

DOCKETED

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2016-03-30 LADWP's Comments on CEC Staff Workshop on Future Edition of RPS Guidebook

Additional submitted attachment is included below.

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

In the Matter of:)	Docket No. 16-RPS-01
)	
Developing Guidelines for the 50 Percent)	RE: Renewables Portfolio
Renewables Portfolio Standard (RPS))	Standard Eligibility Guidebook
_____)	

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE
CALIFORNIA ENERGY COMMISSION (CEC) NOTICE OF STAFF WORKSHOP ON FUTURE EDITION
OF RENEWABLES PORTFOLIO STANDARD (RPS) ELIGIBILITY GUIDEBOOK**

Dated: March 30, 2016

John R. Dennis
Chief Compliance Officer – Power System
Los Angeles Department of Water and Power
111 North Hope Street, Suite 921
Los Angeles, CA 90012
Telephone: (213) 367 – 0881
Email: John.Dennis@ladwp.com

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COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE CALIFORNIA ENERGY COMMISSION (CEC) NOTICE OF STAFF WORKSHOP ON FUTURE EDITION OF RENEWABLES PORTFOLIO STANDARD (RPS) ELIGIBILITY GUIDEBOOK

I. INTRODUCTION

The City of Los Angeles is a municipal corporation and charter city organized under the provisions of the California Constitution. LADWP is a proprietary department of the City of Los Angeles, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board).

LADWP is the third largest electric utility in the state, one of five California Balancing Authorities, and the nation's largest municipal utility serving a population of over four million people. LADWP is a vertically integrated utility, both owning and operating the majority of its generation, transmission and distribution systems. LADWP has annual sales exceeding 23 million megawatt-hours (MWhs) and has a service territory that covers 465 square miles in the City of Los Angeles and most of the Owens Valley. The transmission system serving the territory

totals more than 3,600 miles that transports power from the Pacific Northwest, Utah, Wyoming, Arizona, Nevada, and California to Los Angeles.

The LADWP is undertaking a utility-wide transformation and making billions of dollars in investments on behalf of its ratepayers to replace more than 70 percent of the energy resources over the next 25 years that it has relied upon for the last 50 years, as a result of combined regulatory mandates for increased renewable energy, emissions performance standard on fossil fuel generation, energy efficiency, solar roofs, reduction in greenhouse gas (GHG) emissions, and the elimination of using once-through cooling (OTC) for coastal power plants. The CEC's RPS Eligibility Guidebook is one of the key resources guiding LADWP through this sizeable reformation effort. Therefore, the Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to submit comments on the California Energy Commission's (CEC) Staff Scoping Workshop on the Future Edition of the Renewables Portfolio Standard Eligibility Guidebook, held on March 17, 2016.

LADWP would first like to address changes proposed by CEC staff regarding revisions to the Eighth Edition Guidebook and then provide new topics that the CEC should consider including in its Ninth Edition Guidebook.

II. CEC STAFF PROPOSED CHANGES TO THE RPS GUIDEBOOK

A. Timeframe for creation of retroactive RECs

LADWP believes that the timeframe for creation of retroactive RECs should not be reduced to a 12-month period. The current 24-month period should be retained. CEC staff justification for this change was to avoid violation of the 36-month REC retirement deadline. However, since

the retroactive REC creation process is not commonly utilized, the entity requesting retroactive RECs should have the flexibility to maximize REC claims during a compliance period.

B. Facility Certification

CEC has suggested that if a facility is not certified by the reporting deadline, generation cannot be reported until the next reporting period. LADWP respectfully opposes this conclusion. The certification process can be cumbersome and while the facility is attempting to gain certification, it may already be providing green generation to the grid. LADWP believes that the time of certification should not determine when generation becomes RPS-eligible. If a facility is certified as an eligible renewable resource, all generation should be eligible for RPS credit regardless of the time of certification. Additionally, extension of certification application deadlines should not be limited to 2 years. The extension of certification application should be in line with the compliance period to ensure that utilities can certify resources that generated RECs for each compliance period.

