DOCKETED

Docket Number:	15-IEPR-01
Project Title:	General/Scope
TN #:	206515
Document Title:	MCE Comments: 2015 Draft Integrated Energy Policy Report
Description:	N/A
Filer:	System
Organization:	MCE/C.C. Song
Submitter Role:	Public
Submission Date:	11/5/2015 12:57:15 PM
Docketed Date:	11/5/2015

Comment Received From: C.C. Song
Submitted On: 11/5/2015
Docket Number: 15-IEPR-01

2015 Draft IEPR Comments from MCE

Additional submitted attachment is included below.

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November 10, 2015

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: 2015 Draft Integrated Energy Policy Report

Marin Clean Energy ("MCE") hereby submits its comments on the 2015 Draft Integrated Energy Policy Report ("IEPR") promulgated by the California Energy Commission ("CEC"). MCE applauds the tremendous endeavors that the CEC staff undertook to produce the draft IEPR to provide guidance on California's energy planning in coming years. MCE respectfully requests that the CEC acknowledge the leadership Community Choice Aggregators ("CCA") have taken to drive Energy Efficiency ("EE") adoption and promote the consumption of renewable electricity by including forecasts of the impacts of CCAs within the Energy Efficiency, Decarbonizing the Electricity Sector, and Electricity Demand Forecast chapters in the final 2015 IEPR. Additionally, MCE requests that CCA supply and demand data be clearly represented within the 2015 IEPR work papers so that they can properly inform the Long-Term Planning Process overseen by the CPUC.

I. Introduction

MCE is the first of the three operational CCAs in California; the other two being Sonoma Clean Power ("SCP") in Sonoma County, and Lancaster Choice Energy ("LCE") in northern Los Angeles County. MCE currently provides generation services to over 176,000 customer accounts throughout Marin County; unincorporated Napa County; and the cities of Benicia, El Cerrito, Richmond, and San Pablo. MCE has received several requests from other municipalities to join MCE's territory, including cities in Napa, Contra Costa, and Yolo counties. 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 EE programs using ratepayer funds.

MCE offers three electricity products to its customers, and all products have renewable contents that have far exceeded the State's minimum requirement of 33%:

- Light Green: MCE's default product, and 56% of the Light Green power mix came from renewable sources in 2014
- Deep Green: Customers can elect to pay a higher premium for this 100% renewable energy product
- Local Sol: 100% of the electricity for this product is generated by local solar projects

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 cleaner energy mix than what PG&E offers. MCE is governed by a Board of Directors, comprised of locally elected officials from municipalities within MCE's service territory.

II. Incorporating Strategies to Engage CCAs in Achieving Statewide Energy Efficiency Goals

MCE applauds the CEC's recognition of the importance of innovation in the Draft 2015 IEPR, and suggests specific changes that acknowledge the role of CCAs in administering energy efficiency programs, as well as specific challenges CCAs face in improving energy efficiency adoption. Some of these challenges are shared in common with other local governments or private third parties, such as data access and navigating building energy standard compliance.

a. Recognizing CCA's Role in Increasing Local Government Leadership in Energy Efficiency

MCE is the first CPUC-approved CCA EE Program Administrator ("PA") for all ratepayers in its service territory. As other CCAs form and mature, more CCAs may elect to apply for ratepayer funding at CPUC and funding from other sources to expand the reach and the effectiveness of their EE programs. Due to CCAs' inherent connections with local communities, they are primed to provide EE and other Integrated Demand Side Management ("IDSM") services that can be more responsive to various local needs than large Investor Owned Utilities ("IOU")

MCE recently submitted a proposal to the CPUC to become the default EE provider in its territory and expand the suite of program offerings to its customers. This reflects MCE's intention to lead in facilitating EE market transformation that will drive greater Greenhouse Gas ("GHG") emissions reduction. MCE's proposal included an innovative approach that will establish MCE as the Single Point of Contact ("SPOC") for its customers. SPOC will help MCE's customers achieve greater energy savings by streamlining the process by which customers receive information about eligible upgrades and incentives. Through SPOC, contractors will continuously identify

additional upgrade opportunities for customers that will ultimately achieve the goal of Zero Net Energy ("ZNE") buildings.

The CEC's 2015 IEPR and ongoing efforts to increase local government leadership in EE should recognize innovative programs administered by CCAs, and support promising CCA efforts to enable more innovative EE programs in their territories. The CEC should clarify if CCAs are eligible to apply for funding sources dedicated to local governments and utilties indicated by CEC in the Draft Report, including the reallocated American Recovery and Reinvestment Act ("ARRA") funds for local government. MCE looks forward to working with the CEC, along with other CCAs and local governments, to develop opportunities that will empower local initiatives to further drive EE innovations.

b. Data Access

MCE appreciates the CEC's acknowledgement of data access difficulties experienced by non-IOU entities, including local governments. MCE, much like other local governments, experiences similar difficulties in accessing EE data, and is making some progress by working with PG&E and the CPUC to obtain data that can better inform the deployment of MCE's EE programs. MCE appreciates the specific actions that CEC is taking to work with the CPUC to identify data that can be made available to meet market needs. MCE also looks forward to CEC's update on its Title 20 data collection regulations in 2016.

