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IRP Guidelines for POU**

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of,

**2017 Integrated Energy Policy Report
(2017 IEPR)**

Docket No. 17-IEPR-07

**Joint POU Comments on CEC Staff Workshop and Discussion Document Regarding
Integrated Resource Plan Guidelines for Publicly Owned Utilities**

Table of Contents

I.	Introduction	2
II.	IRPs are Planning Tools	3
III.	Local Governing Boards are Responsible for Approving IRPs	4
IV.	Interested Party Involvement in IRP Planning is Best Served at the Local Level	5
V.	All POU's, Even Those Not Subject to IRP Requirements, Provide Numerous Reports to State Agencies That Illustrate Their Progress in Achieving the State's GHG Reduction Targets.....	7
VI.	While Flexible GHG Planning Targets are Integral to IRP Development, These Targets Should Not be Treated as a Separate GHG Regulatory Regime	9
VII.	The Commission's "Review and Recommendation" Process Should be Clearly Described in the Guidelines.....	10
VIII.	Certain Portions of the IRP May Benefit from Qualitative, Narrative Responses Rather Than Quantitative Data Submissions	16
IX.	Responses to Questions Raised in Draft Staff Paper.....	16
a.	IRP Development and Review.....	16
b.	Data Reporting.....	20
c.	Reliability, Storage, and Distributed Generation.....	22
d.	Demand-Side Resources	25
e.	Other IRP Content.....	25
X.	Conclusion.....	27

I. Introduction

The California Municipal Utilities Association (CMUA), Northern California Power Agency (NCPA), and Southern California Public Power Authority (SCPPA), collectively referred to as the “Joint POU,” appreciate the opportunity to provide comments on the *Proposed Guideline Topics for Publicly Owned Utilities’ Integrated Resource Plans* (“Draft Staff Paper”) docketed on February 17, 2017, and the February 23, 2017 staff workshop. We greatly appreciate Chair Robert B. Weisenmiller’s granting of our request to extend the comment period to March 23, 2017; this enabled a more thorough review of the Draft Staff Paper amongst our respective Members, allowing us to provide robust and valuable input to the Commission in this Joint POU comment letter.

As requested by the Commissioners and staff, these comments address the specific questions raised in the Draft Staff Paper. We also provide context for these responses, outlining a number of overarching themes that must be considered and reflected in all aspects of developing the Integrated Resource Plan (IRP) guidelines for the 16 affected publicly-owned utilities (POUs).

Pursuant to Senate Bill 350 (2015), certain POU are required to prepare IRPs and submit them to the California Energy Commission (CEC or “Commission”) *for review*. To facilitate that review of the IRPs, Section 9622 authorizes the Commission to “adopt guidelines to govern the submission of information and data and reports *needed to support the Energy Commission’s review*.”¹ The Joint POU are concerned that the purpose of the guidelines articulated in the Draft Staff Paper does not recognize this statutory directive. The purpose of the guidelines that the Commission may adopt is to facilitate *review* of IRPs developed by the POU – not to prescribe a process for *developing, submitting, and reviewing* IRPs as was noted in the workshop agenda and Draft Staff Paper.

As characterized in the Draft Staff Paper, it appears that staff envisions the guidelines as a requirement for the form of POU IRPs when it notes that “[t]his document will inform the development of guidelines for use by publicly owned electric utilities when preparing, adopting, and submitting integrated resource plans.”² Should the Commission identify deficiencies in its review of POU IRPs, the statute also authorizes the Commission to “provide recommendations to correct the deficiencies.”³ However, the Draft Staff Paper describes the guidelines as including “the process for correcting an IRP’s deficiencies.”⁴ Although nuanced, these distinctions between guidelines to facilitate the Commission’s review and guidelines to direct the development of the POU IRPs are significant and must be recognized.

¹ Cal. Pub. Util. Code § 9622(c) (emphasis added).

² Draft Staff Paper, pp. iii, 2, 4.

³ Pub. Util. Code § 9622(b).

⁴ Draft Staff Paper, p. 4.

The Commission’s process for reviewing the IRPs is directly linked to the development of the guidelines that will facilitate that review, and should not be considered a separate or distinct element of this exercise. That process should incorporate the guidelines as a type of “reference guide” to review the planning documents submitted by each POU, and as a tool to confirm that the elements articulated in Section 9621 have been addressed by each local governing board that approved the POU’s IRP. That same format would inform the structure of the Commission’s feedback to the POUs in the event that it believes there are deficiencies in a POU’s IRP that did not address the statutory requirements.

It is within this context that the Joint POUs provide these comments on the Draft Staff Paper and subsequent workshop and webinar discussions.

