

Docket No.: R.20-11-003  
Exhibit No.: SC-04  
Witness: Sahm White

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

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.

Rulemaking 20-11-003  
Filed November 19, 2020

**PREPARED PHASE 2 REPLY TESTIMONY OF SAHM WHITE**

**ON BEHALF OF SIERRA CLUB**

**SEPTEMBER 10, 2021**

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1 **I. INTRODUCTION & VERIFICATION**

2 **Q. Please state your name, occupation, and business address.**

3 **A.** My name is Sahm White. I am a consultant for the Sierra Club. My business address is  
4 507 California Ave, Santa Cruz, CA 95060.

5 **Q. On whose behalf are you testifying?**

6 **A.** I am testifying on behalf of Sierra Club.

7 **Q. Was this material prepared by you or under your supervision?**

8 **A.** Yes, it was.

9 **Q. To the extent this material is factual in nature, do you believe it to be correct?**

10 **A.** Yes, I do.

11 **Q. To the extent this material is opinion or judgment, does it represent your best  
12 judgment?**

13 **A.** Yes, it does.

14 **II. SUMMARY OF TESTIMONY AND FINDINGS**

15 **Q. Please summarize your testimony.**

16 **A.** Through this testimony, I reply to the opening testimony introduced by Southern  
17 California Edison (SCE), Pacific Gas and Electric (PG&E), and Enchanted Rock  
18 addressing the regulatory context for the regulation and use of prohibited resources  
19 (including diesel backup generators) in California. I provide recommendations to realize  
20 the intent of the Public Utilities Commission (Commission) to use prohibited resources  
21 solely as a last resort when considering changes to the Emergency Load Reduction  
22 Program (ELRP).

23 **Q. What are your main recommendations in this testimony?**

24 **A.** In this testimony, I oppose SCE's proposal for modifications to the Commission's  
25 Prohibited Resource policy<sup>1</sup> because it is not currently designed to ensure that prohibited

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<sup>1</sup> Exhibit SCE-04: Direct Testimony of Southern California Edison Company-Phase 2 (E. Keating), pp. 47-49.

1 resources would be called as a resource of last resort. Before the Commission even  
2 considers this proposal, the proposal requires modifications to ensure that incremental use  
3 of prohibited resources are called upon as a last resort, after all other resources have been  
4 called, and to ensure that prohibited resources located in disadvantaged communities  
5 (DACs) are the very last resources called.

6 On this same basis, I oppose the similar recommendations of PG&E, and the more  
7 expansive recommendations of Enchanted Rock to broadly authorize the use of back-up  
8 generation over a much longer timeframe, due to the climate, public health, and air  
9 quality impacts of employing fossil fueled emergency back-up generators for grid  
10 reliability in California, as well as the special risks that increased emissions pose to  
11 DACs.

12 **III. SOUTHERN CALIFORNIA EDISON COMPANY'S PROPOSAL REGARDING**  
13 **THE USE OF PROHIBITED RESOURCES DOES NOT COMPLY WITH THE**  
14 **LOADING ORDER OR COMMISSION PRECEDENT.**  
15

16 **Q. Please briefly describe SCE's proposal regarding the use of prohibited resources.**

17 **A.** SCE proposes a modification to the Commission's policy regarding the use of prohibited  
18 resources (PR) for the summer of 2022 only.<sup>2</sup> Specifically, SCE proposes to temporarily  
19 allow Base Interruptible Program (BIP) and Agricultural & Pumping Interruptible (AP-I)  
20 customers to be exempted from the Commission's PR policy, thereby permitting PR use  
21 by these customers within their air quality permits only for the summer of 2022 to  
22 address forecasted system capacity shortfalls. Notably, SCE is not suggesting that  
23 customers should be given a waiver of local air permit requirements, which is an  
24 important factor.

25 **Q. Do you have any concerns regarding SCE's proposal?**

26 **A.** Yes. SCE's proposal does not sufficiently ensure that prohibited resources are used only  
27 as a measure of last resort. Without this assurance, the proposal does not comply with  
28 Commission precedent or the Loading Order. Second, there is a risk of customer  
29 confusion regarding potential violation of their air permits, and SCE's proposal would

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<sup>2</sup> *Id.* at 48:5-8.

