

## DOCKETED

<b>Docket Number:</b>	15-IEPR-01
<b>Project Title:</b>	General/Scope
<b>TN #:</b>	206574
<b>Document Title:</b>	SMUD Comments on 2015 Draft Integrated Energy Policy Report
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Sacramento Municipal Utility District/Steve Lins
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	11/10/2015 3:37:59 PM
<b>Docketed Date:</b>	11/10/2015

*Comment Received From: Steve Lins*

*Submitted On: 11/10/2015*

*Docket Number: 15-IEPR-01*

**SMUD comments on 2015 Draft IEPR**

*Additional submitted attachment is included below.*

**STATE OF CALIFORNIA  
BEFORE THE CALIFORNIA ENERGY COMMISSION**

<b>In the matter of:</b>	)	Docket No. 15-IEPR-01
	)	
<i>2015 Integrated Energy Policy Report (2015 IEPR)</i>	)	SMUD Comments On: <i>Draft 2015 Integrated Energy Policy Report</i>
	)	
	)	November 10, 2015

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**Comments of the Sacramento Municipal Utility District on the  
*2015 Draft Integrated Energy Policy Report***

Thank you for the opportunity to provide comments on the *Draft 2015 Integrated Energy Policy Report (Draft 2015 IEPR)*. The *Draft 2015 IEPR* is a comprehensive, well-written document that covers current energy policy issues well. SMUD has the following brief comments for consideration.

**A. Energy Efficiency**

SMUD supports continuing examination of the definition of zero net energy (ZNE) buildings as the state gets closer to the goals of all new residential buildings being ZNE by 2020 and all new non-residential buildings by 2030. SMUD believes that the definition of ZNE buildings should be altered to increase consideration of off-site renewables, like community solar. First, it is clear that some homes and non-residential buildings will not be able to achieve on-site ZNE status with on-site generation due to various locational and structural factors, including local weather, shading, and the varied energy use versus on-site opportunities of different building types. Second, off-site renewable generation can in many circumstances yield a more cost effective accomplishment of ZNE, since the size and site optimization available for offsite systems is clearly greater than is available for on-site systems.

In addition, SMUD supports additional consideration of the role of natural gas use in the ZNE calculation, and notes that high efficiency electrification opportunities such as heat-pump water and space heating can contribute to achieving the ZNE goals. The CEC should examine barriers to these technologies, including aspects of the time

dependent valuation structure that tend to inappropriately disfavor electric technologies in comparison to natural gas technologies.

SMUD also supports increased collaboration with the Federal government on a variety of appliance efficiency actions. Federal preemption means that often the best efficiency opportunities for a variety of significant end-uses is to exert state influence at the Federal level.

Finally, SMUD notes the *Draft 2015 IEPR* recommendation that the building standards for cost-effectiveness monitor and reflect the changes in costs for on-site generation that will be forthcoming from the California Public Utilities Commission proceeding that will establish protocols and requirements to replace the current net energy metering structure required for most on-site generation. This recommendation should also include any changes to net energy metering protocols outside the CPUC process, such as at publicly owned utilities.

## **B. Decarbonizing the Electricity Sector**

SMUD supports the recommendation that a diverse portfolio of renewables be pursued as the state moves to a 50% renewable requirement. SMUD has followed this principle in our historical renewable procurement, seeking out different fuel types and types of resources (e.g. baseload versus intermittent) in our own renewable portfolio, within the general concept of procuring the lowest cost renewables available. This becomes more important as renewables make up 50% or more of the state's power mix to avoid a strategic overdependence on one type of resource.

SMUD also supports the recommendation that there be additional consideration of the role of distributed generation in the Renewable Portfolio Standard (RPS). SMUD has strongly advocated that locally-connected, behind-the-meter, renewable resources be considered as the most valuable RPS resources, known as "category 1" resources. However, current regulatory interpretation is that these resources are placed in the much lower-valued "category 3". The most significant problem that this leads to is the inability to count this clean, local, renewable generation fully toward the RPS, since there are statutory limits on the amount of category 3 resources that utilities can include in their RPS procurement. These resources are expected to continue to grow due to our customers and communities choosing the on-site option available to them, so utilities in most cases cannot simply stop procuring these resources when approaching their category 3 limit. This legislative and regulatory barrier to a state preferred resource should be removed. At the very least, the category 3 limit should not be applied to these resources. That limit was aimed at limiting procurement choices within the clear control of the utility, not at slowing the growth of distributed generation.

SMUD recommends that references to SMUD on pages 65 and 83 be slightly modified or removed. In a section about renewable progress at POUs on page 65, the *Draft 2015 IEPR* says that SMUD stated our renewable procurement from 2003 to 2014 "moved to a distant third to first among POUs ..." In fact, SMUD's presentation showed a move from distant third to first not among POUs, but among the largest five utilities in the state. SMUD is aware of POUs that have a higher renewable percentage in their

portfolio, so the attributed statement is not accurate. In addition, at the time of that presentation SMUD only had data about renewable procurement available through 2013 for the other four large utilities in the state. The statement about the top five utilities through 2013 is accurate. However, 2014 data now available shows continued progress for SMUD, but procurement progress for two of the other utilities in the group changes SMUD's 2013 ranking. The reference to SMUD statements on page 65 should be altered accordingly.

On page 85, the *Draft 2015 IEPR* describes SMUD statements about reliability and cost issues with respect to distributed generation. The footnote to this statement does not seem to point to the correct document to corroborate the statement. SMUD recommends that this paragraph be removed.

Finally, SMUD notes the recommendation to continue to support renewable research through the Electric Program Investment Charge (EPIC). While SMUD supports this recommendation, we suggest that the recommendation be altered to also support continued collaboration with similar research efforts outside the EPIC, such as SMUD's longstanding renewable research activities, in order to avoid unnecessary duplication of research efforts in the state. Such collaboration should extend to SMUD participation in EPIC funded projects for maximum effect.

## **C. Energy Demand Forecast**

SMUD supports recommendation to hold discussions with stakeholders with respect to distributed photovoltaic forecasting and projections (page 166, *Draft 2015 IEPR*). While some quantitative forecasting method seems appropriate, SMUD believes that the current CEC methodology is based too much on simple economics of PV systems versus electricity rates to accurately capture consumer decision metrics for the PV choice, many of which are qualitative rather than quantitative. SMUD believes that a significant amount of historical installation data is available from the California Solar Initiative and annual Senate Bill 1 reports that should be used to attempt to calibrate the PV forecast. At the same time, the economics of PV systems and procurement structures have changed rapidly and are continuing to change, so that historical calibration as well as accurate forecasting may prove difficult. The addition of storage systems into the distributed generation picture is likely to exacerbate this difficulty.

## **D. Natural Gas**

SMUD appreciates the language addressing biogas and biomethane in the Natural Gas chapter of the *Draft 2015 IEPR*. SMUD would suggest that the CEC find a way to extend the accurate and common sense definitions of biogas and biomethane in the *Draft 2015 IEPR* to other arenas under the CEC authority. In particular, treatment of these resources under the RPS would be improved significantly if these definitions were applied to ease the requirements that fall upon on-site production of electricity from biogas resources.

In addition, SMUD wonders about the lack of any bio resource related recommendations in the Natural Gas chapter. With all the discussion about “decarbonizing the pipeline” and achieving long-term climate goals, some recommendation about reducing GHG emissions in the natural gas sector through use of bio resources seems appropriate.

/s/

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/s/

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