

DOCKETED

Docket Number:	16-OIR-04
Project Title:	Integrated Resource Plans (Publicly Owned Utilities)
TN #:	212110
Document Title:	Southern California Public Power Authority Comments on SB 350 POU IRP Guidelines
Description:	N/A
Filer:	Patty Paul
Organization:	Southern California Public Power Authority
Submitter Role:	Public
Submission Date:	7/5/2016 1:17:19 PM
Docketed Date:	7/1/2016

DOCKETED

Docket Number:	16-OIR-01
Project Title:	General Rulemaking Proceeding for Developing Regulations, Guidelines and Policies for Implementing SB 350 and AB 802
TN #:	211561
Document Title:	Southern California Public Power Authority Comments on SB 350 POU IRP Guidelines
Description:	N/A
Filer:	System
Organization:	Southern California Public Power Authority
Submitter Role:	Public
Submission Date:	5/19/2016 11:28:07 AM
Docketed Date:	5/19/2016

Comment Received From: Tanya DeRivi

Submitted On: 5/19/2016

Docket Number: 16-OIR-01

Southern CA Public Power Authority Comments on SB 350 POU IRP Guidelines

Please see attachment.

Additional submitted attachment is included below.



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
1160 NICOLE COURT
GLENDDORA, CA 91740
(626) 793-9364 – FAX: (626) 793-9461
www.scppa.org

ANAHEIM • AZUSA • BANNING • BURBANK • CERRITOS
COLTON • GLENDALE • LOS ANGELES • PASADENA
RIVERSIDE • VERNON • IMPERIAL IRRIGATION DISTRICT

May 19, 2016 | Submitted Electronically

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-01
1516 Ninth Street
Sacramento, California 95814-5512

RE: SCPPA Comments on Development of Guidelines for Integrated Resources Plan from Local Publicly-Owned Electric Utilities under Senate Bill 350 (de León) – Docket No. 16-OIR-01.

Thank you for the opportunity to provide comments on the development of guidelines for, and review of, Integrated Resource Plans (IRPs) from local publicly-owned utilities (POUs) as discussed at the April 18, 2016, Lead Commissioner Workshop pursuant to Senate Bill 350 (de León) implementation.

The Southern California Public Power Authority (SCPPA) is a joint powers agency whose Members include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. Each Member owns and operates a publicly-owned electric utility governed by a board of local officials. Our Members collectively serve nearly five million people in Southern California. Half of the 16 POUs that meet the SB 350 “size threshold” – an annual electrical demand exceeding 700 GWh, as determined on a three-year average commencing January 1, 2013 – are SCPPA Members: Anaheim, Burbank, Glendale, Los Angeles, Pasadena, Riverside, Vernon, and the Imperial Irrigation District.

We appreciate Chair Robert Weisenmiller’s invitation to present IRP-related policies at the workshop, and trust that the presentations were both informative and indicative of the disparate and unique opportunities and challenges facing California’s POUs – many for a century or more. The Commissioners’ questions clearly demonstrated primary interests in further reducing greenhouse gas (GHG) emissions, as well as advancing transportation electrification initiatives, ensuring assistance in disadvantaged communities, and bolstering efforts to address distribution-level resource planning. SCPPA offers the following comments, which address: the importance of, and unique issues facing, public power; thoughts on what any SB 350 IRP guidelines should aim to accomplish; and a list of actions that state agencies can do to help POUs achieve even greater GHG emissions reductions towards reaching SB 350 goals.

RECOGNIZE THAT THE PUBLIC POWER MODEL IS DIFFERENT

Not-for-profit, locally-owned public power utilities first appeared more than 100 years ago. These utilities are owned by and directly accountable to the people and businesses that they serve, including those in widely-varied demographics such as densely urban, mostly suburban, primarily rural, heavily industrial, and/or disadvantaged areas. Today, there are over 2,000 communities nationwide that have chosen to preserve this valuable asset and the local control public power offers. It means focusing on citizens, not shareholders, to meet local needs; reinvesting any revenues in local programs and projects; and having more control to ensure affordable energy costs, better service, and a focus on local goals within each community. Indeed, public power is often an integral part of local efforts to revitalize downtown cores, incentivize business and industrial park development, and complete other innovative public projects.

