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SMUD Comments on the Lead Commissioner Workshop on Publicly Owned Utility Integrated Resource Planning

Please see SMUD's attached comments.

Additional submitted attachment is included below.

STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of:	)	Docket No. 16-TRAN-01
	)	
Incorporating Transportation	)	
Electrification in Publicly Owned Utility	)	
Integrated Resource Planning	)	
	)	November 1, 2016

Comments of the Sacramento Municipal Utility District on the Lead Commissioner Workshop on Publicly Owned Utility Integrated Resource Planning

Thank you for the recent opportunity to describe the efforts of the Sacramento Municipal Utility District (SMUD) to include transportation electrification into our integrated resource planning (IRP) process. SMUD is pleased to provide these comments in addition to our presentation at the October 5, 2016, workshop.

As explained during SMUD's presentation on October 5th, SMUD has incorporated transportation electrification load into our demand forecast for resource planning since 2012. SMUD is pursuing a wide variety of initiatives to both directly incentivize purchases of plug-in electric vehicles (PEV) by our customers and to provide essential infrastructure for transportation electrification in Sacramento County. Growth of the transportation electrification market will depend upon many variables, but electric utilities such as SMUD must plan for a very large increase in electricity sales to the transportation sector if the State is to meet Governor Brown's goal of a 50% reduction in petroleum use in vehicles by 2030. If the EV load increases, as it must to reach this goal, electric utilities will see a significant increased carbon burden from the additional electric generation needed to support this electrification.

It is well established that electrification will reduce overall GHG emissions because it would result in a greater decrease in emissions from the sectors or end-uses being electrified than the increase in emissions from additional electric generation. It is estimated that the reduction in GHG emissions from vehicles is roughly 4 times greater than the commensurate increases in emissions from the electric sector. Nevertheless, utilities do not typically see the benefit of these reductions and might hesitate to spend heavily on electrification if their increase in emissions is not accounted for at the Air Resources Board (ARB). SMUD believes that this could be a significant barrier to additional investment to transportation electrification.

Currently, the ARB is considering, as a part of the Cap-and-Trade Regulation, amendments to develop a methodology to allocate allowances to the electric sector for electrification activities that reduce greenhouse gases from other sectors. This effort is consistent with the legislative intent of SB 350, which was to help

offset the ratepayer impacts of vehicle electrification through cap-and-trade allowance allocations.

However, any proposal that requires metering of the additional load from electrification of transportation, or some equivalent demonstration of this load, could prove to be a barrier. Most electric vehicles are currently charged at home, without the use of separate metering to specifically track vehicle charging load. Requiring a separate meter to track the vehicle charging load would be an unnecessary expense and create another barrier to vehicle adoption for consumers. The ARB currently relies on the demonstration and verification of increased electric load through conservative estimation that is used to provide Low Carbon Fuel Standard (LCFS) credits in that program. It would be efficient for the Cap-and-Trade Program to take advantage of the same methodology as this complementary program. The dramatic reductions of GHG emissions on the transportation side of the ledger is more than sufficient to support the concept that the barrier on the electric side can be removed by providing allowances based on a simple, cost-effective structure that does not require metering or the equivalent.

The potential increase of electric sector emissions due to increased electrification should be an issue of concern to the Energy Commission because of the potential to slow investment by electric utilities into essential charging infrastructure. SMUD encourages the Energy Commission to consult widely with the ARB and other stakeholders to develop a methodology to account for the carbon reduction shifts between the utility and the transportation sector.

Thank you again for the opportunity to comment.

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