

Transitioning to a Cleaner Economy



NCPA's Long-Standing Commitment to Clean Energy

NCPA, a California joint action agency, was established in 1968 by a consortium of locally owned electric utilities to make investments in energy resources that would ensure an affordable, reliable, and clean supply of electricity for customers in its member communities. Today, NCPA's 16 members include municipalities, a rural electric cooperative, and other publicly owned entities located in Northern and Central California. Together, our members provide power to approximately 700,000 electricity customers, and maintain a resource portfolio that is over 50 percent carbon-free.

NCPA understands that maintaining reliable baseload sources of energy will be critical for integrating the increasing amount of intermittent renewables that can only generate power when the wind is blowing and the sun is out. NCPA members support policies that recognize the environmental, reliability, and economic benefits our power plants provide to the state and local communities in achieving their energy goals.

Prioritizing Clean, In-State Baseload Energy Sources

Years after the energy crisis, NCPA and its members have focused on transitioning to cleaner sources of fossil-fueled, baseload energy to supplement their increasing renewable portfolios. The Lodi Energy Center is NCPA's most recent investment in cutting-edge power generation technology. The 300-megawatt capacity power plant in Lodi is one of the cleanest and most efficient gas-fired systems in the world. The facility provides power to nine NCPA member utilities, as well as four other public entities, including the California Department of Water Resources (DWR)—the largest participant in the project. DWR, which delivers water to two-thirds of the state's population, made major investments in the plant as part of its effort to significantly reduce the agency's carbon footprint.

Unlike other natural gas plants, the Lodi Energy Center is the first in the nation to use "fast-start" technology, making it an extremely flexible resource that is capable of operating to meet market needs. Under normal conditions, it cycles up and down in response to electricity demand, market process, and system reliability needs. But during the California drought, when hydroelectric production was being curtailed to conserve water, the Lodi Energy Center was critical in producing consistent baseload energy needed to help maintain statewide system reliability and integrate renewable energy.

Changes in how the California Public Utilities Commission sets natural gas transmission rates across the state could inadvertently put the Lodi Energy Center at an economic disadvantage when compared to higher emitting and less environmentally friendly plants.

This would not only lead to dispatch of dirtier plants, it would also create a negative financial impact on the state and local agencies that invested in the Lodi Energy Center.

NCPA supports measures that guard against state policies regarding the treatment of natural gas transmission rates that could inadvertently put the Lodi Energy Center at an economic disadvantage against less efficient, dirtier plants. Such measures would help further the state's ambitious energy and environmental goals, while also protecting the public investment made in the Lodi Energy Center.

Protecting California Infrastructure Investments

NCPA members have made significant public investments in combined cycle natural gas plants since the California energy crisis. These plants were built to ensure electric reliability and support a number of local jobs in our members' communities. Today, these same plants provide critical support to a California grid that relies on growing levels of intermittent renewable resources.

NCPA is concerned that efforts to regionalize the western transmission system and increasing renewable energy procurement mandates could reduce future natural gas plant operations. NCPA member plants have outstanding public debt and employ workers that receive a prevailing wage. In this changing environment, generation at the plants could be reduced to such an extent that they would no longer be economic to operate, resulting in significant stranded public bond investments and employee lay-offs in California communities (even though a regional grid could result in the state increasing its imported out-of-state energy).

As we transition to an increased focus on renewable energy, NCPA supports policies that both minimize stranded investments associated with the retirement of natural gas plants and allow our members to retain skilled jobs in their local communities.

Recognizing the Unique Nature of Small POUs

The state has a plethora of energy and climate programs designed to reduce greenhouse gas emissions and combat climate change. With these programs come a number of compliance obligations for utilities. POUs that operate under these programs differ in size, geography, and customer demographics. As such, NCPA strongly believes that policies affecting such a diverse group of entities should be structured with flexibility to accommodate these differences.

While our members are doing their part by meeting or exceeding the state's aggressive Renewables Portfolio Standard (RPS) requirements, which are a key component in moving California's energy policy forward, smaller POUs lack the ratepayer diversity and economies of scale of the larger utilities to which energy policy is generally tailored. State policy has recognized the unique characteristics of small POUs throughout the myriad of energy laws and regulations in the state; this recognition must continue to carry-over as existing programs are further developed and new programs are established.

NCPA supports statewide policy and program designs that acknowledge these differences and minimize compliance and reporting burdens to the greatest extent feasible, while still working toward statewide energy goals.