II. IRPs are Planning Tools

POUs must be able to retain the flexibility to establish resource plans that review a wide range of options, which will also reflect compliance with the Renewables Portfolio Standard (RPS) mandate and compliance obligations associated with the California Air Resources Board’s (CARB) Cap-and-Trade Program. The Commission must recognize that the State’s policy objectives will be met through a panoply of measures and programs, and the POUs and California Public Utilities Commission (CPUC)-jurisdictional load serving entities (LSEs) that provide IRPs will not unilaterally meet all of these objectives; nor are they required to do so. To that end, it is important to properly frame the purpose and objective of the IRPs; **these are planning tools that focus on prospective actions intended to meet multiple objectives.** *The IRPs are not compliance filings.* Compliance, in terms of the IRP, means that the POU has reviewed and considered each of the mandatory elements listed in Section 9621. For each POU, the assessment will necessarily differ, and preferred portfolios for one POU will differ from those that are appropriate in other jurisdictions.

Historically, IRPs have been used as planning documents for a POU’s future resource needs. Our Member POUs have successfully developed their own processes – as approved by their local governing boards – to ensure that these planning efforts appropriately reflect *direct* input of community-owners, which leads to policy direction specific to each unique community. These documents are purposefully directional – *not* determinative. IRPs are *not* detailed roadmaps for long-term utility operations, but rather wide-ranging planning analyses that lead to policy direction from local governing bodies. This is especially true as the utility industry navigates rapid changes of an unprecedented magnitude – from energy efficiency and flattening load growth, to integrating increasing amounts of intermittent renewables and greenhouse gas emission reduction strategies, to deployment of smart meters, energy storage, behind-the-meter resources, and transportation electrification – all while maintaining reliable electricity services pursuant to local, state, regional, and federal standards at affordable prices. We emphasize this

planning aspect of IRPs; they should not be viewed as an end-all solution towards the challenging task of forecasting the future in 2030 nor as a definitive means of meeting 2030 climate change goals. The wide array of existing, or proposed, policies and programs at the state level already pave the way for utilities' supporting role in achieving the State's emissions reduction targets.

With that in mind, the CEC should limit requested data points under these guidelines only to those necessary to complete its evaluation of whether the POU IRPs meet what is required by a strict interpretation of the relevant sections of statute. Staff should be mindful that POU already submit a substantial amount of detailed information to the Commission and other State agencies in order to comply with the myriad of requirements in state statute. Rather than seeking an extensive list of data points that may (or may not) be available from POU, we would encourage staff to focus on information and data reasonably necessary to complete its work in a timely manner. Particularly given the prospect that there is limited Commission staff available to review 16 sets of substantively comprehensive IRPs (that can take dedicated POU staff 18-24 months to complete). Commission Staff must also recognize and appreciate that POU are governmental entities, regulated by locally elected and/or appointed officials who *must* adhere to strict public input and review processes.

The Commission should better frame the data requested as part of the IRP by directly showing how collection of the information advances the Commission's ability to review the IRP. Before determining which types of data it would like to collect, the Commission should determine the policy questions that it seeks to answer. From there, stakeholders can work with Commission staff to identify a list of potential data points that may be helpful in addressing those questions. Such an approach may prove to be less resource-intensive while still achieving the desired outcomes. The responsive information or data available for one utility may not match that of another; however, respecting these disparities is one of the fundamental principles that should apply to the Commission's IRP review.

III. Local Governing Boards are Responsible for Approving IRPs

It is critical the Commission understand that a one-size-fits-all approach is not acceptable for POU IRP guidelines. Our respective local governmental entities simply must have the flexibility necessary to address the vast disparities amongst POU in terms of size, geography, and customer base. This further includes the ongoing need to be mindful of unique requirements facing POU, such as adhering to public review and records requirements, using municipally-backed financing mechanisms to own or operate resources, and seeking local governing board approval for a variety of needs in publicly-accessible open discussion and deliberation forum(s). This first-hand experience, coupled with direct input from customer-owners, allows POU to provide necessary insight on important policy decisions from an implementer's perspective. Any

guidelines that the Commission adopts should recognize POU efforts to comply within the parameters of maintaining affordable rates while ensuring adequate, prudent, and operationally-viable power supply as well as maintaining transmission and distribution system reliability.⁵

While SB 350 does require certain POUs to submit information that *addresses* a variety of IRP planning topics, it does *not* in any way expand the Commission's authority to usurp the authority of local governing boards in order to regulate POUs' resource procurement and program implementation decisions. To do so would undermine well-established local processes as overseen by locally-elected and appointed officials - a fundamental pillar for communities served by public power utilities. We urge the Commission to avoid developing prescriptive rules and restrictions that attempt to supersede or interfere with POUs' existing and required local governing authority jurisdiction and approval processes.

IV. Interested Party Involvement in IRP Planning is Best Served at the Local Level

POUs are uniquely situated to engage their customers in resource planning. The development of an IRP that reflects the needs and objectives of the communities in which the POUs are located will not only be part of the public processes and open meeting rules required by law,⁶ but will also reflect the utility-specific processes employed at the local level. This may include events such as customer-focus groups, community-wide and neighborhood-specific meetings, and informational presentations during governing board meetings, to name a few. Outreach to stakeholders is done at the local level, and the types of electric generation resources, special programs, and technologies that a POU pursues are directly impacted by the demands and needs of the electric ratepayers and members of the community.

