

DOCKETED

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Comment Received From: Dan B. Severson

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**Turlock Irrigation District's Comments on Lead Commissioner Workshop RE: IRP
Renewable Energy**

Additional submitted attachment is included below.



TURLOCK IRRIGATION DISTRICT

January 12, 2017

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-04
1516 Ninth Street
Sacramento CA, 95814-5512

Filed Electronically

RE: TID Comments on December 13th, 2016 SB350 Publicly Owned Utility (POU) Integrated Resource Plans (IRP) Renewable Energy Workshop.

Dear Commissioner Hochschild:

Turlock Irrigation District (“TID”) submits the following comments regarding the California Energy Commission (“CEC”) December 13th, 2016 *SB350 Publicly Owned Utility (POU) Integrated Resource Plans (IRP) Renewable Energy Workshop*.

TID BACKGROUND

TID was organized as the first Irrigation District in California on June 6, 1887 and is beginning its 130th year of operation. TID currently serves a retail electric customer base of just over 100,000 customers and provides irrigation water to over 5,800 growers and nearly 150,000 acres of farmland.

TID’s mission is to provide stable, reliable, and affordable water and power to its customer owners, be good stewards of our resources, and provide a high level of customer satisfaction.

TID is one of only six Balancing Authorities in California, tasked with balancing retail demand, generation, and wholesale purchases and sales while providing adequate reserve capacity to maintain reliability.

TID has a long history of environmental stewardship, beginning when the District was formed, as we acquired some of the oldest water rights on the Tuolumne River. TID has a great track record of caring for natural resources. TID is the majority owner and project manager of the Don Pedro Dam and powerhouse, providing irrigation water and 203 MW or approximately 400,000 megawatt-hours of emissions free energy to our customers, while providing flood control and environmental benefits for the region.

TID is currently well positioned to meet the 33% by 2020 Renewable Portfolio Standard (RPS), having procured 136 MW of wind in 2009 in advance of the RPS mandate on POU's, as well as recently completing a 20 year purchase power agreement for 54 MW of newly constructed in-state utility scale solar, which should satisfy TID RPS eligible procurement through 2024. TID has a diverse portfolio of RPS eligible resources, including wind, small hydro, geothermal, and solar. TID is actively monitoring the renewable energy markets, and will be layering in another piece of RPS eligible generation at the appropriate time.

TID appreciates the Commission for holding the aforementioned workshop in an effort to gain the POU's' perspectives in drafting the SB 350 IRP guidelines. These comments respond to the Commission's request for feedback on the opportunities and barriers POU's foresee facing in achieving the 50% RPS target, as well as information to inform the creation of draft IRP Guidelines. As such, TID offers the following comments in response to the workshop.

COMMENTS SUMMARY

1. The IRP is a *planning* document, and should be viewed as such.
2. The Commission must recognize local governance authority.
3. IRP Planning Guidelines should be flexible, streamlined, and harmonized with the other regulations affecting TID, especially the Cap & Trade Regulation.
4. Many POU's (including TID) are fully resourced, and as RPS requirements rise from 33% to 50%, existing publicly financed resources could be underutilized or even become stranded.
5. As a small Balancing Authority, TID faces unique challenges in meeting all of our reliability and environmental objectives.

DISCUSSION

1. **The IRP is a planning document, and should be viewed as such.**

Meeting the requirements laid out in SB 350 concerning the contents of integrated resource plans is daunting. SB 350 requires local governing boards "to ensure the utility achieves" the 40% below 1990 emissions level target, the 50% RPS, as well as the goals specified in Section 9621 of the Public Utilities Code (i.e., procurement for Energy Efficiency and Demand Response, Energy Storage, Transportation Electrification, maintaining a diverse portfolio as well as resource adequacy). The Commission should be mindful that the IRP is a planning document, and that many of the solutions to achieving these goals lie in nascent technologies that have yet to mature, and therefore any attempt to create a prescriptive path to achieving these goals would be unlikely to

succeed, harmful to California ratepayers, and counterproductive to the broader goals of optimizing utility planning processes.

TID actively monitors emerging markets and technologies, and for the IRP process takes a wide ranging, “all of the above”, open-minded approach to meeting our customer’s energy demand, minimizing the costs of our ratepayer owners, and meeting the various environmental goals the State and TID have set forth. In other words, what appears to be the right path today may be a completely different path in the future, and TID is committed to being nimble enough to take advantage of the clear “winners” in technology advancements in order to minimize the rate impacts to our ratepayers.

2. The Commission must recognize local governance authority.

TID was established in 1887, and the Commission is well aware of the public power model. We have no shareholders or investors, and every dollar TID collects is invested back into the District, for the benefit of our ratepayers, not for the financial gain of shareholders or investors. TID is governed by a 5 member, locally elected Board whose mission it is to ensure that ratepayer funds are spent appropriately and transparently. TID encourages the Commission to recognize that TID’s elected Governing Board has ultimate authority over TID investments, and is the advocate of every TID ratepayer. SB 350 recognizes the role of local governing boards by upholding the basic tenants of the public power model and enabling the local governing boards to decide how and whether to make procurement decisions in furtherance of the IRP policies.¹ SB 350 also provides the Commission with discretion in determining whether to adopt guidelines governing the submission of information, data and reports that may be needed to inform the Commission’s review of the IRPs conformance with the IRP policy goals.² In order to respect the fundamental tenants of the public power model, the Commission must avoid prescriptive and inflexible IRP requirements that don’t allow for consideration of local issues and needs.

