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July 21, 2025

Mr. Joseph Merrill & Energy Efficiency and Demand Response Staff
California Energy Commission
1516 Ninth Street
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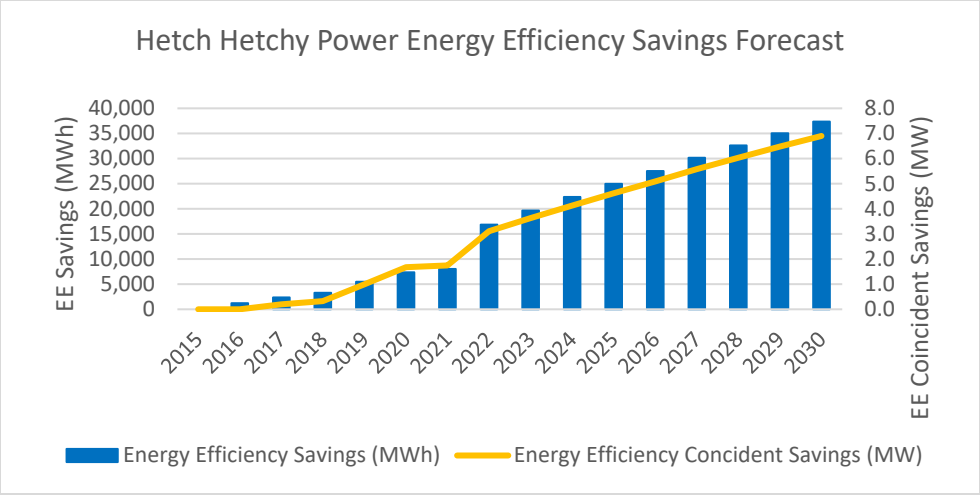
RE: Emails dated June 24, 2025 and July 3, 2025

Mr. Joseph Merrill & Energy Efficiency and Demand Response Staff,

Please find Hetch Hetchy Power's (HHP's) responses to your emails requesting information on Hetch Hetchy Power's most recent Integrated Resource Plan (IRP) below.

1. **CEC Question: Can you provide historical data and projection of cumulative additional achievable energy efficiency (AAEE) savings for years 2015 through 2029?** This info could be provided as a figure or data table showing energy efficiency savings each year in GWh, and/or cumulative savings. This would help support the conclusion of meeting the cumulative AAEE savings of 37 GWh for SFPUC in 2030 relative to the 2015 baseline as shown on page A-21, Table A-11 in Revised SB 350 Doubling Energy Efficiency Savings by 2030 (Revised SB 350 Report), California Energy Commission (October 2017).

   HHP Response: The figure below includes HHP's historical and projected cumulative energy efficiency savings through 2030. Compared to HHP's cumulative AAEE savings target of 37 GWh in 2030 pursuant to the Revised SB 350 Report, HHP projects cumulative energy efficiency savings will reach 37.4 GWh in 2030.



2. **CEC Question: Can you also confirm the methodology for aggregating these AAEE savings matches the methodology indicated in the Revised SB 350 Report on page A-18?** The savings being reported should not include savings attributed to codes and standards and should use net savings. Alignment on these pieces would allow the reported AAEE savings data to be directly compared with the Revised SB 350 Report goal of 37 GWh of cumulative savings.

   HHP Response: Based on our understanding, the methodology for aggregating AAEE savings reported in Hetch Hetchy Power's 2023 IRP matches the methodology indicated in the Revised SB 350 Report on page A-18.

3. **CEC Question: Can you review the EBT and GEAT within your Standardized Tables and confirm the following?**

   a. Please confirm if the emissions listed in your GEAT are in the stated units of Mmt CO2e (million mt CO2e). It appears the emission results in your GEAT are actually reported in mt CO2e.

   HHP Response: Thank you for noting this error, HHP has corrected and updated the GEAT in the Standard Tables, attached.

   b. Please confirm if emission intensity listed for WAPA - Custom Power of 0.428 mt CO2e/MWh in the GEAT is accurate and the emission values are accurate. According to the GEAT, the carbon emissions for this resource is zero for all years. On your EBT, WAPA - Custom Power is listed as a Large Hydroelectric resource, which is likely much less than 0.428 mt CO2e/MWh or even zero.

   HHP Response: The Base Resource is large hydro which has zero emissions. The custom product provided to HHP comes from various unspecified resources within the state and it is appropriate to use the 0.428 emission factor. HHP has updated the GEAT for this portion of the WAPA purchases in the Standard Tables, attached.

4. **CEC Comment: Consider providing a brief discussion about minimizing impacts to ratepayer bills.** Additional discussion may help support the conclusion that the IRP addresses minimizing impacts to ratepayer bills.

   HHP Response: Thank you this comment. The SFPUC takes rate and utility bill affordability very seriously. Minimizing ratepayer impacts is a primary objective for our long-term planning and power portfolio management activities. In the shorter-term, the HHP Portfolio is optimized under a conservative risk profile. Seasonal strategies are put in place to minimize cost, as well as reduce the open exposure to price increases and/or spikes in the energy markets.

The IRP report took note of ratepayer impacts associated with its long-term planning in a couple different places. For example, on page 18, the relative financial impact of each of the scenarios is summarized. It is also noted that Scenarios A and D show ratepayer savings relative to a "Do Nothing" Scenario (relying on short-term or spot markets to meet utility energy supply requirements).