The local governing boards of the POUs are directly accountable to the residents and businesses within their communities, and as such, the ultimate portfolio of electric generation services and programs adopted by the POU reflects the input of those constituents. POU IRPs will be adopted by the local governing boards of the POU in a public process. Before such approval, the POUs follow the usual public notice and meeting requirements mandated by the California Government code, as well as the provisions of section 9621(d) that require the POU to notify the Commission directly. Only after the local governing board has approved their IRP is it submitted to the Commission for the Commission to review the documents and identify any deficiencies.

The Commission's process should not be treated as an opportunity for third parties to engage in a *de novo* review of the POU's IRP after it has been approved locally, especially when

⁵ Cal. Pub. Util. Code §§ 9621(b)(3), 454.52(a)(1)(C) and (D).

⁶ See Cal. Gov. Code § 54950, *et seq.*

the statute included specific provisions for notice requirements prior to the POU's approval of the IRP. Instead, the process should be confined to the express authority designated to the Commission to review the IRP and make recommendations to address deficiencies, if warranted. There are over 70 individual city council, utility board, and district meetings held *each month* amongst the 16 POU's required to submit IRPs. In these meetings, decisions are made that incorporate both utility-related and non-utility decision points into everything POU's do for their local communities. Interested members of the public have ample opportunity to provide input in these proceedings that take place well before the Commission will conduct its review.

That is not to say that the Commission cannot take an active role in facilitating third party involvement in POU's IRP development prior to their final approval by the local governing body. By doing so, the Commission can be assured that interested stakeholders are aware of the various deliberations at a time when they would be better able to understand the context in which they are developed and comment on the potential outcome. POU IRPs will be submitted to the Commission after their approval by the local governing board, and it is likely that various elements of the program will already be employed by that time. Stakeholders with an interest in the POU IRP process should be encouraged to engage the POU's prior to that time. Indeed, there is no public purpose served if a stakeholder only engages in this process *after* the POU's IRP has been finalized and submitted to the Commission for its review.

To facilitate this effort, each agency will be required to comply with the notice and posting requirements of Section 9621(d), consistent with Section 399.30(f) already required for POU RPS procurement plans. This public process is consistent with the existing practices and already a part of the open meeting laws and requirements with which the POU's comply. Part of this process includes notifying the Commission when the POU will be deliberating on the IRP at the same time that the public notice is posted locally. Likewise, whenever materials regarding the IRP are distributed to the governing body for its consideration, the POU is required to make that information available to the public, and also provide the Commission with an electronic copy (or applicable URL) that can be posted on the Commission's website. In addition to posting these materials, the Commission can host a list serve which would provide links to public meeting notices regarding POU's IRP deliberations to interested stakeholders that may not be part of the POU's community. Up-front participation from interested stakeholders, even those that are not local to the POU, would avoid potentially protracted and ill-informed second-guessing of procurement decisions and planning determinations after the IRP has been approved by the POU.

V. All POU's, Even Those Not Subject to IRP Requirements, Provide Numerous Reports to State Agencies That Illustrate Their Progress in Achieving the State's GHG Reduction Targets

All the state's POU's are doing their part to help the state meet its GHG and clean energy objectives. Not all POU's are required to submit IRPs to the Commission. Section 9621(a) provides that "*This section shall apply to a local publicly owned electric utility with an annual electrical demand exceeding 700 gigawatt hours, as determined on a three-year average commencing January 1, 2013.*" The express exclusion of smaller POU's recognizes the administrative burden both on these entities to submit detailed plans to the Commission and on the Commission's limited resources to review the plans. The state's POU's that serve less than the 700 gigawatt-hour annual electric demand threshold represent less than 1% of the state's total load and a *de minimus* share of the total sector-wide emissions. Accordingly, even without reviewing IRPs for these entities, the state policymakers have sufficient data based on the IRPs that are authorized by Sections 454.52 and 9621 to assess utility and electric sector contributions towards meeting the statewide GHG reduction targets. It is worth noting that smaller POU's provide reports and compliance filings to state agencies that readily display their ongoing contribution towards meeting the state's clean energy objectives. The following represent a few such examples:

Renewable Portfolio Standard: All POU's are subject to the RPS mandate. Through annual reports and submittals to the Commission at the end of each compliance period, those POU's will demonstrate their trajectory towards meeting the 50% RPS mandate. Many of these same utilities rely on a significant amount of large hydro and/or nuclear generation to satisfy the resource needs of the other 50% of their portfolios. In combination with the RPS mandate, this could result in 60-80% of a small utility's load as carbon free resources. POU's' renewable procurement is further detailed, though with a different lens – focused on consumer-facing data, via Power Source Disclosure reports which feed into Power Content Labels.

