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BEFORE THE ENERGY COMMISSION
OF THE STATE OF CALIFORNIA

In the matter of:	)	Docket No. 17-IEPR-07
	)	
2017 Integrated Energy Policy Report (2017 IEPR) and Integrated Resource Plans (Publicly Owned Utilities)	)))	RE: Integrated Resource Plans (Publicly Owned Utilities)

COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE CALIFORNIA ENERGY COMMISSION (CEC) ON DRAFT STAFF PAPER PROPOSED GUIDELINE TOPICS FOR PUBLICLY OWNED UTILITIES' INTEGRATED RESOURCE PLANS

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Dated: March 23, 2017

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OF THE STATE OF CALIFORNIA

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COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE CALIFORNIA ENERGY COMMISSION (CEC) ON DRAFT STAFF PAPER PROPOSED GUIDELINE TOPICS FOR PUBLICLY OWNED UTILITIES' INTEGRATED RESOURCE PLANS

The LADWP appreciates the opportunity to provide the following comments on the California Energy Commission's (CEC) February 2017 draft staff paper, *Proposed Guideline Topics for Publicly Owned Utilities' Integrated Resource Plans.* LADWP also supports the comments submitted by CMUA, in addition to technical comments submitted below.

The LADWP is a vertically-integrated publicly-owned electric utility of the City of Los Angeles, serving a population of over 3.8 million people within a 465 square mile service territory cover the City of Los Angeles and portions of the Owens Valley. The LADWP is the third largest electric utility in the state, one of five California balancing authorities, and the nation's largest municipal utility. The LADWP's mission is to provide clean, reliable water and power in a safe, environmentally responsible, and cost-effective manner.

The LADWP supports the CEC's efforts in developing these guidelines and offers the following comments falling into four overarching themes: ensuring publicly owned utilities (POUs) retain their flexibility and discretion in developing their integrated resource plans (IRPs), data reporting, and input assumptions, as well as general concerns about the consistency of the guidelines with SB 350.

1. **POUs should retain their flexibility and discretion in developing their IRPs. IRPs are planning documents typically presenting several possible resource portfolios and options a utility may choose to implement rather than a definitive operations plan.**

   The LADWP acknowledges the CEC's need to gather data on POUs' forecasted procurement of demand-side and supply-side resources to inform policy makers as to the possible trajectory of the state's resource portfolio. Moreover, the LADWP agrees with the CEC that POUs should have the flexibility to develop their plans in a manner that realizes local planning goals and allows for the differences in the structure of each POU. It is important to note that in the draft guidelines, the CEC appear to understand that POUs need flexibility. However, certain requirements appear to be contrary to that. To that end, the LADWP strongly suggests allowing the local governing bodies of POUs to retain their discretion in establishing and approving their long-term planning processes rather than requiring POUs to adhere to a prescriptive, standardized IRP process.

The LADWP also emphasizes that IRPs are planning documents typically presenting several possible resource portfolios and options a utility may choose to implement rather than a definitive operations plan. IRPs are intended as a tool to guide and inform a POU's local governing body when making policy decisions. The CEC's requirement that all POUs file standardized IRPs would greatly impede each POUs and their governing authorities' ability to establish long-term plans that best accommodate each POU's unique planning goals, local policy constraints, and structure.

2. **How energy and capacity data is reported and accounted for should depend on the unique circumstances of each POU. The accounting method for GHG emissions should be consistent with that established in the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, and the CEC should use the GHG emissions data POUs already submit to CARB.**

    Regarding the proposed Capacity Resources Accounting Table (CRAT), the LADWP urges the CEC to allow POUs flexibility in how this table is reported. Different POUs will have different constraints to consider when planning for resource adequacy. While the CEC recommends POUs plan against their annual 1-in-2 peak load, some POUs may have determined, through operational experience, that a more conservative threshold is appropriate. The LADWP, for example, plans against 1-in-10 load conditions. Furthermore, because solar output tends to coincide with peak loads, and as POUs integrate more solar into their systems, ensuring adequate capacity during the evening hours, rather than the traditional peak hours, becomes more critical. The LADWP suggests allowing each POU to determine which hours to consider for resource adequacy purposes.