CEC should modify the RPS Certification requirements to allow for the RPS eligibility of facilities to be evaluated based on the Guidebook that was in effect at the time the resource was procured. The Guidebook currently requires the facility applications to be evaluated based on the rules in effect at the time the application is received by the CEC. However, this requirement has proven to be problematic. Projects take multiple years to plan, construct, and commission and CEC Eligibility Guidebooks are modified on a yearly basis. Utilities need assurance that when entering into procurement contracts for renewable energy, the utility's financial investment will be honored for RPS credit without risk of rules changing and RPS eligibility denied.

C. Inclusion of RPS Online System

LADWP strongly recommends delaying the inclusion of the RPS Online System until the system has been thoroughly tested and user feedback has been incorporated. A public workshop for the RPS Online system will be held in the summer, which will be well after the draft for the Guidebook is released. The goal of launching the new online system in conjunction with the adoption of the RPS Guidebook would be premature, since the majority of issues with the online system will be discovered when users utilize the system. As it stands, the online system is in its infancy and may require enhancements before it can be fully incorporated in the Guidebook. LADWP recommends including the online system only as an alternate method or on a trial basis for RPS certification and reporting while the system is assessed. Nevertheless, references to the existing forms should remain until the new system is fully developed.

D. Modification of incremental generation requirements

CEC should modify the eligibility requirements for incremental generation to specifically include pumped-hydroelectric facilities. Currently, the Guidebook eligibility requirements are written to only accommodate efficiency upgrades for run-of-river hydroelectric facilities. There should be additional eligibility requirements to accommodate efficiency upgrades for pumped-hydroelectric facilities.

E. Daily data for facilities utilizing biomethane

LADWP recommends that the CEC never require daily fuel and generation data for facilities using biomethane. The gathering and reporting of this data is cumbersome and public release of this data could be detrimental to a utility. Market participants can get access to this data from CEC via the California Public Records Act (CPRA) requests, then determine heat rates

for generating facilities and manipulate fuel and/or energy pricing to maximize profit and hurt the utility.

F. The Interim Tracking System

The Interim Tracking System should continue to be a backup mechanism to WREGIS in order to allow utilities to claim RECs outside WREGIS in extenuating circumstances. Delays often occur in the RPS Certification process and RECs could potentially be lost due to timing issues. By comparing annual generation data with combined WREGIS and CEC-RPS-Track form claims, CEC can ensure that RECs are not double counted.

G. CEC Adopted Resolutions for March 9 Business Meeting

At the business meeting on March 9, the CEC adopted a resolution to allow POUs to move excess retired RECs to a future compliance period. CEC should modify this process in the next Guidebook to allow for utilities to adjust REC claims up or down for compliance periods during the verification process. In addition to having the ability to transfer surplus retired RECs, POUs should have the ability to transfer additional retired RECs to a compliance period due to shortfalls discovered during the CEC's verification process.

A POU's RPS targets could change and result in either a shortfall or excess retirement of RECs. Additionally, POUs may have procured resources with the understanding that the resource is eligible and may not become aware of ineligibility until several years after the compliance period has ended.

Acknowledging a common desire and goal for compliance, the CEC and POUs currently do not have the flexibility to address these concerns by making downward or upward REC adjustments. POUs should have the ability to use surplus RECs in any compliance period to

remedy shortfalls discovered during the verification of previous compliance periods. With this added flexibility, POU's will have the ability to make a good faith effort to meet compliance targets when a resource is disqualified well after a compliance period has ended.

A POU should also not be limited to one transfer request per RPS compliance period to withdraw or retire additional RECs during the verification process. This requirement should be removed to maintain flexibility for the utilities. The CEC should allow transfer requests until the completion of the verification process in order to allow full utilization of RECs procured. It is important for the CEC to work with stakeholders to streamline the RPS verification process based on lessons learned from Compliance Period 1.

III. ADDITIONAL RECOMMENDATIONS FOR PROPOSED CHANGES TO RPS GUIDEBOOK

A. SB 350 – Reduction in Retail Sales

LADWP requests that the CEC add Guidebook definitions for the terms “voluntary green pricing program” and “shared renewable generation program.” Moreover, CEC should clearly define how POU's will be allowed to use these programs to reduce retail sales for RPS purposes, as indicated in SB 350. CEC should also allow excess generation from rooftop solar installations to reduce a POU's retail sales.