Cap-and-Trade Program and Mandatory Reporting Regulation: POU's that are covered entities under the Cap-and-Trade Program must retire compliance instruments in that program. As such, the existing Cap-and-Trade Program provides further assurance that such utilities are contributing to the State's broader GHG reduction efforts. All POU's (regardless of size) with GHG emissions in their electric generation portfolios will need to surrender compliance instruments in the Cap-and-Trade Program annually equivalent to a third of their projected compliance obligation for any given compliance period, and true-up their surrender at the end of each compliance period. By virtue of the fact that the Cap-and-Trade Program compliance obligation is subject to a declining cap, compliance ensures that emissions reductions are being achieved. Added to this, as entities subject to the CARB Mandatory Reporting Regulation

(MRR), all emissions covered in the MRR are reported to CARB and independently verified by an approved third party each year.

Energy Efficiency: All POU's comply with a number of statutory mandates, both at the state and federal levels, that address increased energy efficiency. The progress of all the POU's is described in the annual report - *Energy Efficiency in California's Public Power Sector*,⁷ most recently submitted on March 15, 2017. This publicly available information details the role that energy efficiency plays for the various POU's and describes POU compliance with the various statutory mandates. Without or without submission of an IRP to the Commission, POU's will still work toward the State's mandated energy efficiency goals. Furthermore, POU's provide the Commission with additional energy efficiency related data in AB 2021 potential forecasts and Form CEC-1311 submissions. Information is also provided to the U.S. Energy Information Administration (DOE EIA 861).

The Loading Order: Long before SB 32 (2016), AB 197 (2016), and AB 32 (2008), the state agencies endorsed a statewide energy loading order⁸ and energy efficiency was recognized as the resource of choice by the Legislature.⁹ Mindful of this direction, POU's of all sizes have adopted policies and programs consistent with the loading order and the State's energy objectives. Each of these preferred resources contributes to GHG reductions – either by seeking out lower emitting resources or reducing the electricity demand that results in the reductions.

Energy Storage: Consistent with the provisions of Public Utilities Code Section 9506, all POU's, regularly assess the feasibility and cost effectiveness of energy storage projects, and if deemed feasible and cost effective, adopt energy storage procurement targets. The results are reported to the Commission regularly, and this information is not likely to be substantially different whether submitted as part of the POU's regular compliance or referenced in an IRP.

Emissions Performance Standard: The emissions performance standard (EPS) regulations, implemented by the Commission in response to SB 1368 (2006), limit the POU's' ability to make long-term investments in resources that exceed the adopted EPS. These regulations apply to all POU's, regardless of whether they are mandated to submit IRP's to the Commission. While the legislation was intended primarily to address coal-fired electric generation resources, compliance with the EPS restricts investments in any new and existing resources with emissions greater than

⁷ *Energy Efficiency in California's Public Power Sector*, page 9: <http://www.ncpa.com/wp-content/uploads/2015/02/•Energy-Efficiency-in-Californias-Public-Power-Sector-A2017-Status-Report-March-2017.pdf>.

⁸ California's loading order requires energy efficiency, demand response, renewables, and distributed generation to be considered to meet customer resource needs before fossil-fired generation. 2003 *Energy Action Plan*.

⁹ SB 1037 (2005).

the EPS. Further, many POU have taken additional action to fully divest of their historical interests in coal-fired generation, often at a financial cost to their customers.¹⁰ Indeed, the POU's actions to divest of coal-fired generation resources are highlighted in the Commission's Coal Tracking Progress, last updated November 2016.¹¹

The programs and measures discussed above represent a portion of the existing reports and programs that are readily available to state agencies. Each of these individual elements provides state policymakers with considerable information on multiple aspects of POU contributions towards the state's overall energy and climate objectives, including small POU. Additional reporting or tracking is neither necessary nor warranted, and indeed, would contravene the express statutory intent to exclude smaller POU from the administrative burden of submitting additional documents to the Commission.

VI. While Flexible GHG Planning Targets are Integral to IRP Development, These Targets Should Not be Treated as a Separate GHG Regulatory Regime

The electricity sector GHG emission reduction targets, to be established by CARB in consultation with the Commission and the CPUC, will form the basis for the GHG planning targets used by CPUC-jurisdictional LSEs and POU in IRP development. Determining the correct planning targets for the POU and LSEs is critically important and is being addressed concurrently in this proceeding as part of a collaborative effort that involves the Commission, the CPUC and CARB. The GHG planning target is important because it helps to frame the context for the plans "that reflect the electricity sector's percentage in achieving the economy-wide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030." These targets, but one part of the IRP process, do not constitute a separate or quantifiable GHG emissions reduction requirement for any LSE or POU. The IRP process does not supplant CARB's GHG emissions accounting program, nor does it create a separate GHG accounting program. Collectively, the LSE and POU IRPs can provide insights that can help the Commission and policymakers assess a significant portion of the electric sector's progress towards meeting the sector-wide GHG reduction goal under known and existing mandates that require routine reporting. The IRPs can also help the Commission garner a better understanding of the interplay that occurs between the individual efforts of the POU and the mandated programs.

