



**SIERRA  
CLUB**



**Glendale  
Environmental  
Coalition**

July 9, 2019

Mayor Najarian and City Councilmembers  
613 E Broadway, Glendale, California 91206

**RE: Grayson Power Plant**

Dear Mayor Najarian and Members of the City Council:

The Glendale Environmental Coalition and the Sierra Club would like to express their appreciation for your efforts to find a solution to Glendale's energy need—one that builds on Glendale's environmental leadership while ensuring that the health, safety, and financial wellbeing of our community is not compromised by unnecessary investments in new gas infrastructure.

We have reviewed the 2019 Draft IRP, which confirms information we took away from several productive meetings with Glendale Water and Power (GWP) staff and from the community workshops conducted by the Rocky Mountain Institute. The plan now being put forward by GWP is an improvement from what it proposed in 2017 and 2018. Consisting of 93MW of gas generation plus investments in utility-scale batteries and distributed energy resources (DER), the current plan is less polluting, more flexible, and cheaper than the original 262 megawatt (MW) all-gas Siemens project. This result is a testament to the benefits of the City listening to, and working collaboratively with, the community. While interactions were contentious at times, I hope you will agree that we all played a positive role in getting to where we are today.

While we commend GWP for its inclusion of clean energy alternatives, we remain unconvinced that Glendale needs to invest in fossil fuel generation—certainly not at the level proposed and even more certainly not all at once. This letter is intended to lay out our differences with GWP's analysis and propose a path forward that meets Glendale's need for reliable, low cost power while staying true to our commitment to the Mayors National Climate Action Agenda.

We believe the analysis underlying GWP's recommended portfolio falls short by:

1. disregarding the potential for additional DERs beyond initial vendor commitments;
2. downplaying the opportunity for new transmission over the next decade; and
3. failing to consider the potential to renegotiate resource sharing arrangements with neighboring utilities to reduce excessive contingency reserve requirements.

We discuss these points below, but the takeaway is that a harder look at these opportunities could allow Glendale to avoid a portion—or perhaps all—of the gas currently proposed. This would benefit residents by making the final project even cleaner and cheaper, and avoid Glendale being the last place in California to add fossil fuel resources and among the first to fully embrace clean energy.

As such, we recommend Council proceed as follows:

1. Approve the current IRP but with the explicit acknowledgement that it is simply a planning document and does not bind the City to any specific power portfolio;
2. Direct GWP to accelerate negotiations on its recommended battery storage and DER projects and bring them to Council for approval at the earliest possible date;
3. Direct GWP to initiate demolition of the old Grayson units and proceed with the required environmental remediation, preliminary engineering and permitting, but explicitly require that it return to Council for final review and approval of each proposed gas unit to be installed; and,
4. Direct GWP to report to Council on (i) how it will tackle Glendale's transmission challenges in order to achieve the goals of SB 100 and (ii) recommendations for renegotiating contractual arrangements that govern our participation in Los Angeles' balancing area.

#### Potential for additional DERs:

The preferred GWP portfolio incorporates over just over 50 MW of distributed clean energy and load reduction resources. This figure is based on specific projects proposed through the Clean Energy RFP for implementation by 2021. We believe 50 MW is a great start, but we do not believe the opportunity for DERs ends in 2021.

On the contrary, programs such as the Virtual Power Plant for residential customers, residential/commercial demand response, commercial energy efficiency, and solar generation at public and private facilities will only get easier to implement as the City and its vendor partners gain experience with marketing and technical implementation. Demand for these programs will also accelerate as later adopters see how their neighbors are benefitting from these offerings. It is entirely reasonable to assume that these numbers could double or triple by 2030.

While it is difficult to ascertain precisely how much more Glendale can expect from DERs past 2021, this or a future IRP should include some type of DER goal in order set targets for GWP to work towards. Without concrete goals, it is unlikely DER growth will get the attention it deserves. Given the public's strong preference for clean energy and the potential for these types of clean, distributed resources to replace gas, it behooves the City to make DERs a priority.

#### Transmission opportunities:

Glendale is clearly transmission constrained. But GWP's position that no new transmission will be available "in our lifetimes" strains credulity and risks becoming self fulfilling.

