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Docket No. 16-OIR-01 - SMUD Comments on April 18, 2016 Workshop

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 16-OIR-01
)	
Developing Regulations, Guidelines, and Policies For Implementing SB 350 and AB 802)	SMUD Comments on April 18, 2016 Workshop On Publicly Owned Utility Integrated Resource Plans
)	
)	May 19, 2016

**Comments of the Sacramento Municipal Utility District
on Publicly Owned Utility Integrated Resource Plan Workshop**

Thank you for the opportunity to provide comments on the initial workshop to implement the publicly owned utility (POU) integrated resource plan provisions of SB 350. The initial workshop provided a great deal of information about the resource planning activities and future plans of the sixteen POUs affected by this SB 350 provision.

The Sacramento Municipal Utility District (“SMUD”) has a comprehensive integrated resource planning process that informs our day-to-day procurement of new resources on an ongoing basis. SMUD develops a demand forecast on an annual basis and updates that forecast as needed throughout the year. SMUD includes estimates of distributed generation, electric transportation, and energy efficiency and demand response in this forecast. Based on the forecast, SMUD procures resources sufficient to meet our resource adequacy, renewables portfolio standard (RPS), and GHG reduction goals.

SMUD looks forward to participating in the new integrated resource planning process being developed pursuant to SB 350, and to providing an integrated resource plan (IRP) on a periodic basis to our customers and to the California Energy Commission. In this IRP, SMUD expects to meet any applicable “guidelines” established by the Energy Commission, and to clearly lay out how SMUD’s IRP is consistent with State policy goals for renewable procurement, energy efficiency, and GHG reductions.

SMUD has the following initial suggestions for the Energy Commission with respect to the SB 350 integrated resource planning process.

Flexibility: The affected POUs vary significantly on a variety of characteristics, meaning that an IRP that works well for one POU may not serve another well at all. The Energy Commission should keep this variation in mind as it develops guidelines to

ensure there is room within the eventual provisions adopted to accommodate a variety of IRPs and documents that best fit the submitting POU. A basic checklist of the topics an IRP should cover is appropriate, but the Energy Commission should be wary of specifying great detail on any particular topic, as that detail may work just fine for one POU and represent an unnecessary burden on another. A POU should also be able to simply document that a particular topic on the checklist is not being covered in their IRP for good cause, such as not being germane in the service territory of the POU. For example, a POU that has a highly rural service territory may not be the best candidate for an extensive electric transportation program, while one that is highly urbanized may deeply engage in this action.

Clarity: The Energy Commission should strive for clarity when developing the guidelines authorized by SB 350. Again, given the significant differences in size, staff, and service areas for the affected POU, any guidelines developed should be clear and easy to follow, so that POU can quickly determine whether and how the guidelines may apply to their specific situation and IRP development. The guidelines should also make clear that SB 350 does not give the Energy Commission authority to approve, revise, or reject the IRPs that are submitted, nor to enforce any recommendation or impose any penalty with respect to the submittals. The POU have a governing board responsible for IRP approval, revision, and rejection, and this responsibility should be maintained by the governing board.

Data Streamlining: As the Energy Commission has discussed with POU in the past, there are already significant data submittals on a regular basis to the Energy Commission, including, but not limited to, resource plans, forecasts of energy demand, efficiency program reports and targets, RPS progress and compliance, and distributed solar generation installations and funding. All these reports are provided to the CEC on a quarterly, annual, bi-annual, or similar basis, at different due dates throughout the year. Attachment 1 provides an illustrative table of current Energy Commission data reporting requirements, not including the new IRP requirement. In addition to these Energy Commission reporting requirements, SMUD is also required to report similar L&R data to Federal regulatory bodies.

Much if not all of this data is relevant to or would be included in a comprehensive IRP. Other data that is not currently provided regularly, such as data on electric transportation activities or installations, would also be potentially relevant for an IRP. SMUD believes that the IRP process and Guidelines that may be developed pursuant to SB 350 represents an opportunity to streamline the variety of reports currently provided at a variety of times and processes under one comprehensive process – the IRP. While some consolidation may require legislative authorization, SMUD believes that the Energy Commission has some authority to revise dates and data being submitted to facilitate consolidation.

While SMUD supports achieving the State's GHG reduction and other policy goals, and has similar goals in order to achieve a sustainable power supply by 2050 (defined as GHG emissions 90% below 1990 levels), the new IRP requirement represents an additional data and reporting burden for POU. This burden can be mitigated without any loss of necessary information by developing and implementing a

consolidation plan to reduce the overall data and reporting burden while accomplishing the new IRP requirement.

Achieving GHG Goals: The SB 350 IRP requirement is associated with achieving GHG emission reductions from the electricity sector consistent with a statewide target of reducing GHG emissions to 40% below 1990 levels by 2030. SMUD supports this statewide goal, and is engaged in a variety of activities to achieve this on the path to our own internal GHG reduction goal. The State is well on its way to achieving the goal of reducing GHG emissions to 1990 levels by 2020, using specific measures such as enhanced energy efficiency and the RPS backed up by the economy wide Cap and Trade program, which ensures that the 2020 goal will be met and establishes a price for GHG emissions in the economy. In addition to meeting State GHG reduction goals, SMUD is on track to meet its own Board-approved GHG emission goals in 2020.