While the electric sector will play an important role in helping the state meet its statewide GHG reduction and climate objectives, **the LSE and POU IRPs are but one element** in the state's suite of measures, mandates, and statutory direction on achieving the statewide GHG emissions reduction goals. In order to ensure that the IRPs are reviewed in the correct context,

¹⁰ See Joint Agency Workshop on 2030 Greenhouse Gas Emission Reduction Targets for Integrated Resource Plan, February 23, 2017; Workshop Transcript, p. 106; ll.12-19 (Zettel).

¹¹ http://www.energy.ca.gov/renewables/tracking_progress/documents/current_expected_energy_from_coal.pdf.

and to develop guidelines for that review that recognize the purpose of the IRPs, the distinction between the LSEs' and POU's roles in achieving the GHG reduction targets and the broader objective of meeting statewide climate goals must be recognized. This is critically important because the IRPs are simply not the correct tool to address multi-sector, statewide, emissions and climate objectives. This is clearly demonstrated by looking at CARB's Draft Scoping Plan;¹² the emissions reduction targets included in that document reflect a plan for achieving emissions reductions from all sectors of the economy. Those numbers do not, however, reflect an assessment of the feasibility or cost-effectiveness of the reductions. The Scoping Plan also incorporates consideration of the mandates of AB 197 (2016), but those provisions do not impose a separate compliance obligation on LSEs or POU's in the context of IRP planning. To be clear, while there are myriad programs and mandates aimed at helping the state meet its climate objectives, they are not all tied to setting the GHG planning targets for IRPs, nor are they appropriately considered as part of the POU's IRP.

VII. The Commission's "Review and Recommendation" Process Should be Clearly Described in the Guidelines

The Commission's role in the IRP process is centered in its directive to review the IRPs submitted by POU's. If the Commission determines an IRP is inconsistent with the requirements of Section 9621, it is to provide recommendations to the POU to correct the deficiencies.¹³ In order to support this role, the Commission may adopt guidelines to govern the submission of information necessary to review the POU IRPs.¹⁴

Guidelines to Support the Commission's Review of the POU IRPs

The Draft Staff Paper notes that staff will develop a process for reviewing the POU's IRPs, which will be made available for public comment in the draft POU IRP guidelines.¹⁵ The Joint POU's believe that the review process is directly linked to development of the guidelines, since the sole purpose of the guidelines is to "support the Energy Commission's review of the utility's integrated resource plan. . ."¹⁶ As such, it is imperative that the review process be incorporated within the guidelines. It is also important that the Commission's review process be well defined, definitive, and directly related to the scope of the Commission's authority.

¹² The 2017 Climate Change Scoping Plan Update: The Proposed Strategy for Achieving California's 2030 Greenhouse Gas Target, draft January 20, 2017; https://www.arb.ca.gov/cc/scopingplan/2030sp_pp_final.pdf.

¹³ Cal. Pub. Util. Code § 9622(b).

¹⁴ *Id.*

¹⁵ Draft Staff Paper, p. 7.

¹⁶ *Id.*

Scope of Review

Section 9622(b) directs the Commission to “review the integrated resource plans and updates” submitted by the POU, and if the Commission determines that the IRP or update is inconsistent with the requirements of Section 9621, provide recommendations to correct the deficiencies. The Commission will, therefore, need to review the POU IRPs to see if each of the mandatory elements is addressed.

Section 9621 requires an affected POU to present a plan that:

- meets the GHG reduction target that reflects the electricity sector’s share of achieving the economywide GHG reductions of 40% below 1990 levels by 2030;¹⁷
- ensures procurement of eligible renewable energy resources consistent with the RPS mandate;¹⁸
- meets the goals of enabling the POU to fulfill its obligation to serve its customers at just and reasonable rates;¹⁹
- meets the goals of minimizing impacts on ratepayers’ bills;²⁰
- meets the goals of ensuring system and local reliability;²¹
- meets the goals of strengthening the diversity, sustainability, and resilience of the bulk transmission and distribution system, and local communities;²²
- meets the goals of enhancing distribution system and demand-side energy management;²³
- meets the goals of minimizing localized air pollutants and other GHG emissions, with early priority on disadvantaged communities;²⁴ and
- addresses procurement for the following:
 - energy efficiency and demand response resources;²⁵
 - energy storage requirements;²⁶
 - transportation electrification;²⁷

¹⁷ Cal. Pub. Util Code § 9622(b)(1).

¹⁸ Cal. Pub. Util Code § 9621(b)(2).

¹⁹ Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(C).

²⁰ Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(D).

²¹ Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(E).

²² Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(F).

²³ Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(G).

²⁴ Cal. Pub. Util Code §§ 9621(b)(3), 454.52(a)(1)(H).

²⁵ Cal. Pub. Util Code § 9621(c)(1)(A).

²⁶ Cal. Pub. Util Code § 9621(c)(1)(B).

