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Additional submitted attachment is included below.



February 6, 2015

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California Energy Commission
Dockets Unit

Re: Docket No. 15-IEPR-01
1516 Ninth Street, MS 4
Sacramento, CA 95814-5512
via email docket@energy.ca.gov

Re: Draft 2015 IEPR Scoping Order

Marin Clean Energy ("MCE") hereby submits its comments on the Draft 2015 Integrated Energy Policy Report ("IEPR") Scoping Order promulgated by the California Energy Commission ("CEC"). MCE respectfully requests that the CEC include all Community Choice Aggregator ("CCA") load, CCA long-term procurement, and several changes to the methodology for forecasting energy efficiency ("EE") into the scope of the proceeding.

I. Introduction

MCE is the first operational CCA within California. MCE currently provides generation services to approximately 125,000 customer accounts throughout Marin County and the City of Richmond. MCE is currently expanding and is actively enrolling accounts in unincorporated Napa County beginning this month. MCE will also be enrolling the Cities of San Pablo, Benicia, and El Cerrito later this year in May. MCE's customers receive generation services from MCE, and receive transmission, distribution, billing and other services from Pacific Gas and Electric Company ("PG&E"). MCE is also an EE program administrator approved by the California Public Utilities Commission ("CPUC") to implement ratepayer funded EE programs.

MCE is a not-for-profit public agency formed to reduce greenhouse gas emissions by providing communities within its service area with a choice to purchase a different energy mix than what PG&E offers. MCE customers may choose one of three energy products: MCE's "Light Green" 50% renewable energy product, MCE's "Deep Green" 100% renewable energy product, and MCE's "Local Sol" 100% local renewable energy product.

MCE has procured sufficient energy supply to meet its customers' demand through 2018 and has 10 long-term power purchase agreements with terms ranging from 10 to 25 years.

II. Incorporating CCA Supply and Demand Projections into the IEPR

As CCAs continue to expand throughout California, the IEPR should accurately reflect this trend by incorporating data and forecasts relating to the impacts of CCAs on system reliability and demand. Including this information in the IEPR will inform CPUC long-term planning processes to minimize overprocurement of energy resources by the IOUs on behalf of CCA customers. Avoiding such overprocurement will help protect CCA customers from having unnecessarily high exit fees related to IOU procurement activities.¹

The 2014 IEPR included general estimates for overall CCA load that departed from IOU service. The 2015 IEPR should further refine these departing load estimates to include: 1) separate accounting for individual CCAs; 2) accounting of load impacts associated with smaller CCAs (with peak demands below the 200 MW threshold); and 3) reasonable forecasts of additional departing load due to CCA growth, including expansion of existing CCA programs and commencement new CCA programs. Additionally the 2015 IEPR should incorporate new long-term resources being brought online as a direct result of ongoing CCA procurement activities.

a. Refinements for Departing Load Estimates in the 2015 IEPR are Necessary

California Public Resources Code §25302.5(b) indicates: "The [CEC] shall perform an assessment in the service territory of each electrical corporation of the loss or addition of load described in this section and submit the results of the assessment to the Public Utilities Commission." The loss or addition of load that should be assessed specifically includes load of community choice aggregators in accordance with §25302.5(a)(1)(A). Therefore, the CEC is required by law to assess the loss of load attributable to MCE and other CCAs in California.

The loss of load for all CCAs should be incorporated into the IEPR. Because MCE's peak demand exceeds 200 MW, MCE is beginning to participate in the regular reporting process that is part of the CEC's IEPR analysis. However, a number of new CCAs, including Sonoma Clean Power ("SCP") and Lancaster Choice Energy ("LCE"), may not need to report to the CEC due to lower peak demands. The CEC should incorporate a reasonable assessment for departing load due to all CCAs even when certain CCAs are not required to report to the CEC due to their relatively low contributions to peak demand. This information may be determined from each CCA's Implementation Plan on file with the California Public Utilities Commission ("CPUC").

¹ The component of exit fees affected by IOU overprocurement of energy products is the Power Charge Indifference Adjustment ("PCIA"). The component of exit fees affected by IOU overprocurement of capacity resources is the Cost Allocation Mechanism ("CAM").

Many CCAs may also maintain a document similar to MCE's Integrated Resources Plan with additional relevant detail.

The IEPR should also incorporate a forecast of departing load for communities that are in the process of developing or joining a CCA. PG&E provided a forecast of CCA departing load in their 2014 Bundled Procurement Plan that may serve as a starting point for the CEC.² This forecast was developed to comply with a recent CPUC decision.³ Considering MCE's recent and ongoing expansion adjacent to its service territory, the CEC should also include a community's proximity to an existing CCA as a criterion to forecast departing load.

b. The IEPR should Reflect the Additional Generation Resources brought Online from Long-Term CCA Procurement

CCAs are distinct from Direct Access ("DA") providers in-part because CCAs, to a much greater extent, procure on a long-term basis. This procurement provides reliability benefits by inducing the development of new generation to support the grid. Additionally, CCAs can build and own their own generation. MCE is currently developing and plans to retain ownership of a new generation resource.

These additional resources should be incorporated into the CEC's supply resource assessments. At this point, CCAs receive no recognition by the CPUC for the reliability benefits they provide. At the same time, CCAs are required by way of CAM to pay the IOUs to procure new resources to meet all of the CPUC-determined grid reliability needs. The IEPR should incorporate and reflect any new generation resources being brought online by CCAs. This will enable the CPUC to consider these resources alongside IOU procured resources as part of its long-term planning process when evaluating reliability need, thereby preventing overprocurement of reliability resources by the IOUs and overpayment of the reliability-related CAM fees by CCA customers.