1 require clear, consistent messaging from the utilities and their local air district to ensure  
2 that customers do not unwittingly or intentionally violate the terms of their air permits.

3 **Q. Please provide more detail regarding your first concern.**

4 **A.** By allowing BPI and AP-I customers to use their prohibited resources to decrease their  
5 demand, SCE proposes to condone the use of fossil fuel resources in a demand response  
6 program. This contradicts the hard line barring the use of prohibited resources that the  
7 Commission has drawn in its demand response rules, which makes clear that “subsidizing  
8 backup generation with demand response funds is not appropriate.”<sup>3</sup>

9 In addition, this proposal does not comply with the Loading Order, which was developed  
10 as part of the state’s Energy Action Plan and prioritizes procurement of energy efficiency  
11 and demand response resources to meet energy demand, followed by renewable resources  
12 and distributed energy resources, and finally, fossil fuel generation.<sup>4</sup> The BIP and AP-I  
13 programs are demand response programs that are first in the Loading Order, meaning that  
14 the Commission is directed to employ these resources first, and the investor-owned  
15 utilities (IOUs) accordingly follow that directive by using demand response programs  
16 before turning to supply-side resources. However, by incorporating an authorization to  
17 use fossil fuel-based backup resources, SCE is effectively proposing the BIP and AP-I  
18 programs be used like a fossil fuel generation.

19 Therefore, SCE’s proposal does not comply with the Loading Order because fails to  
20 ensure that the PR exemption applies *only* after all other resources are deployed.

21 Moreover, even if such SCE added such measures, the program as a whole may not  
22 function because its terms risk confusing customers and diluting the overall efficacy of  
23 the underlying BIP and AP-I programs.

24 **Q. How do you propose ensuring that prohibited resources are used only as resources**  
25 **of last resort?**

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<sup>3</sup> D.09-08-027 at 165-166.

<sup>4</sup> D.14-03-004, n.3, pp. 6-7.

1    **A.**    I discussed detailed recommendations for how to ensure that prohibited resources are  
2            used only as a measure of last resort in the Emergency Load Reduction Program (ELRP)  
3            in Section V of my opening testimony.<sup>5</sup> Requiring a dispatch order for the PR-exempted  
4            BIP and AP-I customers will ensure that the program administrator has the customer  
5            information that it needs to make a distinct call to customers without prohibited resources  
6            first, and provide public health protections for communities that are already overburdened  
7            by pollution. Such an order would be in line with President Batjer’s statements that she  
8            “would like to make a personal request to the Commission’s Energy Division for this  
9            summer: that they coordinate with the IOUs, the local air districts and [CARB] to see if  
10           there are additional steps we can take this summer to reduce the likelihood of triggering  
11           the use of back-up generators (BUGS) especially in disadvantaged communities.”<sup>6</sup>  
12           President Batjer also specifically requested that the Energy Division explore the  
13           feasibility of a dispatch order.<sup>7</sup> If SCE’s proposal is implemented, then BIP and AP-I  
14           customers with PRs should only be called upon to employ PR to reduce load as a  
15           resource of last resort, long after BIP and AP-I customers without PRs have been called  
16           to participate.

17    **Q.**    **Please detail your concern regarding customer confusion regarding air permits for**  
18            **PRs.**

19    **A.**    In its proposal, SCE notes that air quality permits prohibit PR owners from using their  
20            PRs in most circumstances without an emergency order, noting that the Governor would  
21            still need to issue an emergency order to authorize use of PRs above air quality permit  
22            limitations.<sup>8</sup> I agree that this is a risk associated with SCE’s proposal. I flagged a very  
23            similar considerable risk in the ELRP for customer confusion and the need for multiple

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<sup>5</sup> Exhibit SC-02 Sierra Club Opening Testimony of Sahn White, at 18:21-22:14.

<sup>6</sup> Commission Voting Meeting Minute 37.