Overall, SCPPA Members best demonstrate how public power is different. Amongst the eight SCPPA Members now subject to SB 350 IRP reporting requirements are: the nation’s largest municipal utility (Los Angeles), the State’s smallest

incorporated city (Vernon), the nation's largest irrigation district (Imperial Irrigation District), and mid-size utilities that represent coastal (Anaheim) and inland (Burbank, Glendale, Pasadena, Riverside) urban areas. Some Members are predominantly residential; others are mixed residential and commercial, and yet another is 99% industrial.

Rates are designed and set locally, typically by citizen-controlled boards or City Councils in open meetings where community members can directly influence energy policies and priorities. As a result, public power utilities often offer lower prices than investor-owned utilities because these local governing authorities offer a detailed examination of electric operations and policies, do not pay dividends to stockholders, have lower administrative costs, and can finance projects with tax-exempt municipal bonds. It also means that public power utilities have particularly successful records in terms of power supply reliability, safety, and efficiency as they focus on these core utility operation areas and typically own and maintain their own assets.

In California, it is also recognized that public power utilities were not compelled by law to divest of their generation assets during energy deregulation, with many still owning and operating their own resources – meaning that many are “fully resourced” under long-term contracts and/or ownership agreements. As the RPS increases from 33% to 50%, these utilities could be forced to strand publicly financed assets, “dump” energy purchased or generated from existing resources financed with tax-exempt bonds (impacting the manner in which utilities participate in power markets), and require a significant change in operational requirements that could result in unacceptable reliability impacts. All this with significant impact on future rates, as the costs associated with stranded assets will have to be borne by their ratepayer-owners.

Finally, SCPPA Members are the State's policy partners in achieving lower GHG emission levels and working towards achieving a more sustainable future for California. This is demonstrated by SCPPA Members' vigorous implementation of energy efficiency and conservation programs, where SCPPA Members have already made significant reductions in their cities' energy demand. It is also evident in SCPPA Members' aggressive procurement of renewable resources pursuant to the RPS Program, efforts to expand transportation electrification initiatives (including at sea ports), demand-side management programs, and other progressive GHG reduction programs.

SB 350 INTEGRATED RESOURCE PLANNING GUIDELINES MUST BE FLEXIBLE

Publicly-owned utilities have well-established integrated resource planning activities, where these responsibilities are integral components of their fiduciary responsibilities to reliably serve customers year in and year out. This first-hand experience allows POU's to provide necessary insight on important policy decisions from an implementer's perspective – and importantly, one that differs from that of investor-owned utilities. We appreciate the opportunity to work with the Energy Commission (Commission) and other regulatory agencies on developing policies that leverage our Members' historical knowledge of the integrated resource planning process to align POU's unique circumstances with the trajectory of the state's energy and climate policies.

In SB 350-related discussions with the Air Resources Board (ARB), SCPPA strongly supports ARB staff's suggestion to treat any newly-established SB 350 GHG targets as “soft targets,” with reasonable compliance flexibility. This includes setting targets as ranges – with fair and reasonable off-ramps and/or adjustments, or promulgating a specific list of excusable reasons why the targets may not be achieved in a timely manner. For example, transportation electrification initiatives (including for vehicles, at sea ports, and other items identified in the ARB's Mobile Source Strategy) could be a key contributor to *increased* energy demand that may not necessarily align with efforts to *reduce* the utility sector GHG emissions. Given the State's overarching multi-industry goals under its *economy-wide* Cap-and-Trade Program, adding a hard, *single industry-specific* target with inflexible benchmarks would only complicate stakeholders' ability to comply. In both recognizing that ARB's programs complement the Commission's programs, and in response to Chair Weisenmiller's discussions with ARB's Chair Mary Nichols on achieving more GHG reductions from public power, SCPPA recommends that the Commission develop SB 350 IRP guidelines that would:

