

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure Safe and
Reliable Gas Systems in California and Perform
Long-Term Gas System Planning.

Rulemaking 20-01-007
(Filed January 16, 2020)

**COMMENTS OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION ON
THE DRAFT WORKING GROUP REPORT ON TRACK 2A ISSUES**

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In Track 2a of this proceeding, the Commission is exploring issues related to the appropriate gas infrastructure portfolio for California gas utilities, including consideration of decommissioning or de-rating pipelines. A working group has examined various issues related to gas infrastructure, and on March 1 it produced the Draft Working Group Report on Track 2a Issues (Draft Report). The Independent Energy Producers Association (IEP) respectfully offers these brief comments on the Draft Report, as requested by Administrative Law Judges Sasha Goldberg and Karl Bemesderfer in their ruling of March 1, 2022.

The ALJs’ ruling asked parties to correct inaccurate statements or informational gaps in the Draft Report. In IEP’s view, the Draft Report does not appear to fully appreciate the need to maintain the gas infrastructure required to transport gas, in sufficient quantities and pressures, to allow the existing, modern gas-fired power plants to continue to operate when needed. Although the Draft Report initially notes the interdependence of the gas and electric systems and that “[d]ecisions made for gas infrastructure have the potential to impact electric

rates and reliability,”¹ much of the discussion focuses on the reliability of gas service, rather than the closely related and equally critical reliability of the electric system.

Because the focus of the working group was on gas infrastructure, the close connections between the gas system and the electric supply system was sometimes overlooked. The comments of Pacific Gas and Electric Company on the criteria for repairing or replacing transmission lines, for example, included consideration of the reliability of the gas system but didn’t mention electric reliability.² Although the Environmental Defense Fund identified the need to focus on “giving customers reliable energy, not necessarily reliable gas,” it did not extend that insight to recognition of the role that gas supply infrastructure plays in maintaining reliable electricity.³

The Commission has acknowledged the need to retain the existing, modern gas fleet. In the recent decision on the Preferred System Plan in the Integrated Resource Plan proceeding, for example, the preferred portfolio, based on a 38 MMT goal using the high Electric Vehicle forecast developed by the Energy Commission, requires all existing natural gas units to be retained until 2045, and an additional 0.9 MW of gas-fired generation to be added in 2045, to maintain the reliability of the electric grid.⁴

At times, the Draft Report appears to accept the misconception that retaining the capacity of existing, modern gas-fired generation is inconsistent with the state’s goal or achieving a net-zero carbon resource mix by 2045. But retaining these plants’ capability of

¹ Draft Report, pdf p. 4. The Draft Report is not paginated, and subsequent page citations will refer to the pdf document available on the Commission’s website.

² Draft Report, p. 10.

³ Draft Report, p. 11.

⁴ Decision 22-03-004, p. 101.

running does not mean that they will operate at high capacity factors. Use of gas-fired resources shifted from baseload operation by steam generation plants in the last century to more intermittent operation by combined cycle and peaking units to meet system needs in this century. The use of gas-fired resources will continue to evolve, as the functions of gas resources increasingly shift to providing insurance against outages and fast response to conditions like a sustained period of cloudy winter days, steep morning and afternoon ramps, or the growing winter ramps. Gas-fired resources will also play a critical role during times when the electric grid is stressed, as they did in August 14, 2020, when gas resources provided about 60% of the net peak needs at a time when brief outages were required because electric supply could not fully meet demand. The continuing growth of renewable and storage resources will make it likely that gas units will operate less and less over time, but gas units will continue to be a critical component of the options available to maintain the reliability of the electric grid.

The discussions summarized in the Draft Report refer to electrification (*i.e.*, substituting electric resources and functions for services currently provided by gas) as a means to achieving the state's net-zero carbon goals.⁵ But the electricity that is needed to support electrification (and to charge storage resources) has to come from somewhere, and at certain times power from preferred resources is not sufficient to meet demand. Retaining the capability to call on existing gas-fired resources when they are needed will be an essential component of the transition to greater electrification and decarbonization for years to come.

Because of the crucial role that the existing, modern gas-fired generation fleet will continue to play in maintaining electric grid reliability, no transmission or distribution pipelines that serve these resources should be retired prematurely or de-rated to levels that are insufficient

⁵ See, *e.g.*, Panel 6, Draft Report pp. 49-52.

to support the plants' ability to respond quickly when needed. IEP notes that these pipelines also serve natural gas generation owned and operated by municipal utilities or other governmental entities. The pipelines serving generating plants can be decommissioned only when all of the plants served by a particular pipeline are no longer needed and are retired.

If anything, the Commission should err on the side of retaining the pipelines serving electric generation units because of the strong possibility that other gaseous fuels that can power generating plants, such as biogas, renewable natural gas, or hydrogen, will develop over the next 20 years. It would be foolish to decommission certain pipelines, only to have to reconstruct the gas infrastructure system a few years later. The Draft Report identifies several actions that can “right-size” the gas infrastructure system and reduce greenhouse gas emissions without threatening the reliability of the electric grid.⁶

As the Working Group revises its Draft Report and the Commission considers the Report's information, IEP urges them to keep in mind the critical need to retain the gas infrastructure that serves electric generators for at least as long as the plants are needed to maintain electric reliability.

⁶ *E.g.*, installing electric or hybrid compressors (Draft Report, p. 9); retiring or reducing the pressure of pipelines that serve remote customers (Draft Report, p. 13); portable fuel trucking (Draft Report, p. 29).

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Respectfully submitted,

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