- a diversified procurement portfolio;²⁸ and
- resource adequacy requirements.²⁹

The Commission's review, therefore, should ensure that each of these elements is addressed. The Commission should not, however, expect that each item will be submitted in an identical format by all of the POU's. As mentioned above, the Commission's review process (and the guidelines themselves) should reflect an understanding of the fundamental governance structure under which the IRPs were developed and ultimately approved, and must respect the autonomy and authority of the local governing boards of the POU's. This recognition will help frame the context of the Commission's review, which is focused on ensuring that the IRPs include each of the mandated elements of Section 9621 and that the plan as a whole meets the stated objectives. The objective is not to make independent determinations regarding resource preferences within each of those elements or second guess determinations of cost-effectiveness or feasibility.

POU IRPs will reflect each POU's best plan for providing reliable and safe electricity services and products to residents and businesses, while complying with State mandates and policy objectives. The required elements of Section 9621 can be met in a number of different ways, and resource planning is a unique and dynamic process, guided by the legal requirements and policy preferences of the local communities the POU's serve. As such, the IRPs will necessarily reflect POU-specific preferences and the reasoned judgment of the governing body. Alternatives will have been weighed, and some rejected. Other alternatives may have presented viable options for achieving the same result, and different approaches may have been possible.

In the end, however, the IRP adopted by the POU's governing board reflects the governing body's plan to best meet the POU's statutory mandates, statewide policy objectives, direction of its local governance, and needs of its customers. Third party review of the decisions and planning strategies made by the POU's should not be scrutinized or otherwise found lacking simply because they do not reflect the preferences of the reviewer or other third party interests. As suggested above, the Commission should ensure a process that does not allow "after the fact" assessment of POU decision making processes to weigh the merits of the various procurement decisions, including the types and kinds of technologies utilized to meet the statutory mandates and state policy objectives.

As such, in developing guidelines to review the POU IRP filings, the Commission should ensure that it adheres closely to its statutory direction under Section 9622, and that its review process does not allow for the opportunity to supplant the independent judgment of the local

²⁷ Cal. Pub. Util Code § 9621(c)(1)(C).

²⁸ Cal. Pub. Util Code § 9621(c)(1)(D).

²⁹ Cal. Pub. Util Code § 9621(c)(1)(E).

governing boards of the POU's. It is imperative that the IRP be reviewed for compliance with the whole of Section 9621, regardless of whether the reviewer agrees with the options adopted or prefers an equally viable alternative not included in the POU's IRP. Personal preferences or third party agendas cannot be allowed to replace the independent and lawful decisions made by the POU's and their governing boards.

The review process and associated guidelines should facilitate the Commission's review of the IRPs, but acknowledge the governing board's autonomy and the flexibility contained in the legislation. The process should avoid providing a forum for independently weighting or prioritizing any one factor when assessing the completeness of the POU's IRPs.

The IRP review process should also acknowledge the fundamental nature of a *plan* and recognize that not all POU's will provide the same kind of information, the same type of analysis, or identical quantitative analyses. Data supporting the plans may be qualitative or quantitative, or both. As more fully addressed below in Section VII of these comments, not all POU's will be situated such that they can provide the same kind of information or the same level of detailed that may be deemed optimal. That is not, however, an indication of the IRP's insufficiency to address the objectives of Section 9621.

The IRPs reflect comprehensive and well thought-out roadmaps to achieving the stated objectives. The Commission's review of the POU's IRPs should ensure that the required elements of the plan are addressed therein, and not extend to questioning the final decisions or assessment set out in those plans.

The 10 plus year planning horizon will include uncertainties and variables. External factors, such as unanticipated advances in some technologies or shifts in consumer preferences, may result in the need to modify certain programs and previously approved programs. For example, advances in transportation electrification, zero-net energy buildings, and micro-grid technologies can have unanticipated impacts on a long-term plan. Likewise, changes in local priorities, economic considerations coupled with market uncertainties (including as it relates to municipal financing), variable resource availability, local input on potential rate impacts, and subsequent ratemaking decisions in a POU's jurisdiction may also impact its planning efforts. Some areas of the IRP will be more definitive than others, and some may include more comprehensive long-term commitments than others. However, as long as each element of Section 9621 is properly addressed in the initial plan, the evolving or developing nature of some aspects of the IRP should not be viewed as a deficiency or shortcoming. Aspects of the plan impacted by new developments or changed circumstances would be addressed in subsequent IRP updates, which would be prepared by the POU at least every five years as required by statute. The IRP updates will address these unforeseen changes, and provide for periodic course changes that may be

necessary to ensure that the POU remains on track to meet the planning objectives set forth in Section 9621, including RPS mandates and Cap-and-Trade Program compliance obligations.

