



Overseer's Undercurrent Measures of Success

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With 2006 entering the books as the year that California assumed a global leadership position on greenhouse gas containment policies, solar power promotion, and venture-capital-backed new energy enterprises, we might guard against feeling something of a letdown if 2007 doesn't offer quite the same level of groundbreaking opportunities.

The task for the next couple of years is not so much establishing ambitious plans and programs as performing the arduous and generally less gratifying work of keeping things on track. The grand goals and great leap to carbon reductions by 2020 or substantial renewables portfolios in 2010 give way to the hard slog of interim milestones and semi-steps.

This was well illustrated during the December 11 joint meeting of energy agencies under the banner of the Energy Action Plan. Julie Fitch, director of strategic planning for the California Public Utilities Commission, posted a detailed schedule of six statutory dates over the next two years for agency actions related to AB 32's carbon reduction program. These will build toward a preliminary scoping order from the California Air Resources Board in February 2009, which is really the starting point, not the end game.

This is not to minimize the importance of the half steps that will get us to that point - in fact, you should already be marking your 2007 calendars or entering Blackberry reminders for the June 30 confluence of policy pronouncements. These will include the Energy Commission's greenhouse gas performance standards for public power utilities, the California Air Resources Board's "early actions" plan, and a set of advisory committee recommendations for market-based approaches - presumably for carbon-offset trading programs.

Because my 2007 celestial calendar tells me that June 30 is a Saturday with a full moon and Venus (gentle persuasion and cohesion) in opposition to its own higher octave Neptune (which often follows the path of least resistance), I'd recommend trying to get everything done at least a day early to minimize any self-delusions of grandeur.

Because only then does the real work begin.

Meeting procedural deadlines is fine and necessary, but it doesn't really tell us whether we're on the path to success. What we need, in the language of policy wonks, are metrics with meaning - standards for measuring our progress and identifying potential obstacles.

Again, the Energy Action Plan meeting broached this (see following story). In response to regulators' requests in September for more transparent metrics associated with achieving the 20 percent renewables portfolio standard by 2010 (while shooting for 33 percent by 2020), Sean Gallagher, California Public Utilities Commission Energy Division director, projected some detailed charts and graphs on the wall.

What stuck in my mind, and I hope in the minds of the assembled commissioners, were the two big X factors of risk: whether newly contracted resources will be able to deliver given lagging transmission improvements, and whether some existing renewables projects will still be delivering after their utility sales contracts expire before we reach the critical renewables portfolio standard dates. Previously, transmission deficits had been getting most of the attention. Thus, it was valuable to have the second potential pitfall brought out from behind the clouds of obscurity.

Similarly, Gallagher presented a new way of looking at the commission's goal of transforming summer peak demand-reduction programs from last-minute curtailments to more predictable, economic-incentive-based resources. During the power crisis and even as recently as three years ago, all of the state's demand response was triggered by emergency declarations. By now, the state had hoped to move all of that to a market-based regime, but we're only about halfway there; or so it seemed from the charts.

Again, that's good to know because it will focus attention and resources toward the place where we want to be.

There was one kind of "metric of success" raised during the session that I found to be less desirable.

The presentation on projections for meeting summer 2007 load by Dave Ashuckian, CEC Electricity Analysis Office manager, was all well and good, if a little confusing with regard to charting the probabilities of hitting staged alerts.

The bottom line under current statewide supply and demand assumptions is essentially for a 20 percent chance of a Stage One power emergency, a 5 percent to 10 percent chance of ratcheting to Stage Two, and a scant 1 percent likelihood of a Stage Three requiring firm-load curtailments (a.k.a. blackouts). Those probabilities were demonstrably higher for the SP26 zone in Southern California, he reported: at the worst something along the lines of a 50-50 chance of a Stage One, about a 1-in-3 potential for a Stage Two, and a remotely possible 1-in-14 risk of undesirable outages in the Southland next summer.

That's good to know, and the analysis actually offered some level of assurance to the commissioners and California Independent System Operator staff who know how close we came to a real problem during this past summer's extended heat storm. Things will probably be better than we feared.

But I've since had two less comforting thoughts about all this. One was triggered by the radio weather forecast I heard this morning projecting a 40 percent chance of rain, while I was driving though what could be described as heavy drizzle. Once an event happens, it's a 100 percent chance, and we know things can certainly happen during a peak period that toss all the probability calculations out the window.

The other somewhat troubling metric was what I understood to be an assertion by Ashuckian that, because of the structure of existing programs, interruptible contracts and demand responses are not triggered until there's a Stage Two emergency. And even after these resources are called into play, it does not necessarily make a difference to the actual level of emergency. In most cases, staged alerts were triggered even though there were sufficient resources available. Obviously, other factors besides supply tip the balance when the system gets tight.

He asked whether this poses the question of whether the public is being alerted when there might not be a real emergency. And shouldn't demand response occur before an emergency rather than after?

I'll concur with that last point, but I admit being a bit confused by the logic of the previous one.

First of all, it's really just a failing of nomenclature that we've come to consider a Stage One or Stage Two alert as an "emergency." In reality, the triggering of curtailments is a way to avoid the real emergency of rotating outages (which our mainstream media have inflated to a "crisis"). I think this is a holdover from the 2000-01 blackouts, when the grid operator really did face a daily crisis and needed to impress consumers and policy makers with the necessity of conservation to balance demand with available supply.

But that doesn't mean, as Ashuckian seemed to be suggesting, that we should "reduce the alerts the public sees." We want people to understand the situation. One of the goals of state policy is to get to the point where consumers consciously link peak periods with higher costs for power, so they actively make choices about their energy consumption patterns.

It's well past time to ratchet down the jargon, not to gloss over strained situations or avoid the perception of emergencies, but to put them in their proper perspective.

Achieving that kind of transparency will, I think, be a crucial component for measuring the success of meeting all of our ambitious energy and environmental goals.

- Arthur O'Donnell

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