In addition to specific measures like the 50% RPS, doubling of energy efficiency and transportation electrification support established by SB 350, SMUD believes that the State should continue to use a flexible, economy-wide Cap and Trade structure to move GHG emissions down to the new 2030 target. However, overly detailed and strict utility-specific GHG targets can act as a barrier to efficient market operation within the Cap and Trade program. If a specific utility must meet a hard GHG target, then the flexibility of the Cap and Trade program to achieve the least cost carbon reductions is sharply reduced, raising costs for this utility and the market in general.

As the Energy Commission considers the IRP process established by SB 350, and collaborates with the Air Resources Board and the Public Utilities Commission on the related GHG targets and goals, SMUD urges that any specific utility sector and or individual utility targets or policies are established to minimize any reduction in the ability of the Cap and Trade market to function smoothly and effectively. Any detailed targets established should be guiding goals, not enforceable limits. Rate-based targets in the form of level of GHG/MWh to shoot for will reduce problematic interactions with the Cap and Trade allowance structure and market function.

A critical factor in the GHG policies is the role of transportation electrification. SB 350 establishes new support for transportation electrification infrastructure and requires that the changes in emissions from transportation electrification be considered in allowance allocation structures. These emission effects should also be a key factor in IRP development, particularly when the IRPs are focused in part on achieving GHG goals. Any IRP-related targets developed should carefully account for the differential impacts of transportation electrification and other electrification efforts.

Addressing Disadvantaged Communities: As the State achieves its GHG-reduction and other policy goals, SMUD believes it is important that the benefits accrue to all groups in society, and notes that disadvantaged communities can often be or feel “left behind”. SMUD provides programs to help the disadvantaged communities and customers in our service territory to engage in efficiency actions and reduce their electric bills. Electricity is a critical component of modern life, providing a clean, low-cost option for providing services for all our communities, including disadvantaged

communities. Transportation electrification will bring significant new benefits to these communities, reducing air pollution and other environmental impacts of widespread fossil fuel use in transportation. Disadvantaged communities are often located in close proximity to highways and/or industrial areas and hence are disproportionately affected by transportation emissions and other environmental impacts.

While the IRP process developed pursuant to SB 350 should be focused on demand and resource and achieving the State's policy goals, SMUD supports considering and highlighting best practices around the State for engaging with and providing the benefits of energy efficiency, renewable, and transportation electrification policies to disadvantaged communities.

/s/

WILLIAM WESTERFIELD
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS A311
Sacramento, CA 95852-0830

/s/

TIMOTHY TUTT
Program Manager, State Regulatory Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS A313
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2016-0378)

Attachment 1: Example Table of POU Data Submittals to Energy Commission

Data Area	Type of Data	Who files	Frequency of Filing	Issues
QFER	power plant; environmental; sales, peak demand; revenues; customer counts; interconnections	Electric utilities; Natural Gas Utilities; Control Area Operators; Power plants	Monthly, Quarterly, and Annual	<ol style="list-style-type: none"> 1. Are the purposes, in each case, still valid in 2016? 2. Can any of reporting be consolidated with other? 3. Is it feasible to automate any of the reporting?
IEPR	Energy and Peak Demand Forecasts, Supply projections; resource plans; pricing; financial; transmission	Electric and Natural Gas utilities	Every two years	<ol style="list-style-type: none"> 1. Should be connected to new IRP requirement from SB 350 – every 4 years? Every other full IEPR?
Energy Efficiency – 1037, 2021, etc.	energy efficiency program results, DR results; targets; potential	Electric and NG utilities	annually; and every 4 years for some parts	<ol style="list-style-type: none"> 1. Potential, targets, results, should lead into IRP filing every four years.
Energy Efficiency – Prop 39		Electric (and NG?) utilities?		
Energy Efficiency – Research	Load Metering Reports	Electric Utilities	Annual	<ol style="list-style-type: none"> 1. How does this change with new Smartmeter data available? 2. Third-party research?

Data Area	Type of Data	Who files	Frequency of Filing	Issues
DG/SB1	DG/Solar program expenditures, installations, MW, etc.	Electric utilities	Annual	<ol style="list-style-type: none"> 1. How will this change when SB 1 incentives completely gone (already at IOUs)? 2. Should be connected to new IRP information?
Renewables/ RPS	Renewable Procurement by type and plans, detailed fuel and biomethane data	Electric Utilities	Annual – March and July Every three years,	<ol style="list-style-type: none"> 1. Should lead into/be coordinated with new IRP information?
PSD/PCL	Sources of electricity generation, possibly GHG emissions	Electric Utilities, Control Area Operators	Annual, in June and October	<ol style="list-style-type: none"> 1. Can be further consolidated with other data? 2. How best to inform customers of relevant information