Timing of Plan Submission

Section 9622(a) provides that the “integrated resource plans and plan updates adopted pursuant to Section 9621 shall be submitted to the Energy Commission.” Section 9621(b) directs the governing board of local publicly owned electric utilities, on or before January 1, 2019, to “adopt an integrated resource plan and a process for updating the plan at least once every five years...” The timing for adoption of the plans and the updates is solely within the discretion of the POU governing bodies, as long as the timing requirements of Section 9621 are met. The Commission’s authority to review the plans, and develop guidelines that govern the submission of information needed to support the Commission’s review of the plans, does not extend to setting the dates for submission of the IRPs prepared by the POUs.³⁰

While the Joint POUs appreciate that the Commission is looking for uniform submissions that can inform the Integrated Energy Policy Report (IEPR) (PRC Section 25302), it is not necessary to link the POUs’ integrated resource plans directly to the IEPR or the Commission’s IEPR schedule. Neither Section 9621, nor Section 454.52 require alignment of integrated resource planning with the IEPR. Indeed, the two provisions do not even mandate adherence to the same, proscriptive timeline. Information the Commission gathers for the IEPR will still be available to inform that process, as will other information already provided to the Commission. Even though the POU IRPs will provide comprehensive access to a broad range of information, the primary purpose of the IRP differs from that of the IEPR.

POU IRPs should not be utilized as a new and limitless data reporting obligation. Doing so convolutes the purpose of the IRP, unnecessarily redirects limited staff resources towards the collection of excessively detailed data that may be irrelevant to a POU’s planning needs, and would complicate the ability of the local governing board – and interested members of the public - to easily understand the analysis behind a POU’s longer-term resource plans. This added complication results in a reporting document divorced from its original and well-established purpose.

Instead, we would encourage Commission staff to coordinate internally and with sister state agencies (particularly, with CARB) to help inform IEPR planning analyses on a more granular level. It would also be helpful if staff would review and specifically identify the myriad of reports provided to State agencies and work with the POUs to streamline duplicative reporting requirements where identified (including further advancing online reporting capabilities to aid all

³⁰ In contrast, Section 454.52(a)(1) directs the California Public Utilities Commission to adopt a process for the filing of the load-serving entity IRPs and a schedule for periodic updates to the plan.

parties involved). The POU's have previously flagged priority areas for report streamlining and offer several examples and very much appreciate the Commission's work in developing a streamlined online reporting system that is now in-use.

Further, while the Commission has broad authority to collect the information necessary to inform the process, the Commission is encouraged to ensure that the data collection avoids unneeded and duplicative data submissions and gives full consideration to the burden that the data collection places on stakeholders.³¹ Preparation of the full IRP contemplated under Section 9621 will require considerable POU resources. This burden was recognized by the Legislature when it adopted the IRP timeline and required updates to the IRP no more than every five years. More frequent filings, unless closely tied to a change in comprehensive report filing schedules across all aspects of utility reporting, including data collected for the IEPR and other submittals, should be avoided. As previously noted, the overall structure of the various POU's necessitates different planning horizons for the various entities. Adhering to the timing authorized in Section 9621 does not compromise the sufficiency of the information provided to the Commission for review of the POU IRPs, nor does it adversely impact the Commission's ability to complete the data assessment necessary for preparation of the IEPR. **Indeed, the Joint POU's believe that regardless of when the IRPs are filed, those elements of the IRP that are subject to separate filing requirements and deadlines, should be referenced as citations within the IRP and not resubmitted.** This approach ensures that all the information is available to stakeholders and the Commission without adding duplicative filing and reporting requirements.

Commission Review Timeline

Because the IRPs are comprehensive planning tools, that look at myriad factors and take into account all aspects of the utility's operations. A fully developed IRP can take more than a year to complete, and will include long-term projections with several inter-related elements. Because of their complexity and the extent to which these plans govern overarching policy decisions the POU engages in, the Commission's review and potential identification of "deficiencies" must be timely to submittal of the IRP to be meaningful.

The review process must have specific and certain timelines. The Joint POU's recommend that the Commission provide its initial feedback on the submitted plan within 30 days of submission. If the Commission believes that more information is necessary to ensure that each of the mandatory elements of Section 9622 are included, the Commission should engage in a meet-and-confer with the POU within 45 days of the IRPs submission. Requests for additional data must be substantiated and relevant to determining whether a required element is included, and not judge the sufficiency of the underlying assessment. In the event that the Commission determines there are deficiencies in the IRP, a written list of recommended corrections should be

³¹ Cal. Pub. Res. Code § 25320.

provided to the POU within 60 days of when the IRP was submitted to the Commission. A lengthy review process that is not focused on ensuring the inclusion of mandatory elements should be avoided.

VIII. Certain Portions of the IRP May Benefit from Qualitative, Narrative Responses Rather Than Quantitative Data Submissions

As raised in the staff workshop and informal discussions with Commission staff, certain components of POU IRPs may best be addressed with *qualitative* narrative responses. This may be the case, for example, in instances where data is not readily available (*e.g.*, the POU does not collect the type of data) or the data would not meaningfully inform statewide efforts (*e.g.*, the POU predominantly serves industrial customers). The Joint POU strongly encourage the Commission to adhere to the statutory language of SB 350 (2016) which clearly allows a POU to qualitatively or quantitatively address future needs, if any, pursuant to the unique nature of each individual POU. The Commission's guidelines should appropriately reflect this. Overly prescriptive, one-size-fits-all quantitative requirements in POU IRP guidelines would be unnecessarily burdensome for POU, when qualitative reports would suffice for the purposes of Staff's review of disparate POU IRPs to meet future planning goals.