- **Provide deference to local governing authorities.** SCPPA strongly emphasizes the importance of establishing processes that do not supersede or interfere with publicly owned utilities' existing and required local governing authority jurisdiction and approval processes. The Commission should involve and consult with the expertise offered by local governing authorities in setting SB 350 guidelines. Also, the guidelines should recognize POU efforts to comply with any new requirements, within the parameters of maintaining affordable rates while ensuring adequate, prudent, and operationally-viable power supply as well as maintaining transmission and distribution system reliability.
- **Not require “single template” timelines or procedures.** While SCPPA appreciates the appeal of some stakeholders wanting to require all sixteen disparate POU to file standardized IRP plans at the same time, SCPPA does not believe that this is a reasonable approach. For reasons mentioned above, each public power utility is set up differently, both from the operational and resource portfolio perspectives. Thus, each has traditionally followed long-term planning processes in a way particular to its core mission and under unique needs and timelines. We also do not believe that having sixteen substantive documents filed simultaneously would help advance a state-level review process in a timely manner. Furthermore, simultaneous submissions may increase the cost of implementation for POU; consultants providing support for IRP development may become resource constrained and increase rates to compensate for the competing deadlines for multiple clients. SCPPA Members each have *established* integrated resource planning timelines that reflect locally-driven planning priorities – none of which are identical.
- **Understand that long-term utility planning is directional and not determinative.** It is important to note that IRPs are not detailed roadmaps for long-term utility operations, but rather wide-ranging analyses that lead to policy direction from governing bodies. This is especially true as the utility business undergoes changes of an unprecedented magnitude, from energy efficiency and flattening load growth to renewable energy integration and GHG reduction to smart meters, behind-the-meter resources, and transportation electrification.
- **Recognize local expertise in identifying and assisting disadvantaged communities.** We appreciate Chair Weisenmiller's inquiries regarding how public power utilities may be addressing “disadvantaged communities” as part of their IRPs or other local efforts. We agree that using the definition from CalEnviroScreen 2.0 is logical. However, given the stark differences between the 16 affected public power utilities mandated to submit IRPs to the Commission, we strongly suggest that this definition be used only as a baseline; the IRP guidelines should allow local governing authorities the flexibility to adapt this definition based on the size, location, socioeconomic conditions, and other needs of their local communities.

SB 350 INTEGRATED RESOURCE PLANNING GUIDELINES MUST BE CLEAR AND STREAMLINED

- **Provide a standardized checklist of key IRP components through an indexed table.** SCPPA recommends that the Commission require each local governing authority to submit a completed index table identifying each section of their IRP where SB 350 components are addressed along with their IRP document. This would streamline the issue identification and content review process for all staff involved, while preserving the autonomy and long-term planning process of local, publicly-owned utilities that has been in place and historically worked very well.
- **Include clear regulatory provisions that cannot be misconstrued.** SCPPA strongly urges the Commission to provide guidance, including graphs, charts, and tables (where possible) to help clearly convey the Commission's interpretation of legislative provisions, compliance mechanism limitations, timeline requirements, and any other provisions of the law that could be easily misconstrued. Having this foresight on the Commission's intent and interpretation will mitigate the likelihood of misinterpretations and confusion in the future, as POU's local governing authorities (and staff of both POU and the Commission) change over time. Clear direction from the Commission is particularly important given the long-term approach necessary for IRP development.
- **Streamline IRP requirements with other CEC reporting requirements.** Much of the information required by statute to be included in SB 350 IRP guidelines is already provided to the Commission in separate reporting processes. SCPPA encourages the Commission to establish flexible guidelines that acknowledge the existing processes and avoid duplicative efforts. Such coordination would help POU manage workload and limit unnecessary compliance costs while ultimately resulting in a more transparent and understandable public process.
- **Streamline IRP requirements with the Western Area Power Administration (Western).** As highlighted in the staff workshop, a number of POU submit IRPs to Western as required of Hoover Dam contractors. Much of the content

required by SB 350 is also already included in the scope of Western's IRPs. SCPPA supports the Commission's collaboration with Western to ensure that entities will not be required to submit two separate IRPs with slightly differing requirements to the respective agencies. Development of a common IRP framework that meets the needs of both agencies is more cost-effective as it limits administrative burdens, and is also more transparent for public participation (since two separate processes providing different information could be confusing).