<sup>7</sup> CPUC Voting Meeting (March 25, 2021), Minutes 49-50, available at [http://www.adminmonitor.com/ca/cpuc/voting\\_meeting/20210325/](http://www.adminmonitor.com/ca/cpuc/voting_meeting/20210325/) (responding to Commissioner Rechtschaffen’s stated need for a dispatch order, President Batjer stated “I have asked the Energy Division to coordinate with the IOUs and the local air districts and the air resources board to see if there is additional steps that we can take to reduce the likelihood of triggering the use of BUGs especially in the disadvantaged communities. Absolutely we will be looking at that.”).

<sup>8</sup> SCE Opening Testimony at 49:8-11.

1 steps to ensure that customers neither intentionally nor unwittingly violate the terms of  
2 their air permits.<sup>9</sup> I therefore have very similar recommendations for the SCE proposal.

3 **Q. Please describe your recommendations for modifying SCE's proposal.**

4 **A.** First, I recommend that the Commission require utilities to obtain customer information  
5 that will enable the utilities to implement a dispatch order.<sup>10</sup> This means requiring BIP  
6 and AP-I participants to disclose whether they own a PR. It also requires that  
7 participating customers disclose whether their PR is located in a disadvantaged  
8 community. Participating customers in the BIP and AP-I who would utilize a PR should  
9 then be called to participate only after all other resources have been called, consistent  
10 with the Loading Order, with those located in DACs called last.

11 Second, I recommend that the Commission require the utilities to make a showing,  
12 available to the public, that all other resources have been called and that there are no  
13 other resources available before calling BIP and AP-I customers with PRs to  
14 participate.<sup>11</sup>

15 Third, I recommend that the Commission require clear and coordinated messaging from  
16 the Commission, the California Air Resources Board (CARB), and the local air districts  
17 to participating customers to ensure that they understand that they are not authorized to  
18 operate their backup generators to produce incremental load reductions unless their air  
19 permits include specific air district approval to do so.<sup>12</sup>

20 Third, I recommend that the Commission require utilities to ensure that, if customers  
21 utilizing PRs are called to participate, then prohibited resources located in disadvantaged  
22 communities are called on last within the customer group.<sup>13</sup> This is needed to protect  
23 communities that are already overburdened by pollution, as PR are located  
24 disproportionately located in those communities.

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<sup>9</sup> Ex. SC-02, Sierra Club Opening Testimony of Sahn White at 18:14-16.

<sup>10</sup> Ex. SC-02, Sierra Club Opening Testimony of Sahn White at 18:16-20.

<sup>11</sup> I make a very similar recommendation on the ELRP in my opening testimony at 20:25-21:2.

<sup>12</sup> *Id.* at 18:14-16.

<sup>13</sup> I make the same recommendation regarding the ELRP in my opening testimony at 21:10-11.

1 Fourth, I recommend that the Commission develop a verification methodology to make  
2 sure that PRs are operating within the terms of the program and air permit requirements.

3 Last, I recommend that the utilities be required to report data on the use of PRs under the  
4 terms of this proposal to the Commission and stakeholders in order to monitor air quality  
5 impacts. This will require the collection of data on how often and for how long PRs are  
6 operated under this proposal and whether those PRs are located in DACs. This  
7 information is necessary for the Commission and stakeholders to understand the overall  
8 impacts of this proposal.

9 **Q. Is there anything else you wish to note regarding SCE's proposal?**

10 **A.** I wish to note two last things regarding SCE's proposal. First, I appreciate that SCE is  
11 limiting this proposal to only Summer 2022, recognizing that preferred resources will be  
12 available to replace this capacity the following year and thereafter. That is a considerable  
13 improvement over other, similar party proposals.

14 Second, I wish to reemphasize that that operation of fossil fueled generation, especially  
15 diesel back-up generators conforming only to Tier 1 or 2 emissions standards, creates  
16 direct and localized health risks as well as contributing to generalized emissions, as I  
17 described in my opening testimony. For this reason, I continue to recommend  
18 implementing a clearly prioritized dispatch order to reduce the inherent harm of the  
19 operation of PR. This prioritization should first follow the established Loading Order, and  
20 reserve PR resources as a final, resources-of-last-resort category. Additionally, due to the  
21 current and historically inequitable impact of pollution on DACs, customers with PR  
22 resources located in DACs should be called to participate last, and the Commission  
23 should ensure air quality information is collected and analyzed and made available to the  
24 public so that we can evaluate impacts.

