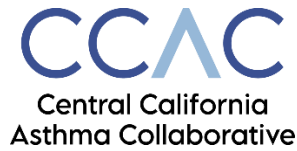


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24-OIIP-03 Comment on Scoping Workshop

Additional submitted attachment is included below.



May 16, 2025

RE: 24-OIIP-03 Comment on Scoping Workshop

To the California Energy Commission,

The Center for Biological Diversity (“Center”), Central California Asthma Collaborative, California Environmental Justice Alliance, Vote Solar, The Climate Center, 350 Bay Area, California Alliance for Community Energy, Local Clean Energy Alliance, GRID Alternatives,

The Protect Our Communities Foundation, the Building Energy, Equity & Power (“BEEP”) Coalition (Center on Race, Poverty and the Environment, Central Valley Air Quality Coalition, Physicians for Social Responsibility – Los Angeles, Self-Help Enterprises, Leadership Counsel for Justice and Accountability, and People Organizing to Demand Environmental and Economic Rights (PODER)), the Local Government Sustainable Energy Coalition, and Environment California provide the following comments on the California Energy Commission’s (“CEC”) Order Instituting Informational Proceeding, 24-OIIP-03, to integrate non-energy benefits (“NEBs”) and social costs (collectively “Non-Energy Impacts” or “NEIs”) into energy planning and investment decisions (“NEI OIIP”).

I. The Scope of the Proceeding Should Include All NEIs Identified in the Petition.

As noted by the CEC at the Scoping Workshop, the current “post-hoc” approach to NEIs relies on an outdated “trickle-down” approach that acknowledges but fails to address improvements to an energy system that imposes disproportionate impacts of pollution and inequitable distribution of clean energy benefits. As the CEC’s presentation and following discussion clarified, the CEC’s current consideration of NEIs does not include “feedback loops” to refine planning decisions, even after NEIs are identified.¹ Parallel regulatory processes, such as the California Environmental Quality Act, while valuable, are still unsuitable to correct these deficiencies.² There is a clear need to move away from an energy system framework that “socializes risks and prioritizes profits.”³

It is therefore critical for the scope of this proceeding to create a framework that adequately address NEIs, which includes an analysis of the entire suite of NEIs identified by the petition that initiated the NEI OIIP: local air quality, water quality and quantity, resilience, local economic development and land use impacts. As our prior comments have cautioned, “selective cherry-picking of a single NEBs factor glazes over the importance of considering NEBs and social costs holistically.”⁴ The CEC should not focus on *only* new NEIs identified in the Petition and not analyzed yet by the CEC. Even though the CEC already assesses air quality, land use, affordability and economics, and workforce and jobs, the post-hoc nature of those assessments and lack of feedback loop is insufficient to meet the requirements of the Warren-Alquist Act to include NEIs in planning decisions.⁵

The NEI OIIP should therefore provide recommendations for ways to integrate each NEI factor (local air quality, water quality and quantity, resilience, local economic development and land use impacts) into CEC energy planning and investment decisions, pursuant to the Warren

¹ See Scoping Workshop slides 13-16 and comments during Question and Answer following CEC presentation detailing that feedback loops occur largely through advisory bodies only (e.g. DAC Advisory Group).

² Scoping Workshop Slide 45.

³ See Scoping Workshop Panel 2, NEI’s from a Public Perspective: Consideration of Local Risks.

⁴ CBD et al. Comment on NEI OIIP (May 21, 2024) (discussing flaws of determining planning and investment conclusions based on an assessment of only local air quality.)

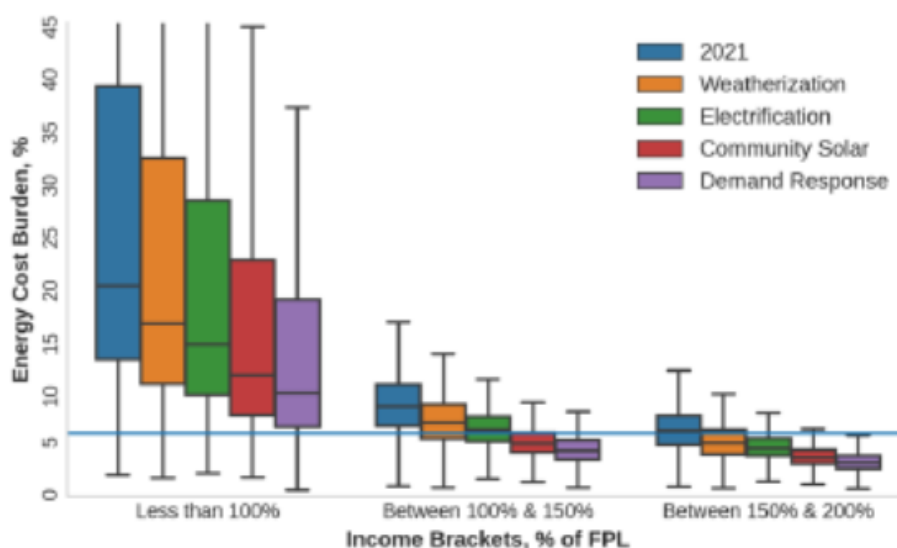
⁵ Scoping Workshop Slides 17 and 22.