3. IRP Planning Guidelines should be flexible, streamlined, and harmonized with the other regulations affecting TID, especially the Cap & Trade.

As mentioned above, the right path today may not necessarily be the right path tomorrow. As such, TID encourages the Commission to be as flexible as possible in drafting the IRP Guidelines while meeting the statutory requirements of SB 350. As a small to mid-size utility, TID has limited resources, both in staff and administrative resources. The Commission should strive to harmonize, consolidate and focus the reporting requirements on what is truly necessary for the Commission to fulfill its statutory obligations under Public Utilities Code Section 9622. TID believes that there is room to streamline the various reports in order to minimize the administrative burden on POU’s, while ensuring the Commission receives the information it needs to fulfil its statutory requirements and reporting to the Legislature. For example, the GHG emissions

¹ See for example, Cal. Pub. Util. Code Secs. 9621(b)(2)(A) and (B).

² Cal. Pub. Util. Code Sec. 9623 authorizes but does not direct the Commission the adopt IRP filing guidelines.

reporting under the MRR, the new requirements under AB 1110, and GHG metrics in the IRP process should all be coordinated.

In addition, it is extremely important for the Commission to collaborate with the ARB, specifically, on the Cap & Trade regulatory Amendments, the Mandatory Reporting Regulation amendments, the implementation of AB 1110, and, and the Scoping Plan Update. Specifically, the ARB is evaluating possible changes to the “RPS Adjustment” provision of Cap & Trade, which ensures that PCC-2 and Grandfathered resources that are firmed and shaped are attributed the emissions attributes of the owned or contracted resource. These provisions are extremely important to TID. As noted above, TID was an early actor, purchasing the Tuolumne Wind Farm in 2009. As such it is a “grandfathered resource” under SB2-1x and SB 350, and counts in full towards TID’s current and future RPS procurement requirements. The Legislature and Commission recognized early on during the various RPS law iterations that to deliver the entirety of the State’s RPS eligible generation in real time, “as it is generated” would be extremely inefficient due to the mismatch between renewable generation, transmission availability, and demand. The Tuolumne Wind Farm is a significant part of TID’s RPS eligible portfolio, and the RPS Adjustment plays a critical role in ensuring that TID ratepayers get the full zero emissions benefit of this resource. This is just one important example of how the State must harmonize the various regulatory requirements and programs.

4. Many POU’s (Including TID) are fully resourced, and as RPS requirements rise from 33% to 50%, existing publicly financed resources could become stranded.

Unlike the Investor Owned Utilities (IOU’s), POU’s own a greater percentage of their generation assets. As such, many POU’s (TID included) are fully resourced, having made long term, public investments long before the proliferation of environmental laws and regulations in the mid 2000’s. As the RPS requirements go up, the likelihood that some of TID’s long term existing resources become stranded becomes likely, especially in the spring, when demand is down and generation due to the Tuolumne River flow and Don Pedro flood control requirements, as mentioned above, are highest. As the Commission is well aware, this situation will also manifest itself out as the proliferation of solar exacerbates the “Duck Curve” phenomenon, which will force many entities to lay off clean, efficient generation. TID is committed to helping the State achieve the various environmental goals, but it is also critical that the IRP guidelines provide sufficient flexibility to recognize the value and continued operation of POU-owned resources to POU ratepayers.

5. TID, as a small Balancing Authority, has some unique challenges in meeting all of our reliability and environmental objectives.

TID is one of six balancing authorities in the State of California, and it is also one of the smallest. Because of our small size, TID faces some unique operational challenges associated with our responsibilities as a balancing authority. Balancing demand and sales with generation and purchases, maintaining adequate balancing and contingency reserves,

while managing Don Pedro Dam and Tuolumne river flow and flood control requirements can be extremely challenging, as noted above. The RPS and GHG targets facing TID could exacerbate the complexity of the challenges that TID faces. TID's service territory is in an area of the State that does not lend itself to premium renewable production. Solar is feasible in our territory, and we have a high adoption of distributed generation, however most of the utility scale solar is being built to the south, where irradiation and capacity factors are significantly higher. TID is therefore at a disadvantage due to our small size, having to add renewable resources outside of our territory, therefore not realizing the inherent GHG reductions that entities in larger Balancing Authorities can when adding RPS eligible procurement to their portfolio. TID must ensure that it has sufficient flexible capacity resources in its balancing authority area to meet its balancing authority requirements. The IRP Guidelines should recognize and account for this role.

TID appreciates the Commission's efforts to work with all POU's in crafting common sense IRP Guidelines that make every effort to minimize impacts to our ratepayer owners. We look forward to continued, fruitful dialogue in regards to the IRP Guidelines, as well as the many other proceeding on the Commission Docket.

Sincerely,

/s/

Dan B. Severson
Turlock Irrigation District