25 **IV. PACIFIC GAS & ELECTRIC'S PROPOSAL REGARDING THE USE OF**  
26 **PROHIBITED RESOURCES SUFFERS FROM THE SAME FLAWS AS THE**  
27 **SOUTHERN CALIFORNIA EDISON PROPOSAL BUT INCORPORATES AN**  
28 **ADDITIONAL YEAR.**

29 **Q. Please briefly summarize the PG&E proposal.**

1 A. PG&E's briefly stated proposal is nearly identical to SCE's proposal to have the  
2 Commission grant a temporary waiver for BIP participants from the PR ban.<sup>14</sup> The  
3 proposals differ, however, in that PG&E does not include a recommendation that AP-I  
4 customers enjoy the same waiver, and PG&E proposes that the term of this waiver last  
5 through 2023.<sup>15</sup>

6 **Q. Do you support this proposal?**

7 A. No. PG&E's proposal suffers from all of the same flaws in the SCE proposal that I listed  
8 above, and additionally proposes to extend the waiver for a second year (2023), despite  
9 there being insufficient evidence for any 2023 shortfall in capacity.

10 **Q. Do you have any recommendations regarding this proposal?**

11 A. I would offer the exact same recommendations regarding PG&E's proposal that I  
12 provided in response to SCE's proposal. The Commission should not adopt PG&E's  
13 proposal.

14 **V. ENCHANTED ROCK'S PROPOSAL REGARDING THE USE OF PROHIBITED**  
15 **RESOURCES DOES NOT COMPLY WITH THE LOADING ORDER,**  
16 **COMMISSION PRECEDENT, OR THE SCOPE OF THIS PROCEEDING.**

17 **Q. Please briefly summarize the Enchanted Rock proposal.**

18 A. Similar to SCE's proposal, Enchanted Rock proposes suspending the prohibition against  
19 using fossil-fueled PR to support demand response programs, including those enrolled in  
20 BIP, for 2022.<sup>16</sup> The proposals differ, however, in that Enchanted Rock also proposes  
21 extending the proposal for at least ten years for PRs that use certified renewable fuels, as  
22 long as they meet CARB certification requirements for local emissions.<sup>17</sup>

23 **Q. Do you support this proposal?**

24 A. No, I oppose this proposal. Similar to the reasons I describe above regarding the flaws in  
25 SCE's proposal, Commission precedent clearly bans the use of PR in demand response

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<sup>14</sup> PG&E Opening Testimony at 4-3:15-19.

<sup>15</sup> *Id.*

<sup>16</sup> Enchanted Rock Opening Testimony at 2:16-18.

<sup>17</sup> Enchanted Rock Opening Testimony at 4:11-12.

1 programs.<sup>18</sup> This is because, as explained above, the Commission has found that  
2 “subsidizing backup generation with demand response funds is not appropriate; we prefer  
3 to reserve these funds for activities that reduce total energy use.”<sup>19</sup> The Enchanted Rock  
4 proposal is even more egregious and harmful than the SCE proposal due to (1) the  
5 unwarranted scale and breadth of their proposal, and (2) the proposed 10-year term and  
6 the scale of PRs currently under development makes this proposal a real threat to public  
7 health.

8 **Q. Does Enchanted Rock’s proposal for conversion of resources to renewable fuels**  
9 **change your opposition?**

10 **A.** No. The localized pollution impacts of PRs are equally harmful when they are fueled by  
11 renewable fuels of essentially the same chemistry as their fossil derived equivalents. As  
12 Enchanted Rock acknowledges, CARB does not certify renewable fuels for stationary  
13 sources for back-up generation,<sup>20</sup> which is a requirement for exemption from PR policy.<sup>21</sup>  
14 While there are debatable net emissions differences between various fossil fuels and other  
15 hydrocarbon fuels such as biodiesel and biomethane, the localized air quality and health  
16 impacts of both combustion and fugitive emissions for these fuels are similar. The  
17 combustion-related air quality and health impacts of burning fossil fuels are not mitigated  
18 by the burning of so-called “renewable” hydrocarbon fuels.