To the extent possible, ongoing efforts between the CEC and the CPUC to identify publically available data should engage stakeholders to refine the formats of these data. This will ensure that data are made available at levels of granularity that will useful for various entities.

c. Engaging CCAs in implementing the 2016 Standards Update and the 2019 Standards Development Cycle

As the CEC takes the steps to implement the 2016 Standards Update to enhance the effect of updates on existing building, the efforts to work with local utilities, and other local jurisdictions to develop early compliance incentive, training programs for projects, and retrofit programs should also engage CCAs. With three years of providing EE programs with ratepayer funds approved by the CPUC, MCE can offer insights into challenges, opportunities, and needs in administering EE programs. While some of these perspectives may be unique to CCAs, they may overlap with experiences similar to other local governments as well. Similarly, the CEC should also engage CCAs in the 2019 Standards development cycle to improve cost-effectiveness framework, identify roadblocks to EE implementations, and develop solutions to those roadblocks.

d. Incorporating CCA Electricity Savings and Demand Reduction Data in Future IEPR

As more CCAs emerge and mature, some CCAs, in addition to MCE, may pursue the opportunity to be the default administrator of EE programs in their service territories. As the sole current CCA EE PA, MCE recognizes that CCAs' present collective electricity savings and demand reduction data may not be significant enough to warrant their own assessment in the final 2015 IEPR. However, MCE welcomes the opportunity to continuously engage with CEC staff, as MCE expands its EE programs and as other CCAs grow, to develop strategies and timeline to incorporate EE data from CCAs in future iterations of the IEPR.

III. Including CCA Renewable Portfolio Progress into the IEPR

All three existing CCAs offer default electricity products with renewable power content that significantly exceed the state's minimum RPS requirements and will likely continue to increase in the future.

- 56% of MCE's 2014 default Light Green power mix comes from renewable sources
- 36% of SCP's default CleanStart power mix is generated by renewable sources
- 35% of LCE's default ClearChoice comes from renewable sources

MCE's Board of Directors has already approved plans to incrementally increase its RPS eligible power content to 80% by 2025, and to continue exceeding the environmental performance standards mandated by state regulations with respect to renewable energy and GHG emissions. Efforts by MCE and other CCAs to aggressively procure more renewable energy can help meet various state policy goals, including the Governor's renewable distributed generation target.

Presently, there is no recognition of CCAs' renewable power mix in the Draft 2015 IEPR, and MCE respectfully requests that the CEC include such information in the Decarbonizing the Electricity Sector chapter. Incorporating CCAs' efforts in decarbonizing the electricity sector will inform the energy regulatory agencies, IOUs, POUs, CCAs, and key state policymakers on key issues that affect renewable energy deployment, including the costs and benefits of renewable projects, over-generation of renewable sources, and grid reliability. MCE and other CCAs are willing to work with the CEC staff to provide additional data to be incorporated within this section of the 2015 IEPR.

IV. Incorporating CCA Supply and Demand Projections into the IEPR

MCE acknowledges that the revised forecast will be presented at the IEPR workshop on December 3, 2015, after the deadline for comments on the Draft 2015 IEPR has passed. In the effort to be included in both the 2015 IEPR and work papers, MCE submitted its demand forecast data on April 13, 2015. MCE looks forward to reviewing the revised forecast, and continuing to provide information and assistance to CEC staff on developing the forecast of CCA electricity supply and demand forecast.

MCE submitted a set of comments on the 2015 IEPR General Scope related to incorporating CCA electricity supply and demand forecast into the IEPR in February. MCE reiterates some of the points below to underscore the importance of reflecting data and forecasts relating to the electricity load impacts of CCAs. Including this information in the IEPR will inform the CPUC's long-term planning processes to minimize the prospects of unnecessary and inefficient over-procurement of energy resources by the IOUs on behalf of CCA customers. Avoiding such over-procurement will help protect CCA customers from having unnecessarily high exit fees relating to IOU procurement activities.[1]

The 2015 IEPR should further refine these departing load estimates, inclusive of the following considerations: 1) specific accounting of load impacts/reductions related to individual CCA initiatives; 2) direct accounting of load impacts associated with smaller CCA initiatives (with peak demands below the 200 MW IEPR reporting threshold); and 3) reasonable forecasts of additional departing load due to prospective CCA growth, including expansion of existing CCA programs and commencement of service by new CCA programs. Additionally, the 2015 IEPR should reflect new long-term resources being brought online as a direct result of ongoing CCA procurement activities.

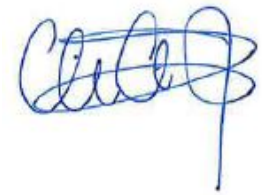
At this point, CCAs receive no recognition by the CPUC for the reliability benefits they provide. At the same time, CCAs are required by way of CAM to pay the IOUs to procure new resources to meet all of the CPUC-determined grid reliability needs. The IEPR should incorporate and reflect any new generation resources being brought online by CCAs so that the CPUC can consider these resources alongside IOU procured resources as part of its long-term planning process when evaluating reliability need. This will prevent over-procurement of reliability resources by the IOUs and overpayment of the reliability-related CAM fees by CCA customers.

V. Conclusion

MCE respectfully requests that the CEC acknowledges the leadership MCE has taken to drive EE innovations and renewable energy procurement, and clarifies channels for CCAs to seek further support for EE programs. MCE reiterates the importance of including CCA forecast of electricity demand and supply, and long-term procurement into the final 2015 IEPR. MCE looks forward to continue its participation in the 2015 IEPR and thanks CEC staff for addressing these important issues.

Sincerely,

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



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