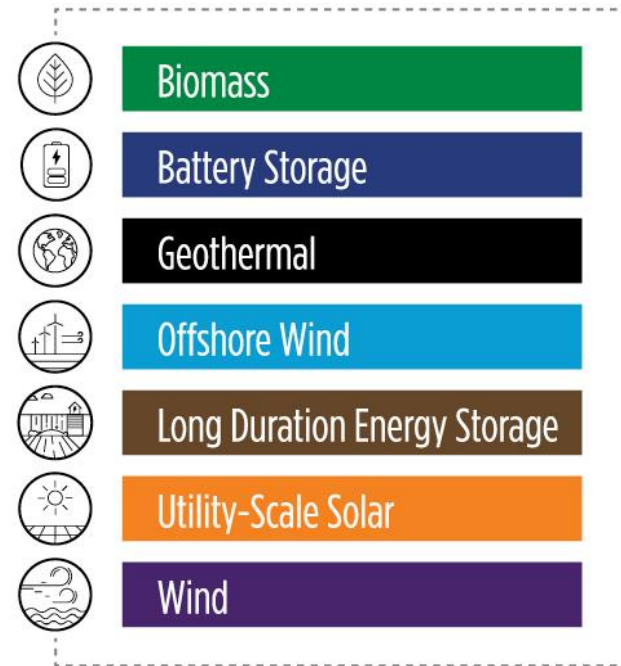


To provide 100% clean electricity by 2045,

California will build an unprecedented amount of new utility-scale clean energy resources

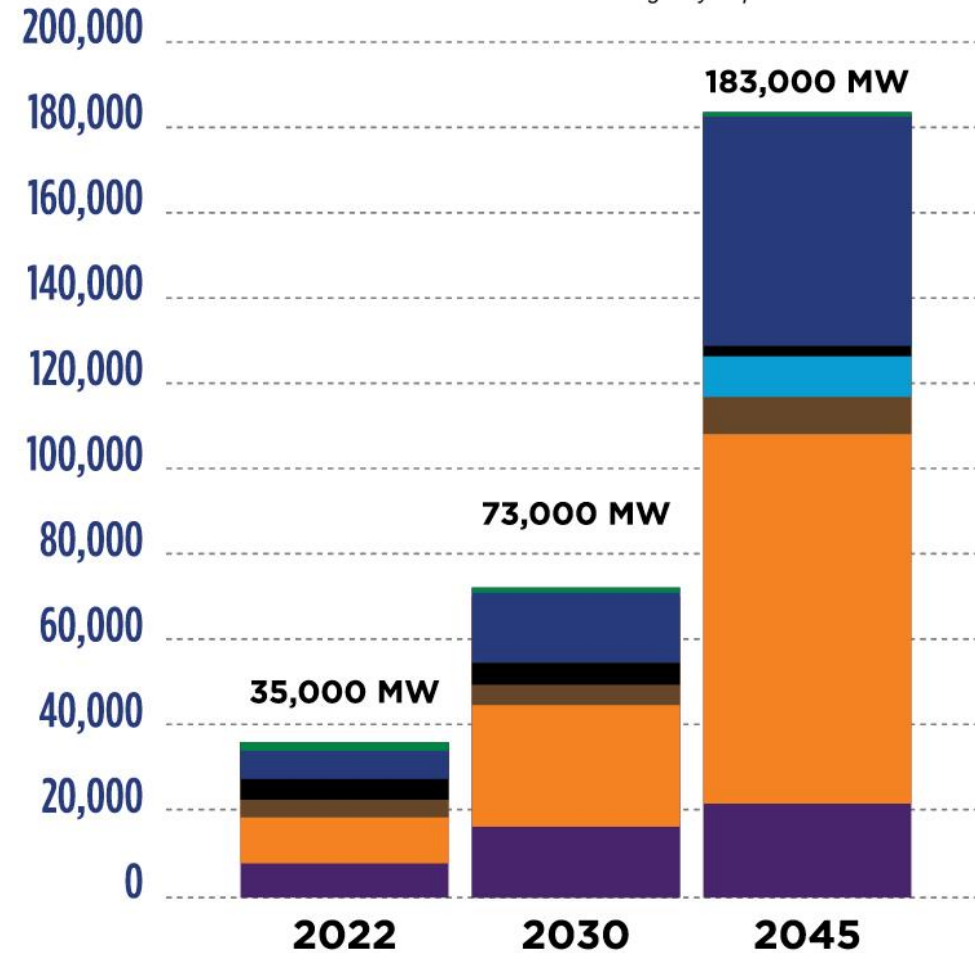
Totals represent new and existing resources. The 2021 SB 100 Joint Agency Report projects the need for 148,000 MW of new resources by 2045.

