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Comments of the Sacramento Municipal Utility District on Draft Scoping Order for the 2017 Integrated Energy Policy Report

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Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 17-IEPR-01
)	
Preparation of the)	SMUD Comments On Draft Scoping
<i>2017 Integrated Energy Policy Report</i>)	Order
)	
_____)	January 25, 2017

**Comments of the Sacramento Municipal Utility District
on Draft Scoping Order for the
*2017 Integrated Energy Policy Report***

Thank you for the opportunity to provide comments on the Draft Scoping Order for the *2017 Integrated Energy Policy Report (2017 IEPR)*. SMUD appreciates that effective implementation of SB 350 and SB 32 depends in large part on the correct focus of the *2017 IEPR*. Accordingly, SMUD has the following comments on this and other aspects of the Draft *2017 IEPR* Scoping Order.

Implementation of SB 350: SB 350 includes specific requirements for developing integrated resource plans (IRPs) aimed at achieving the 2030 greenhouse gas reduction goal of 40% below 1990 levels (this goal was referred to, but not mandated by, SB 350; and was later mandated by SB 32). SMUD expects to identify portfolios on both the demand side and supply side within an integrated resource plan that meet the requirements of SB 350 and is adopted by our Governing Board. SMUD understands that the CEC will hold workshops and develop guidelines related to the IRP process being developed. However, SMUD wants to make certain that it is clear that the POU's and POU Governing Boards that will identify the basic resource procurement options that are included in the integrated plans and scenarios, and in the end adopt those procurement plans and decisions.

SB 350 also requires the California Air Resources Board (CARB) to consider options to accommodate the additional electrical load from transportation and other electrification investments made in order to meet the State's GHG reduction goals. Broad substitution of electricity for fossil fuel combustion is an essential measure for achievement of Governor Brown's goal of a 50% reduction in petroleum use in vehicles by 2030. Electrification will reduce overall GHG emissions because it would result in a significantly greater decrease in emissions from the sectors or end-uses being electrified than the increase in emissions from additional electrical load. However, the increase in emissions in the electric sector represents a significant barrier to electrification if not covered in the Cap and Trade program.

SMUD appreciates that ARB staff is considering some method to account for this additional obligation, but SMUD understands that the current thinking of ARB Staff is to require metering or some equivalently robust demonstration of the additional load. This approach would be an additional cost burden to utilities or their customers because most electric vehicles are charged at home without separate metering for vehicle charging. This additional cost burden would likely reduce both EDU interest in and marketplace interest in investing in electric transportation.

As the 2017 IEPR addresses the issue of transportation electrification, SMUD recommends that the CEC work with the ARB and other agencies to develop an alternative method adapted to the current habits of customers rather than requiring early EV adopters to jump through another hoop to go electric. The agencies should seriously consider the conservative estimation methodology that is used to generate Low Carbon Fuel Standard (LCFS) credits. Not only would this eliminate a potential barrier to consumer adoption of EVs, but it would be administratively efficient for the Cap and Trade program to take advantage of the same methodology as this complementary program. The dramatic reductions of GHG emissions produced by electrification (approximately 4 times the increases in transportation emissions in the electric sector) implies a more than adequate “margin of error” to support providing allowances based on a simple, cost-effective structure that does not require metering or the equivalent.

While the POU IRP process will address GHG reduction measures in the electric sector, the CEC should make clear that the measures proposed in adopted IRPs to make progress towards GHG planning targets are not the same as legislative requirements like the State’s RPS. IRPs are to be redeveloped and resubmitted every five years, and must remain flexible as resources and conditions change over time. Plans can, and very often do, change to address market conditions and contract failures (i.e. less than expected generation, failure of generating facility to come online, etc.), and therefore a utility’s progress should not be measured against static, historical, adopted IRPs, but instead on making progress toward the GHG planning targets.

SMUD also supports the IEPR exploring electricity system operational issues as we integrate increasing amounts of variable renewable resources and changing load shapes from electrification transportation sector.

Developing The Electricity Demand Forecast: SMUD agrees that the adoption of distributed generation, energy efficiency, and electric transportation technologies will impact electricity demand and load shapes, and understands the CEC’s desire to be able to better forecast those impacts. However, as mentioned in SMUD’s comments on the proposed new data regulations intended to support the ability to forecast these

impacts, SMUD believes that a series of stakeholder and expert working groups should be established to help identify the best and most cost-effective data collection structures and forecast methods. SMUD looks forward to participating in these working groups as appropriate.

Climate Adaptation and Resiliency: SMUD supports continued exploration at the state level of climate adaptation and resiliency. SMUD is active in these issues in our service territory, and looks forward to collaborating with the CEC and State on further considering these issues.

Recommendations on Renewable Natural Gas: SMUD supports a comprehensive reevaluation of the role of renewable natural gas in meeting the State's climate goals. SMUD has helped develop several active projects to use renewable natural gas from local dairies and wastewater plants, and looks forward to new opportunities to continue that development. SMUD also uses renewable natural gas in our efficient Cosumnes combined cycle power plant, providing a valuable integration resource for other, non-dispatchable renewables. The CEC's reevaluation should examine barriers to further use of renewable natural gas in large power plants.

Integration of Distributed Energy Resources: SMUD supports a comprehensive examination of the role of distributed energy resources. SMUD has developed a Distributed Energy Resources plan and is in the process of initial implementation of some of the recommendations from that plan. SMUD looks forward to participating in the IEPR efforts in this area.

/s/

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cc: Corporate Files (LEG 2017-0033)