19 Furthermore, regional Air Quality Control District standards do not address the more  
20 localized air quality impacts of these generators, thereby overlooking their impact on  
21 already overburdened and disadvantaged communities. Localized impacts are significant  
22 and should always be considered, especially in DACs and other locations of localized

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<sup>18</sup> D.16-09-056 at 94-95.

<sup>19</sup> D.09-08-027 at 165-166.

<sup>20</sup> Prepared Testimony of Joel Yu on behalf of Enchanted Rock, LLC, at p. 8.

<sup>21</sup> Resolution E-4906, at 78 (June 21, 2018) (“A customer making the fuel switch to biogas, biomethane, and renewable diesel would transform the prohibited resource into a non-prohibited resource. We agree and clarify that if a fuel (e.g., renewable gas, renewable diesel, biodiesel) has received renewable certification from the California Air Resources Board, it is exempt from the prohibited resource policy in D. 16-09-056.”).

1 high pollution burden. The emission control equipment standards employed for fossil fuel  
2 based resources are generally more significant than those for the hydrocarbon fuel source.

3 **Q. Please detail your concerns on the 10-year term and the current scale of PR**  
4 **development in this proposal.**

5 **A.** The Enchanted Rock proposal should be rejected because the proposed 10-year term and  
6 the current scale of PR development would generate intense, unacceptable impacts on air  
7 quality and public health. Enchanted Rock's witness identified over 8 GW of PR capacity  
8 in just five of the state's Air Quality Districts, with an additional 1,500 MW of back-up  
9 generation currently under development in the Bay Area alone.<sup>22</sup> The emissions from this  
10 enormous number of PRs would adversely impact local and regional air quality for at  
11 least a decade. Local residents, who already breath highly polluted air, would be further  
12 harmed by this deployment of dirty fuels.

13 **Q. Does the 10-year term of Enchanted Rock's proposal comport with the identified**  
14 **need for incremental resources?**

15 **A.** No, Enchanted Rock's proposal extends far beyond the need identified in Phase 2 of this  
16 proceeding. There is no demonstrated need to consider a decade of support for prohibited  
17 resources, particularly given the Commission's recent decision requiring 11.5 GW of new  
18 clean resource capacity between 2023 and 2026.<sup>23</sup> It would also be highly inappropriate  
19 to incentivize the operation of polluting resources beyond the immediate potential highest  
20 emergency need, which is not expected to continue beyond 2022. Furthermore, the scope  
21 of this proceeding also prohibit the consideration of proposals that extend beyond the  
22 summer of 2023, making Enchanted Rock's proposal for any changes beyond the next  
23 two years out of scope. Last, this proposal completely contradicts SB 350, SB 100, and  
24 the Commission's work in the Integrated Resource Planning docket, where long term  
25 investments in specific resource types are more appropriately considered.

26 **Q. What is your reaction to the proposed revenue payments in Enchanted Rock's**  
27 **proposal?**

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<sup>22</sup> Prepared Testimony of Joel Yu on behalf of Enchanted Rock, LLC, at p. 5.

<sup>23</sup> D.21-06-035 at 94.

1    **A.**     Enchanted Rock’s proposed revenue payments are inappropriate. Enchanted Rock is  
2           proposing projected revenue payments in excess of \$500/kW, representing ratepayer  
3           funds that should be directed toward preferred alternatives that do not worsen local and  
4           regional air quality. The public health impacts of prohibited resources—particularly  
5           diesel BUGs—are too significant, localized, and disparately impacting disadvantaged  
6           communities, for ratepayers to support. The deployment and use of hydrocarbon fueled  
7           facilities must be drastically reduced to mitigate the worst effects of climate change,  
8           much less comply with California’s climate law. The Commission cannot lawfully adopt  
9           a proposal that would encourage these resources when cleaner, less damaging alternatives  
10          are available.

11   **Q.**     **Does this conclude your testimony?**

12   **A.**     Yes.