In addition, California also expects new capacity from energy efficiency, customer solar and demand response.



MW Total Clean Electricity Resources

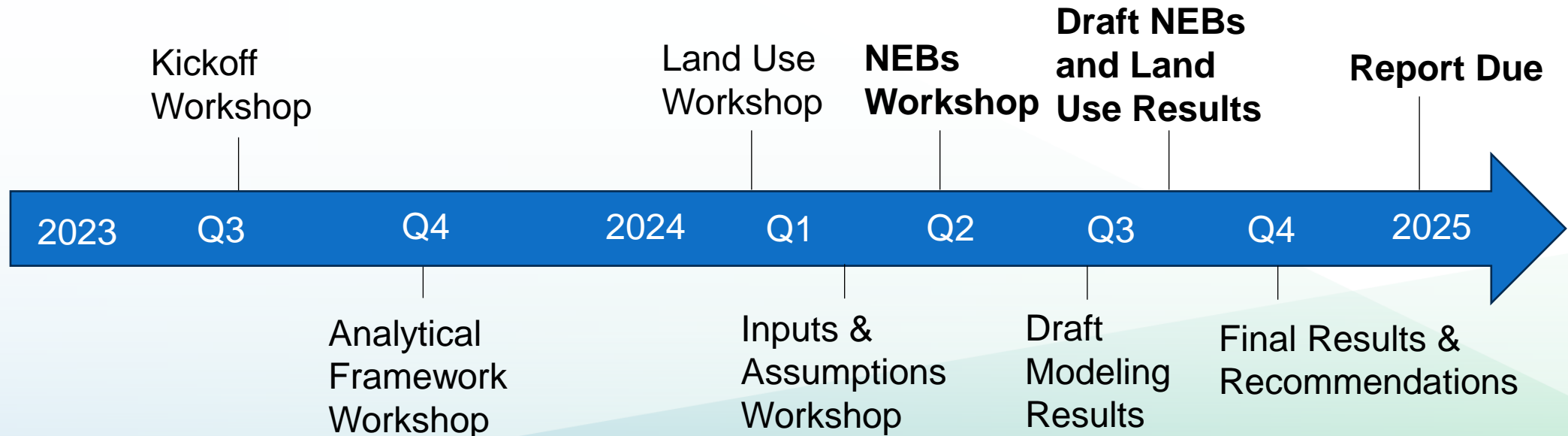
Source: 2021 SB 100 Joint Agency Report





2025 SB 100 Report

- The 2025 Report builds on the 2021 Report and will include:
 - Current statewide efforts toward clean electricity progress and opportunities to enhance.
 - Study alternate scenarios to understand impact of uncertainty in cost, technology innovation, and project development on achieving SB 100.





Non-Energy Benefits & Social Costs



CEC has **contracted a consultant to support SB 100 NEB analysis.** Through a public process, the joint agencies are evaluating options to address the following NEBs:

- Land Use Impacts
- Public Health and Air Quality
- Water Supply and Quality
- Economic Impacts
- Resilience



OIR as Requested Presents Limitations

Granting the petition in full and immediately instituting a formal rulemaking pursuant to the APA (per Government Code sections 11340.6 & 11340.7) **would foreclose the possibility of more meaningful public participation** in a robust, transparent, public process.

- Would require regulation package be made available immediately, including proposed regulatory language.
- No pre-rulemaking phase contemplated.
- No time for public to inform proposed language.
- Would not allow CEC time to follow its standard outreach and engagement practices.



Opening an OIIP is Responsive and Allows for a More Robust Public Process

- Allows extensive public and stakeholder engagement.
- Allows transparent public processes.
- Opportunity for engagement and input from multiple perspectives.
- More flexible and iterative process for all participants.
- Can lead to development of NEB and social cost methodologies in CEC analyses, planning, and decision-making processes.
- May inform the 2025 SB 100 if timing allows.



Staff Recommendation

- **Grant the petition in part** in its request for the CEC to initiate a transparent public process to determine methodologies to integrate NEBs and social costs into CEC planning, processes, and decision-making;
- **Adopt Proposed Order Instituting an Informational Proceeding** to serve as the forum for that process; and
- **Deny the petition in part** to the extent it requests the CEC adopt an Order Instituting a Rulemaking and complete a rulemaking pursuant to Government Code sections 11340.6 and 11340.7.