Alquist Act.⁶ Recommendations should include NEI values or at least methodologies to produce values for or otherwise consider NEIs in decision-making.

We look forward to reviewing the NEI OIIP recommendations, which must still maintain the core focus of this proceeding to integrate NEIs into CEC modeling, planning (e.g. the Integrated Energy Policy Report), and cost-effectiveness determinations.⁷

II. The Affordability Benefits of Considering NEIs and the Costs of Inaction are Significant.

The presentation by PSE Healthy Energy showed that sequential interventions of clean energy solutions decrease low-income energy cost burdens.⁸



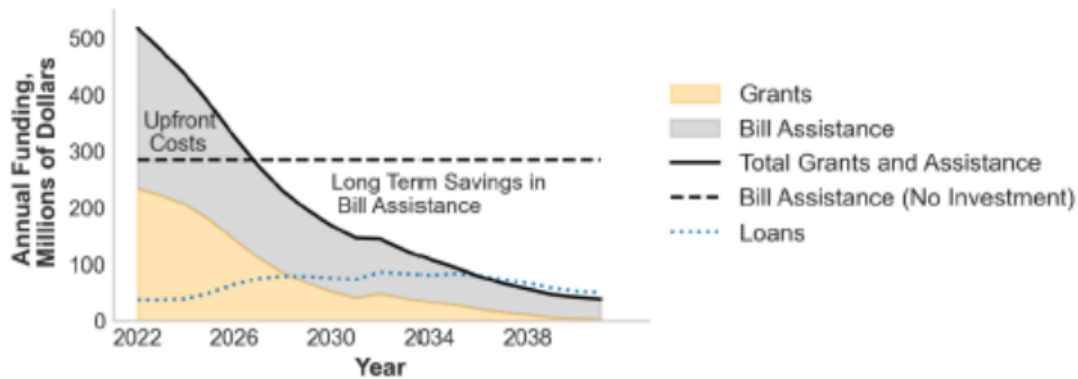
Discussion at the Scoping Workshop clarified that adequate consideration of NEIs, in particular resilience (measured by energy affordability metrics), would further such sequential interventions and affordability benefits. Moreover, decreasing energy cost burdens also decreases overall ratepayer spending in the energy system.⁹

⁶ Cal. Pub. Res. Code § 25000.1 (“resource planning and investment *shall* . . . minimize costs to society . . . improve environment . . . cost effectiveness . . . *shall* include a value for any costs and benefits to the environment”) (emphasis added).

⁷ *Id.*

⁸ Scoping Workshop Slide 53.

⁹ *Id.*



The above slide from PSE Healthy Energy shows that systemic investments to reduce bills will reduce energy cost burdens at much lower cost than simple bill assistance to reduce burdens by the same amount. *Over 20 years, these estimated cumulative savings range between \$1.3 to \$1.8 billion, not even considering other NEIs and the benefits from eliminating GHG emissions.* By quickly incorporating NEI's into key decisions, the CEC can ensure these benefits are realized as soon as possible.

In addition to this significant benefit, the workshop also illuminated two additional ways that consideration of NEIs can address costs of the energy system: avoiding the opportunity costs and hidden costs of our status quo energy system.

A. The Significant Opportunity Costs of Not Considering NEIs.

The workshop's second panel, "NEI's from a Public Perspective: Consideration of Local Risks," made the clear ask for California to address the "opportunity costs" of failing to consider NEIs. Minh Le from the Los Angeles County Internal Services Department, following the devastating and catastrophic Los Angeles wildfires, noted that "resiliency is undervalued until it is too late."¹⁰

Mr. Le also discussed the opportunity cost of lack of innovation. The presentation from Matthew Belasco, Director of Maintenance, Operation and Transportation for the Pittsburg Unified School District ("PUSD"), highlighted PUSD's innovative resilient energy infrastructure as an example that the State's energy planning and investment decisions should be prioritizing through adequate consideration of NEIs:

¹⁰ See Scoping Workshop Panel 2, NEI's from a Public Perspective: Consideration of Local Risks.

Local Funding



District-wide solar project funded by General Obligation (GO) Bond

- 55 shade structures at 14 schools (13,000 PV panels)
- 10 Year O&M Contract
- 90% of district electricity use in design phase
- \$11 million in cost savings over 30 years to General Fund
- Sell SRECs into open market for revenue



The CEC also awarded PUSD a grant for electric school bus bidirectional charging infrastructure, opening the door to further resilience and other clean energy benefits at PUSD.

Another opportunity cost is the affordability benefit of such innovative solutions. PUSD is able to reinvest energy revenue and savings back into schools for additional decarbonization efforts. Such innovative projects at PUSD also show the importance of community engagement to understand the full “value chain” of energy solutions.¹¹ As detailed during PSE Healthy Energy’s presentation, resilience should also be evaluated in tandem with decreasing energy cost burdens.

Especially given our changing climate, California should not lose further opportunities for innovation, in particular for resilient clean energy solutions. To avoid these opportunity costs, however, energy planning and investment decisions must be guided by the appropriate NEI factors.