B. SB 350 – Transportation Electrification Credits

CEC should add a mechanism for granting RPS credit to utilities that invest in Transportation Electrification. As stated in SB 350, “light-, medium-, and heavy-duty vehicle electrification results in approximately 70 percent fewer greenhouse gases emitted, over 85 percent fewer ozone-forming air pollutants emitted, and 100 percent fewer petroleum used.”

C. Economic Dispatch

CEC should incorporate in the Guidebook acknowledgement and approval of economic dispatch, which is a widely utilized mechanism to dispatch fuel sources to generating facilities that use multiple-fuel resources. Biomethane should not be dispatched for reliability; rather it should be dispatched to generating units in the most economically efficient manner consistent with economic dispatch principles.

D. Grandfathered Resources Provision

The CEC should modify the Guidebook to specifically state that resources procured by a POU prior to the effective date of SBX1-2 (December 10, 2011), and which did not continue to be claimed after that date will be counted as part of a POUs resources for Compliance Period 1.

E. Third party Auditor for the Verification and Certification processes

To make the RPS Certification and Verification processes more efficient and consistent with Power Source Disclosure Program and the Greenhouse Gas Emission/Cap and Trade compliance processes, LADWP recommends that the CEC have an approved third party auditor perform these tasks. This would ensure that both the certification and verification process times are greatly reduced. Additionally, raw utility metering data should only go to the third party auditors for verification in order to increase protection of all utility data from inadvertent public disclosure. The CEC would only need to receive a summary report with minimum detail explaining the RPS compliance percentage achieved by each utility.

F. Reconsideration of RPS Certification Appeal Process

The CEC's revisions to the appeal process that were recently approved at the March 9 Business meeting are unnecessarily restrictive, and force disputes to be settled in the courts when it could otherwise be remedied in an administrative process.

The revised appeal language limits the Executive Director's discretion by listing the actions that the Executive Director can take in response to a petition for reconsideration. The revised language also limits a petitioner's ability to appeal the Executive Director's decision to the Energy Commission. Specifically, the new language states that "If the Executive Director denies the petition for a lack of merit, lack of jurisdiction, or insufficient evidence, the petitioner may appeal the denial to the Energy Commission..." Thus, if the Executive Director takes an action that does not fall within the three categories listed, such as partial denial, the applicant or petitioner has no administrative recourse and is forced to litigate their rights in court. This is not a prudent use of judicial resources, especially when such issues could be resolved administratively.

LADWP would like to keep the administrative appeal structure as it existed in the Eighth Guidebook, and request additional changes to include the following: 1) if within 30 days of receiving a complete petition the Executive Director does not provide a response or action to the POU, the request found in the petition is deemed approved; 2) If within 45 days of receiving a complete letter of appeal, the Energy Commission Chair does not issue a written order or response to the POU, the redress found in the appeal is deemed granted; 3) If there is no decision provided to the POU on a complete petition or appeal within a year of filing, then the request found in the petition or appeal is deemed approved.

IV. CONCLUSION

With Senate Bill 350 (SB 350), the Legislature set a sizable goal for California's load-serving entities to procure 50 percent of their energy from renewable resources by 2030. LADWP is working to meet this challenging goal, which requires collaboration with the CEC and other state-regulatory agencies to address the technical challenges in procuring, developing, and integrating a diverse and complex portfolio of resources in a manner that is cost-effective and yet ensures system reliability. LADWP staff looks forward to continuing its working relationship with CEC staff to develop flexible, innovative Renewables Portfolio Standard guidelines that will lead to success in achieving California's renewable goals.

Dated: March 30, 2016

Respectfully Submitted,

BCKWd For J.R. Dennis

By: John R. Dennis
Chief Compliance Officer – Power System
Los Angeles Department of Water and Power
111 North Hope Street, Suite 921
Los Angeles, CA 90012
Telephone: (213) 367 – 0881
Email: John.Dennis@ladwp.com