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on Workshop on Renewable Energy and the Integrated Resource Plans

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of: ***Integrated Resource Plans,*** ***Renewable Energy***	**Docket No. 16-OIR-04** **RE: IRP Renewable Energy**

CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION COMMENTS ON WORKSHOP ON RENEWABLE ENERGY AND THE INTEGRATED RESOURCE PLANS

The California Municipal Utilities Association ("CMUA") appreciates the opportunity to provide these comments to the California Energy Commission ("Commission") on the *Lead Commissioner Workshop on Renewable Energy and the Integrated Resource Plans* ("Workshop"), held on December 13, 2016. The Workshop addressed the Senate Bill ("SB") 350 (stats. 2015) requirement for the sixteen largest publicly owned utilities ("POUs") to adopt an integrated resource plan ("IRP") that ensures compliance with California's Renewables Portfolio Standard ("RPS") Program.[1] The primary purpose for the workshop was for the Commission to gain a better understanding of the barriers that POUs may face in achieving the RPS goals, as well as identifying information that the Commission could provide to help POUs develop their IRPs. At the Workshop, CMUA, the Northern California Power Agency ("NCPA"), and the Southern California Public Power Authority ("SCPPA") provided a joint presentation giving an overview of the challenges that POUs may face in meeting the RPS targets. Both NCPA and SCPPA will file comprehensive comments expanding on the topics discussed at the Workshop. CMUA supports these filings and urges the Commission to carefully consider each agency's comments.

[1] Cal. Pub. Util. Code § 9621(b)(2).

I. COMMENTS ON THE WORKSHOP

A. POUs Must Have the Flexibility to Adopt IRPs that Reflect Their Unique Characteristics and the Values of the Communities They Serve.

While the POUs that are subject to the SB 350 IRP requirements are the 16 largest POUs in the state, this group is still very diverse. The 16 include different types of government entities (municipal utility districts, irrigation districts, and municipalities), which are spread across five different balancing authorities. These 16 POUs span all geographic regions of the state with different climates and load profiles. There are also massive size differences between these POUs. The 16 range from over 860,000 customer accounts to just a few thousand. In fact, 10 of the 16 have less than 70,000 customer accounts. The largest has a peak load that is over 34 times higher than the POU with the lowest peak load, and the largest has an annual energy need that is over 30 times greater than the POU with the smallest.

Similarly, these 16 POUs are also diverse in customer make up. Some have almost all commercial and industrial customers, while others have nearly half of their customer base made up of residential customers. The types of industries served by POUs also vary widely, with differing operational needs. The communities served by these 16 POUs are also very different. Several of the 16 POUs serve regions that include some of the most economically challenged areas of the state, with persistently high unemployment and poverty levels. Others serve areas of the state with strong and growing economies. These communities also have very different priorities and goals for the electric utility. Because POUs are community owned with locally elected governing boards, they must act consistent with local values.

All of these differences affect the options available to the utility in selecting a portfolio of resources that meets the operational needs of the utility while also achieving the various state mandates. As the Commission develops guidelines for the IRP, it must recognize that a one-size-fits-all approach will not work for this diverse group of POUs and that the POU governing boards must maintain the flexibility to meet the state goals in a manner that reflects their unique characteristics and community values.

B. Despite Challenges, the POUs are Well-Positioned to Meet the Near-Term RPS Goals.

It is CMUA's understanding that, in the aggregate, the POUs are on track to meet or exceed their RPS targets through 2020. It is important to use caution when looking to various sources of publicly available information to try to draw conclusions about the recently concluded second compliance period or to make forecasts regarding the third compliance period. This is particularly true of data sources that have a history of leading to confusion when applied to the RPS, such as the Power Content Labels or the S-2 data. The RPS has a complex regulatory structure with specific requirements that make a simple review of a utility's annual resource mix an insufficient basis for analysis. For example, compliance with the RPS is measured over multi-year compliance periods rather than on individual years.[2] A POU may have lower levels of renewable procurement in an individual year for a number of reasons, such as drought conditions affecting RPS-eligible hydro, gaps between the end of a contract and the start of a new contract, or a new project coming online in the following year may provide sufficient power to make up for prior year shortfalls.

Additionally, there are numerous provisions that allow the generation that occurs in one year to be applied to a different year. These include historic carryover,[3] excess procurement,[4] and the 36-month period before renewable energy credits ("RECs") need to be retired.[5] Because of these rules, a POU may meet the RPS target for the overall compliance period, even though the

[2] Cal. Pub. Util. Code § 399.30(b).
[3] Cal. Code Regs., tit. 20 § 3206(a)(5).
[4] Cal. Pub. Util. Code § 399.30(d)(1).
[5] Cal. Pub. Util. Code § 399.21.

generation in an individual year is lower than the relevant target. There are also special exemptions that recognize the unique circumstances of some POUs and provide different requirements.[6] Additionally, RECs from portfolio content category 2 and 3 resources may not show up in simple analysis of generation identified in the S-2 or power source disclosure reporting, but still support the POU in meeting the RPS targets. As the Commission evaluates POU actions to meet the future RPS procurement targets, it must keep these unique rules and limitations of the currently available forecast data in mind.

II. CONCLUSION

CMUA appreciates the opportunity to provide these comments to the Commission and looks forward to continue working with staff in this effort.

January 12, 2017

Respectfully submitted,

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[6] *See, e.g.*, Cal. Pub. Util. Code § 399.30(j).