III. Changes to the IEPR Methodology for Forecasting Energy Efficiency

Governor Brown's recent goal for 50% less energy use in existing buildings requires a different approach to EE. The CEC should consider a number of changes to the 2015 IEPR to accomplish this goal including expanded data access, adjusting baselines and code compliance assumptions, expanding benchmarking to the multi-family building sector, and adopting a performance-based energy standard for buildings.

² "A number of communities have undertaken a significant financial commitment to evaluate CCA, and have passed resolutions stating their intent to move down this path. In these cases, PG&E estimated the departing load by multiplying estimates of the likelihood that they will proceed to serve the amount of load within these communities, adjusted by an estimated opt-out rate and an annual load growth factor." PG&E's Proposed 2014 Bundled Procurement Plan, Attachment C at p. 96.

³ D.14-02-040 at pp. 16-17 and Ordering Paragraph ("OP") 1.

a. Data Access

MCE supports inclusion of data access issues in the 2015 IEPR. Optimized energy efficiency programs are achieved through an integrated demand-side resource approach and open market innovation supported by access to data. Program implementers and local governments can use Advanced Metering Infrastructure (“AMI”) data to target programs, develop “Smart” rates,⁴ and minimize grid impacts through better resource siting. At this point, IOUs maintain exclusive control over much of this data which stifles formation of a robust EE market and optimized programs. MCE acknowledges the CEC may not be able to completely address the challenges to data access. However, the IEPR should contain a policy recommendation related to expanded access to data.

b. Baselines and Code Compliance Assumptions

EE programs authorized by the CPUC predominantly use a code baseline. This baseline only allows above-code energy savings to count toward a program’s success. One reason for this approach is to avoid providing incentives for behavior that would take place without incentives. However, many parties conducting this work dispute the underlying assumptions about code compliance. The CEC should explore more realistic rates of compliance for existing buildings in the 2015 IEPR to enable more projects and more accurate energy savings. MCE proposes the CEC initiate a study to develop more accurate assumptions related to code compliance.

Additionally, the code baseline approach precludes many projects because it allows only a diminishing⁵ portion of the overall energy savings to count. The CEC should consider directing funding, to complement ratepayer funded EE measures, used to bring buildings up to code. This will reduce the barriers that keep numerous EE projects from moving forward.

c. Expanding Benchmarking to the Multi-Family Building Sector

The existing benchmarking and disclosure requirements of AB 1103 should be expanded to the multi-family building sector. This sector is marked by split incentives⁶ between landlord and tenant that preclude investments in energy efficient building and appliance improvements. If multi-family buildings are required to benchmark and report their energy consumption, potential tenants will have greater information and can

⁴ Smart rates award customers that change their energy consumption and behavior based on alerts.

⁵ As Title 24 codes become more stringent, the possible above code savings diminish.

⁶ The split-incentive exists in landlord-tenant situations (e.g. where the building owner owns energy consuming equipment but the tenant pays utility bills). In these circumstances, the landlord has little incentive to invest because they do not recuperate the savings from investments in energy efficiency. The tenant likewise has little incentive to invest in energy efficiency because they may move out of the unit and not retain the benefit of their investment.

choose to occupy more efficient buildings. This new incentive may motivate multi-family building owners to attract tenants through heavier investments in EE.

d. Updates to Title 24 to Enable Deeper Energy Efficiency Savings

The CEC should consider updating the compliance software it maintains (i.e. Energy Pro) to include cooking energy, lighting technologies that exceed code, and other features to address barriers faced by parties seeking deeper EE improvements. Further, the CEC should consider an alternative base case for new construction, perhaps allowing for more tailored approaches (e.g. heat pumps). The existing base case drives the market toward installation of certain technologies such as natural gas infrastructure. Natural gas infrastructure, specifically, poses risks including costs to maintain gas lines, uncertain natural gas prices, and stranded assets with climate-related fuel switching. Allowing more tailored approaches with innovative technologies may improve energy efficiency in California.

e. Adopting a Performance-Based Energy Standard for Buildings

The existing prescriptive approach to energy standards for buildings does not create incentives to exceed the code and does not adequately incorporate new technologies. Currently, there is little incentive to outperform any particular standard. The 2015 IEPR should consider recommending a shift to a performance-based approach, perhaps energy use per square foot of building space.⁷

This approach incentivizes adoption of a mix of measures and technologies tailored to the characteristics of a building that will achieve energy savings economically. In lieu of meeting a standard for each individual measure or technology, the building owner is free to allocate investments to items that achieve greater energy savings at a lower price. This also allows new technologies to be incorporated that would otherwise exceed the Title 24 standard.

IV. Conclusion

MCE respectfully requests that the CEC include CCA supply and demand into the IEPR. Additionally, MCE requests the IEPR consider a number of changes to the methodology used to forecast EE in order to meet Governor Brown's ambitious goals. MCE looks forward to robust participation in the 2015 IEPR and thanks CEC staff for addressing these important issues.

Sincerely,



Michael Callahan-Dudley
Regulatory Counsel

⁷ For example, the Passive House standard in Europe mandates energy intensity rather than specific measures.