LADWP understands clearly that it must bring more power into the basin to meet the goals it is developing to be 100% carbon free by 2036. This imperative has been heightened by Mayor Garcetti's decision not to re-power its three "once-through-cooling" plants when they are retired in 2029. Because of this, Los Angeles is looking into a number of transmission projects, including the Barren Ridge project (slated to bring an additional 700 MW into the basin by 2024) and the VIC Century DC upgrade (still in concept phase but with the potential to access to up to 900 MW of renewable resources from the north and east by 2030).

LADWP recently announced it will be contracting with 8 Minute Energy for solar and storage at ground breaking prices (Eland project). This low-cost clean power will come into the basin through the new Barren Ridge line. We understand that GWP has subscribed for 25 MW of this project, which it could only realistically take if paired with additional transmission. Can GWP get more than 25 MW? Can it position itself to get a piece of the VIC Century DC capacity? Rather than move ahead with investments in gas, we should apply our political and financial resources now to ensure Glendale benefits from these opportunities.

There remains the potential to interconnect to the California Independent System Operator (CAISO) at Eagle Rock, something GWP studied extensively and considered viable in its 2015 IRP. GWP now says that an Eagle Rock interconnect is not feasible because Glendale cannot be part of two balancing areas at once (LADWP and CAISO). But interconnecting to purchase power from the CAISO is not the same as joining the CAISO. While there may be political and financial challenges to pursuing this option, there are no legal or physical barriers that we are aware of, and if there are, GWP has not shown evidence to support that.

Since we know Glendale will need new transmission to meet SB 100 goals, it is critical that we begin tackling the issue now. Wasting capital on fossil fuel resources does not advance this goal.

#### Contingency reserves:

GWP asserts that it is required to hold reserves sufficient to meet load in the face of the simultaneous loss of its two largest resources (PDI transmission line and Unit 9 or Magnolia). It often refers to this as an N-1-1 scenario. Maintaining this level of reserves requires GWP to hold about 150 MW of spare capacity above and beyond the amount needed to meet peak loads.

It is important to clarify a few points.

First, while N-1-1 is a real FERC/NERC planning protocol, it applies only to balancing authorities like LADWP and not to “sub-metered” utilities like GWP. Furthermore, nowhere does the balancing area agreement with LADWP state that GWP is required to maintain an N-1-1 level of reserves. Despite protestations by GWP, the decision to maintain an N-1-1 level of reserves is a *discretionary policy choice* and not a regulatory or contractual requirement.

Second, no sub-metered utility that we know of operates on the basis of an N-1-1 planning protocol. Most utilities in California hold reserves at around 15% of their peak load. This is the case with Pasadena and, to our knowledge, with Burbank. If GWP were to hold contingency reserves of 150 MW, this would equate to over 40% of peak load. Every increment of excess capacity translates into capital costs that are borne by Glendale ratepayers.

Utilities participate in balancing areas precisely to avoid holding duplicative reserves. GWP will explain that the BAASA agreement provides for 80 MW of reserves for only 60 minutes, which is true. The question is why we are in a balancing area arrangement which provides few of the benefits of a balancing area. It strikes us that City Council should raise this issue with counterparts in Los Angeles with an eye to renegotiate the agreement so that it results in better resource sharing among all three utilities. Renegotiating the agreement might allow us to avoid new fossil fuel generation—resulting in a cleaner grid and lower utility rates.

## Conclusion

City Council should not approve investment in new gas generation until all opportunities for additional DERs, new transmission and enhanced resource sharing are fully exhausted. None of this will be easy or quick, but they deserve greater effort than has been made to date.

Since these efforts will take time, we do not object to GWP moving forward with preparatory work at Grayson. However, GWP must return to City Council for final review and approval for each gas unit before they are installed. This condition was added by the Water and Power Commission at its July meeting, and we support the approach.

City Council will be making a profound choice over the next few weeks and months. This choice will determine whether Glendale goes down in history as the last place in California to install new gas units or—as we hope—a city that broke decisively from the old ways of thinking to fully embrace clean energy. We hope you will take the time to weigh these options carefully.

Sincerely,



Dan Brotman  
Glendale Environmental Coalition



Luis Amezcua  
Sierra Club

cc: Yasmin Beers, City Manager  
Steve Zurn, General Manager, Glendale Water and Power;  
Glendale Water and Power Commission