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Comments on Costs of Eliminating Coal

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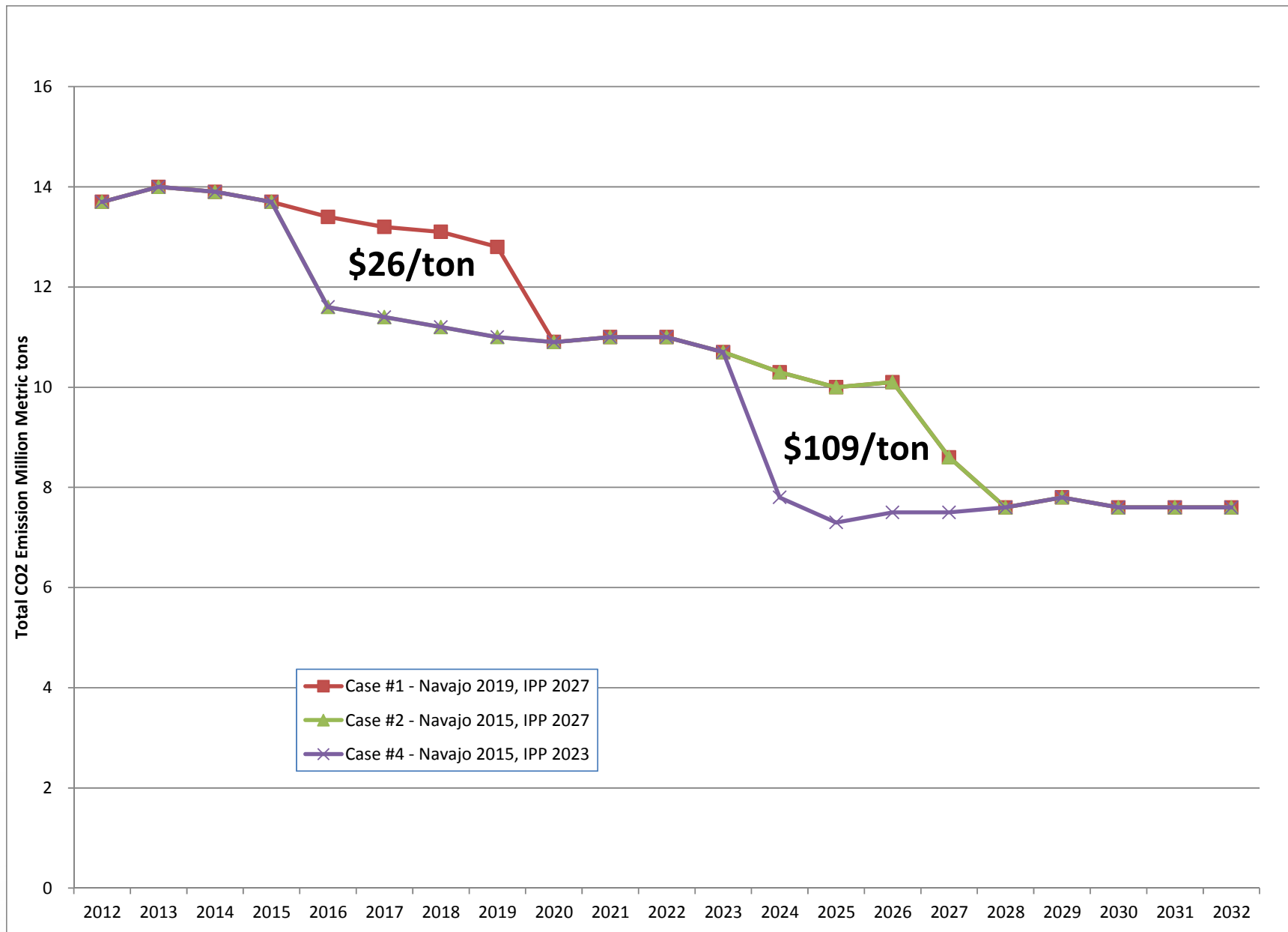
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updated

DWP's Coal Elimination Strategy

- ❑ Bottom line: OPA supports the strategy, with a few cautions
- ❑ Notes on Climate Change and Coal Elimination
 - Climate change is a key world problem
 - Directly, LADWP's total CO2 emissions are only 0.04% of world CO2 emissions
 - DWP and California, however, need to play a leadership role in showing CO2 emission reductions can be done in a cost effective manner
- ❑ DWP's first steps, with the Navajo schedule, contribute to the goal of cost effective solutions
- ❑ The DWP strategy for the 2020's needs more creative solutions to reduce the cost impacts



2012 LA DWP IRP Coal Scenarios: Cost of CO₂ Reduction



OPA Comments on LADWP's Coal Elimination Strategy

- ❑ The path to greater transparency: Planning reviews
- ❑ The LADWP Coal Elimination Strategy:
 - Comments are based on based on DWP's 2012 IRP, not specifics of any agreements
 - Estimated the cost of accelerated phase out of coal plants in \$ per ton of CO2
- ❑ Conclusions –
 - Accelerating phase out of Navajo, in terms of CO2 reduction at \$26/metric ton, is in the range of earlier expectations for CO2 emission costs
 - ✓ Move ahead, but caution on cost impacts, and maintain options
 - Current forecasts for accelerating phase out of IPP, in terms of CO2 reduction at \$109/metric ton, are much higher than expectation for the value of CO2 emissions
 - ✓ This estimate depends on the cost of future coal generation and alternative sources
 - ✓ Example: IPP location has potential to be a hub for gas generation, storage, and renewables from multiple areas in Rockies
 - ✓ Move ahead, but maintain flexibility while exploring cheaper opportunities and creative solutions