B. The Significant Hidden Costs of Not Considering NEIs.

Utility system planning typically focuses on what is visible to system planners and operators—the infrastructure that produces and conveys power to building meters. These planners and operators rely on a narrow set of quantitative metrics to measure reliability, such as “one-in-ten years” generation outages or “N-1 contingency” planning standards, which they translate into reserve and operating margins that induce expenditures (i.e., cost ratepayers money).

¹¹ *Id.*

Yet these metrics are outdated.¹² They do not distinguish between what has historically been a “spoke and wheels” centralized grid and the increasing emergence of distributed energy resources that confer more community resilience benefits. As a result, current metrics do not evaluate differences in resiliency among California residents and communities with access to distributed generation or backup resources.

More affluent areas of the state may be able to ride through an outage with back-up generators or solar plus storage. These individuals may not experience significant adverse impacts if they lose power.

Without access to distributed generation or backup resources, disadvantaged and low-income communities, however, may face extreme heat stress or severe economic consequences as a result of an outage. Notably, these same communities may face similar consequences as a result of high electricity or social costs—the imposition of NEIs, such as poor local air quality. These uneven and inequitable distributional impacts are lost in the current planning paradigms.

Even when using an “average” of customers’ valuations, the consequences for those who only find outage events an inconvenience are overweighted while the dilemmas faced by those who face financial calamity, and even life-threatening circumstances, are underweighted. Those individual crises reverberate to neighborhoods and communities in reduced economic activity, fewer jobs, and increased morbidity and mortality.¹³

The proliferation of diesel powered backup generators (“BUGs”) illustrates this overlap between the unequal and disproportionate distribution of resiliency benefits and the imposition of public health impacting NEIs. “California has more than 24,403 backup and emergency generators with a total of 8 GW capacity in just three of the most populated of the state’s 35 air districts, and 95% of that capacity is powered by diesel.”¹⁴ In addition to hazards, this also “results in localized air quality impacts and additional greenhouse gas emissions roughly equal to those realized from combustion,”¹⁵ impacts which reliability and other current system planning metrics fail to identify. Similarly, in 2022, Assembly Bill 205 allocated a controversial \$2.2 billion “Strategic Reliability Reserve” to bolster fossil-fueled resources, including gas-fired power plants and diesel backup generators, under the premise of ensuring adequate power

¹² See Brattle, *Affordability, Rates, and Clean Capacity Efficiency: A Path for the Power Industry’s Turbulent Next Decade* (May 2025) available at https://www.brattle.com/wp-content/uploads/2025/05/Clean-Capital-Efficiency_Brattle_May-2025.pdf.

¹³ See e.g., Ashley Stimpson, ‘It takes a toll’: US low-income and communities of color endure longer power outages, *The Guardian*, (Feb. 8, 2024) available at <https://www.theguardian.com/us-news/2024/feb/08/us-low-income-communities-of-color-storm-power-outages>.

¹⁴ CPUC Rulemaking 20-11-003, Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, Prepared Opening Testimony of Sahm White on behalf of Sierra Club (September 1, 2021) at 4, citing Moss, Steven and Andrew Bilich, *Hidden Grid: More Than Eight Gigawatts of Fossil Fueled Back-Up Generators Located in Just Five California Districts*, M.CUBED (May 2020), <http://www.lgsec.org/wp-content/uploads/2020/05/BUGs-in-5-CA-Air-Districts.pdf>.

¹⁵ *Id.*

supplies.¹⁶ The Scoping Workshop included discussion on the importance of considering resilience and other NEIs to guide the State to reduce reliance on polluting and aging gas-fired peaker plants.

In sum, the NEI OIIP presents an opportunity for California to utilize additional and more granular data to capture and address these significant hidden costs that our current energy regulatory framework fails to recognize and address.

III. Conclusion

We reiterate our appreciation for the CEC granting the Petition and initiating this critical proceeding, and respectfully request that the CEC incorporate the above recommendations into the scope of the NEI OIIP.

Sincerely,

Roger Lin
Howard Crystal
Center for Biological Diversity

Jessica Tovar
Local Clean Energy Alliance

Malinda Dickenson
The Protect Our Communities Foundation

Kurt Johnson
The Climate Center

Katie Valenzuela
*Building Energy, Equity & Power (BEEP)
Coalition*

Demian Hardman-Saldana
*Local Government Sustainable Energy
Coalition*

Laura Deehan
Environment California

Sarah Sharpe
Central California Asthma Collaborative

Feby Boediartha
California Environmental Justice Alliance

Steve Campbell
Vote Solar

Barbara Stebbins
California Alliance for Community Energy

Emma Searson
GRID Alternatives

Ben Schwartz
Clean Coalition

Claire Broome, MD
350 Bay Area

Ben Schwartz
Clean Coalition

¹⁶ See Regenerate California, The Notorious Nine: Gas Plant Pollution in Environmental Justice Communities (2024) available at <https://ceja.org/wp-content/uploads/2024/12/Regenerate-NOx-Emissions-Full-Report.pdf>.