    The CEC also proposes POUs provide the nameplate capacity and peak dependable capacity of each resource. POUs continue to have the flexibility to aggregate certain types of resources, such as intermittent wind and solar, because POUs may wish to account for their aggregate capacity stochastically. For instance, a POU may find evaluating aggregate wind output at a 95 percent confidence level is more appropriate for resource adequacy purposes than assessing the expected output of each individual resource.

    The CEC contemplates requiring POUs to report estimated spot market and short-term market transactions, presumably over the entire planning horizon. The LADWP

recommends that reporting of this information be strictly optional. Utilities typically engage in short-term transactions to take advantage of or mitigate small, unforeseen imbalances in supply and demand. The planning horizon for such transactions ranges from several minutes to several days. The problem of accurately forecasting the quantity of such transactions several years into the future could prove to be intractable.
With regard to reporting greenhouse gas (GHG) emissions, the CEC proposes that IRP-provided estimates are consistent with the values reported to the California Air Resources Board (CARB) under the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR). The CEC, however, sets forth a methodology for quantifying GHG emissions that are inconsistent with the MRR. More specifically, the CEC proposes assigning emissions intensities to each generator in a POU's portfolio and multiplying this value by the forecasted energy output of each generator to arrive at annual GHG emissions for each resource. For fossil-fired resources located in California, this method will yield different results from those reported under the MRR. The CEC also proposes providing emissions intensities for existing generation resources. For resources located outside California, CARB already calculates and provides these intensity values, which are based on publicly available data (e.g., emissions data reported to the United States Environmental Protection Agency).The LADWP recommends allowing POUs to report GHG emissions based on their system dispatch models, which, in the case of LADWP, incorporate the methodologies set forth in the MRR (e.g., using fuel mass balance for resources in California) to quantify forecasted GHG emissions. The LADWP further recommends the CEC use the emissions intensities calculated by CARB for resources located outside California. GHG emissions associated with transmission losses should also be accounted for in accordance with the MRR.

The LADWP also requests further clarification from the CEC regarding how the RPS Adjustment would be incorporated into annual GHG forecasts. Improperly accounting for the RPS Adjustment may yield forecasted GHG emissions that are drastically different to those reported to CARB.

With regard to how historical portfolio GHG emission data can be filed annually, the LADWP strongly urges the CEC to use the GHG emission data reported to and verified by CARB in order to eliminate duplication of effort and minimize the burden of reporting. Such information is publicly available on CARB's website.

Finally, rather than prescribing how POUs should account for the effects of climate change in their load forecasts, POUs should use their own discretion in how to mitigate possible adverse load events. Rather than modeling the effects of climate change, POUs may prefer building in a reasonable level of conservatism when establishing their load forecasts.

3. **To achieve accurate forecasts, the CEC cannot require POUs to use standardized inputs that do not reflect each POU's unique circumstances.**

   The LADWP appreciates the CEC's desire to standardize the model input assumptions among the POUs, however, a one-size-fits-all model does not reflect the realities that an individual POU might face. For instance, prescribing a standardized natural gas price not representative of what a POU actually pays will result in inaccurate forecasted dispatch of that POU's gas-fired fleet. A POU's natural gas price exposure is dependent upon many factors, including the geographical location at which the fuel is delivered and the degree of hedging in which the POU engages. Furthermore, POUs may be better able to predict their portfolio utilization by stochastically treating commodity prices such as fuel and GHG credits rather than being constrained to run "high" and "low" case scenarios.

4. **Guidelines should be limited to the submission of information, data, and reports needed to support the Commision's review of the IRPs.**

   IRPs are an informational planning tool. The Commission's review should focus on whether the IRPs are consistent with Section 9621 of the Public Resources Code. If not, the Commission should provide recommendations regarding deficiencies.

   Guidelines should not be used as a tool to assert oversight or enforcement over local governing authorities and POUs as they develop their IRPs.

CONCLUSION

The LADWP appreciates the opportunity to submit these comments. If you have any questions, please contact myself at (213) 367-0239 or Mr. James Barner at (213) 367-4652.

Dated: March 23, 2017

Respectfully Submitted,

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