> "The resulting Portfolio Net Market Cost column represents the net cost of spot market energy purchases and sales to serve the Hetch Hetchy Power energy portfolio with the assumed energy resources… In the "Do Nothing" scenario, the Hetch Hetchy Power portfolio would incur approximately $45.3 million in net costs to serve customer energy demand (includes both spot market purchases and sales of excess Hetch Hetchy generation). By comparison, each of the new renewable energy scenarios are projected to reduce the portfolio net cost, with Scenarios D and A reducing costs the most. This is the result of forecasted new renewable energy costs being comparable to, or less costly than the spot market, and reducing Hetch Hetchy Power's open position for energy during the late summer, fall, and winter months, when forecasted spot power prices are high."

Further, in Section 6, we note that the IRP indicates that HHP will not require any significant new energy procurement until 2033, and only then if some significant projected load growth occurs. Given the timeframe and load growth uncertainty, the IRP recommended monitoring load growth and revising/updating procurement needs and financial impacts in subsequent resource and financial planning processes.

> "This IRP does not forecast any significant additional renewable procurement to be required for Hetch Hetchy Power until 2033, when projected load growth begins to require new renewable energy resources to supplement existing resources on a regular basis. Therefore, it is prudent to continue to monitor projected load growth, Hetch Hetchy Power net energy and capacity needs, and renewable energy costs and incorporate refinements to the analysis performed in this IRP in future iterations of Hetch Hetchy Power financial plans and cost of service studies."

Although the SFPUC Commission did not adopt a specific portfolio for this IRP update, staff identified Scenario D as the most likely portfolio due to its reliability benefits and projected lowest cost to ratepayers, based on available market data at the time. As a result, SFPUC staff used Scenario D for completing the CEC's IRP Standardized Tables.

5. **CEC Question: Regarding Local Resource Adequacy on page 25 of the HHP IRP when you state, "procurement of standalone energy storage and/or energy storage paired with wind or solar generation located within a CAISO-designated Local Reliability Area could supply the Local RA capacity that Hetch Hetchy Power is projected to require", do you mean specifically within a CAISO-designated Local Reliability Area <u>within the PG&E TAC</u>?**[1]

   HHP Response: Yes, that is correct, the Local RA capacity is to be procured within the CAISO-designated Local Reliability Area in the PG&E TAC Area.

6. **CEC Question: Please clarify which scenarios are the focus of the results in the report post cost assessment.** To the extent Capacity Resource Accounting Table (CRAT) and other Standardized Tables represent Scenario D, then Scenario D is the likely focus and answering the questions below should provide the information needed.

   Regarding your resource Scenarios A-D:

   - It appears your CRAT is consistent with Scenario D because only Scenario D involves 50 MW of new geothermal, and the CRAT table shows 48 MW NQC of geothermal starting in 2035.
   - Your scenario analysis found Scenarios A and D to be the most cost effective, with Scenario D being the absolute most cost effective. Your Figure 4-5 and discussion in the Ability to Meet Peak Demand section refer only to Scenario A, not Scenario D.

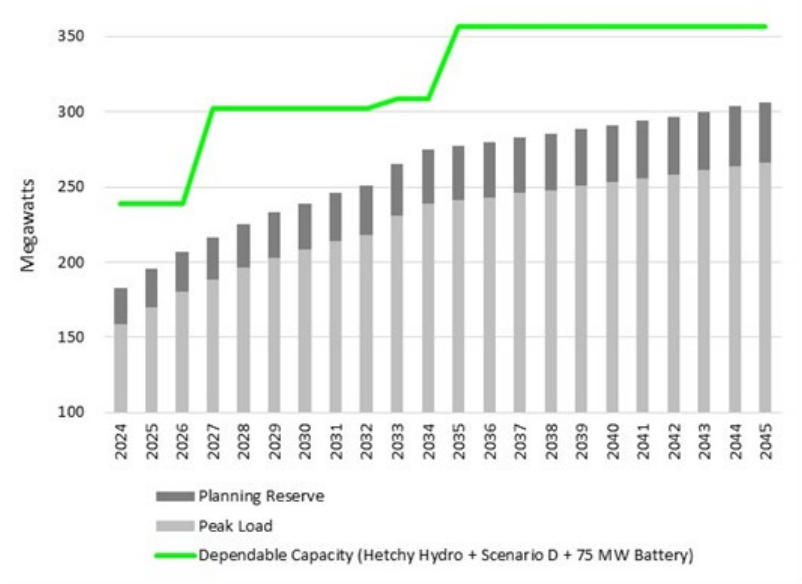
   a. Which resource scenario is represented in the CRAT Table and other standardized tables?

   HHP Response: Scenario D is represented in the CRAT Table.

   b. Please provide a figure similar to Figure 4-5 for Scenario D or whichever scenario is represented in the Standardized Tables.

   HHP Response: Here is an updated Figure 4-5 with Scenario D.

[1] *See* section 40.3.2 a and b: section-40-resource-adequacy-demonstration-for-scheduling-coordinators-in-the-caiso-balancing-authority-area-as-of-jun-3-2025.pdf.



Please let us know if you have any further questions or comments.

Sincerely,

Michael Hyams
Deputy Assistant General Manager, Power