HOW CALIFORNIA CAN HELP ITS POU_s ACHIEVE GREATER GHG EMISSIONS REDUCTIONS

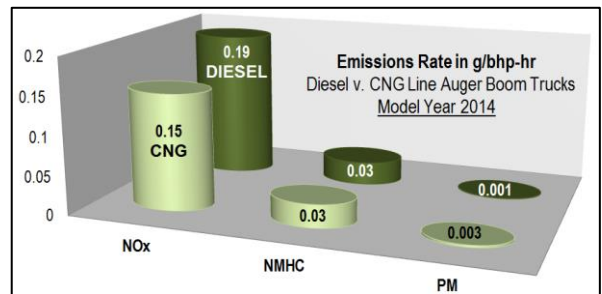
SCPPA appreciates Chair Weisenmiller's keen interest in the efforts POU_s are taking to further reduce GHG emissions. As demonstrated in each of the sixteen POU presentations offered at the April 18 IRP workshop, SCPPA Members have made significant strides towards reducing GHG emissions, many of which are achieved to meet mutually complementary policies including those promulgated by the U.S. Environmental Protection Agency, the State's 50% RPS, the ARB's Scoping Plan and Cap-and-Trade Program, the South Coast Air Quality Management District's (SCAQMD) air quality policies, and other locally-directed policy goals that can exceed even these ambitious local, regional, state, and federal policies. Below, SCPPA offers a few examples of policy and programmatic concerns, with recommendations, for the Commission's consideration that can be addressed by working across state and regional regulatory agency silos to help POU_s achieve even greater and more timely GHG emissions reductions:

- **Work with ARB to retain the "RPS Adjustment" within the Cap-and-Trade Program.** As part of an ongoing rulemaking, ARB staff proposed amendments that essentially eliminate the value of the "RPS Adjustment." The RPS Adjustment, as currently structured, allows California load serving entities to import firmed and shaped renewable energy without incurring a GHG compliance obligation. Without the adjustment, firmed and shaped renewable energy imported into California will incur a GHG compliance obligation at the "default" emissions rate set forth by ARB, increasing compliance costs by \$25 to \$70 million dollars per year. SCPPA – along with *all* other California utilities (including the Investor-Owned Utilities and PacifiCorp) - has strongly urged ARB to retain the "RPS Adjustment."

Consistent implementation of the RPS Adjustment provisions is a critical component of ensuring the continued successful and cost-effective implementation of both the RPS and Cap-and-Trade Programs without prejudicing in-state versus out-of-state renewable resources. Because AB 32 directs the ARB to collaborate with sister agencies to "minimize duplicative or inconsistent regulatory requirements," we encourage the Commission to work with ARB and the California Independent System Operator (CAISO) to harmonize California's RPS Program with the Cap-and-Trade Program regarding ownership of the environmental attributes for renewable energy in order to ensure that California ratepayers' investments in RPS-eligible electricity are fully recognized. These programs are key components in the State's efforts to reduce GHG emissions and should **complement each other**; in other words, one program should not reduce the effectiveness of the other nor should it double-up on requirements of the other. Out-of-state renewables are an important means of achieving the State's 33% and 50% RPS while maintaining reasonable electric rates for our citizens. This is particularly critical given ongoing CAISO expansion discussions, just as local ordinances are considered that would *ban* renewables development in many areas across California.

- **Offer additional incentives for public power transportation electrification initiatives.** A number of specific suggestions for Commission consideration are noted below. SCPPA staff are available to discuss our Members' transportation electrification efforts and identified gaps for further support with Commissioners and staff.
 - **Fully fund EV charging infrastructure build-out.** We encourage the Commission to work with ARB to assess utilizing Cap-and-Trade auction proceeds to *fully fund* additional transportation electrification infrastructure build-out in public power service territories. Funds should not only be limited to "vehicles", as POU_s serve sea ports, airports, etc.
 - **Work with ARB to ensure the appropriate provision of emissions-related allowance credits for electric vehicle infrastructure build-out, operation, and maintenance.** SCPPA stands ready to work with state policymakers to ensure that the emissions shift from the transportation sector to the utility sector is properly accounted for, recognized, and credited as part of the Cap-and-Trade Program.

- **Eliminate limiting regulatory requirements.** SCPPA would have been a strong candidate for consideration as a participant under the Commission’s GFO-15-603 grant. However, the onerous “corridor coverage” requirement effectively made POU and municipalities ineligible for this grant. If a POU or municipality cannot apply for a portion of the maximum award, our concern is that the solicitation benefits private third party charging networks to the disadvantage of public power and local governments who are also interested in supporting the State’s clean energy and climate change objectives. SCPPA urged the Commission to revise the “corridor coverage” requirement to allow applicants to submit proposals for a portion of the funding allocated to a specific corridor to install a subset of the Preferred Additional Sites. Despite our demonstrated effectiveness in facilitating the deployment of EV charging infrastructure, the current solicitation requirement to install fast chargers along the entire length of a given corridor has limited the ability of SCPPA and its Members’ to participate in grant funding opportunities.
- **Modernize existing regulations to incentivize procurement of new electric hybrid vehicles.** We encourage the Commission to work with ARB to incentivize POU procurement of new heavy-duty plug-in hybrid diesel utility trucks. This would require accelerating ARB’s efforts to certify new hybrid utility truck engines, and would be helped with dedicated Commission grant funding for demonstration projects to complement limited federal funding and collective outreach to the SCAQMD. Unfortunately, local SCAQMD rules established over a decade ago – which *only apply* to public fleets – does not recognize today’s technology advancements and has had a detrimental impact on POU operations. When disasters strike, public utility fleets are dispatched to repair vital infrastructure on a moment’s notice to areas potentially far from their home service territory. Flexible fueling options are a necessity. Diesel-electric hybrid technology for public fleets can now achieve the emission standards desired such that public utilities should be provided the opportunity to procure a “mixed fleet” of vehicles. POU should be able to procure CNG or “clean diesel” hybrid trucks with plug-in electric motors. This would ensure that electric and water utilities are able to quickly and reliably respond to disasters, emergencies, mutual aid requests, and operational demands when it matters the most for customers. This proposal offers important benefits for the State and public utility stakeholders alike:
 - The ability to operate “mixed fleets” promotes emergency preparedness and response, locally and nationwide and reduces the risk that an entire fleet could be “grounded” by the unavailability of certain fuel in an emergency.
 - Fuel technology advancements over the last 15 years now provides “clean diesel” hybrid trucks that are typically equal to – or less than – CNG truck emissions as referenced in the chart embedded here, which compliments clean air and clean vehicle initiatives.
 - Utility workers and the public have been delighted with the quiet operation of new plug-in hybrid trucks, particularly when operated in residential alleys during late-night emergency operations. An electric hybrid truck offers a superior “green” option for utilities, particularly with small service territories where the engine runs minimally while depending almost exclusively on battery power for service calls, reducing idle time, noise, and emissions. This further minimizes exhaust in congested urban areas.



Thank you for your time and consideration. SCPPA welcomes opportunities for continued collaboration with the Commission to ensure that the guidelines ultimately put forth effectively and fairly meet the intent of SB 350.

Respectfully submitted,

Tanya DeRivi

Tanya DeRivi
Director of Government Affairs

Sarah M. Taheri

Sarah Taheri
Energy Analyst, Government Affairs