IX. Responses to Questions Raised in Draft Staff Paper

Below, the Joint POU offer responses specific to the questions raised in the Draft Staff Paper. Many of the responses include aspects of the overarching themes addressed above, and, therefore, may seem repetitive in nature. We appreciate CEC staff's consideration of these important issues as the IRP guideline development process continues.

a. IRP Development and Review

- i. Is it appropriate to require that supporting analysis for IRPs be undertaken in the 24 months prior to adopting an IRP? Is there an alternative time frame that is more appropriate?*

Each POU will have its own practices for preparing analysis to support the conclusions in its IRPs. POU should use the most recently available data, and potentially develop a process to gather new data. The 24-month time period proposed in the Discussion Document question may be appropriate in most circumstances; however, no mandatory time period should be specified in the CEC's Guidelines for the reasons specified below.

SB 350 Does Not Grant the Commission the Authority to Impose Limitation on the POU IRP Development Process.

While the Commission may provide a POU recommendations to correct deficiencies in an IRP specific to the goals identified in Section 9621(b)(1)-(c)(1)(E), the Commission has no authority to dictate the manner or method that a POU uses to *develop* its own IRP. The Commission should ensure that its guidelines do not impose requirements outside of the jurisdiction granted by SB 350.

The IRP Development Processes of the IRP POU's Will Necessarily Vary Widely.

The Joint POU's have raised, in a number of Commission proceedings, the importance of acknowledging the distinct differences amongst our state's vastly diverse POU's. The 16 IRP POU's have dramatically different loads, customer classes, governing body structures, and local priorities. The manner in which each POU develops its IRP will be driven by a combination of utility planning needs and the preferences of their customers. Some will hire outside firms to design models and planning tools that inform their IRP's; the development of such could span over a multi-year period. Specify a single timeframe to initiate supporting analysis is not appropriate in light of these differences. Further, the POU IRP's will be adopted through a local public process. Any POU seeking to rely on unreasonably outdated data or analysis would face questions from their own customers and governing board.

A 24-Month Timeframe May Conflict with Other Reporting Requirements.

In some areas, a POU may incorporate data or analysis from complimentary reporting requirements (such as energy efficiency, energy storage, or IEPR reporting) into the POU's IRP development process. In some cases, that data may be collected prior to 24-months before the anticipated date of adoption of the IRP. This limitation could result in unnecessary updates to data that is still sufficiently recent to support the IRP analysis and statutory mandates under which it is prepared. For example, if it were necessary for a governing board to delay the adoption of the IRP by a few months, a 24-month requirement could result in large amounts of the data becoming unusable for the IRP, which could potentially require the entire process to start over. Such an outcome should be avoided; the only limitation should be that the POU rely on the most recently available data and analyses.

- ii. Are there select areas of analysis that should be exempt from meeting this 24- month requirement because of the analysis is not time-dependent?*

See response to previous question.

iii. What constitutes an IRP update?

There is no statutory requirement for POU's to perform any partial or preliminary update to an adopted IRP other than the mandated 5-year cycle established in Section 9621(b). Therefore, the Commission's Guidelines may not require the submission of data more frequently than the 5-year cycle specified in statute. With that said, it is reasonable to assume that, in determining a process for adopting an IRP at least once every five years, a POU could further clarify what it believes may be within the scope of such an "update". For example, this could include provision of any new analysis or data that has become available to the POU since its last IRP – or a description of any changes in circumstance that impact the previous plan.

1. Is it appropriate to require IRPs be adopted and submitted to the Energy Commission every four years to consolidate and leverage other similar requirements?

Nothing in Section 9622 gives the Commission authority over the timing of the submission of data or the timing for the adoption of the IRPs. In fact, this authority rests solely with a POU's local governing board, pursuant to Section 9621.

As stated above, the IRP is a planning tool, and as such will need to be structured to provide the most valuable data to the individual POU to support the procurement and investment decisions of the POU. This structure will differ between each POU due to differences in structure, operational requirements, and procurement processes and needs. Additionally, an IRP requires extensive staff hours for planning efforts and public outreach, and possible engagement of costly consulting services. The IRP is also subject to budgetary constraints, other local policy considerations, and a public process for governing board adoption which may differ for each POU. Any attempt to alter the IRP adoption cycle to better suit the CEC ***data reporting and collection*** needs related to the IEPR moves the IRP away from its intended purpose. As discussed above, the distinction between the function of the IEPR and the IRPs must not be ignored.

Finally, a four-year cycle does not align with all relevant reporting cycles. For example, POU's must reassess energy storage targets at least once every three years. Additionally, the RPS compliance periods span both 3 and 4 year periods, which would be misaligned with a four-year IRP.

iv. Are there existing reporting requirements that could potentially be combined with the IRP?

As stated above, the primary purpose of an IRP is to perform the necessary analysis to support the investment and procurement decisions of the POU. Any attempt to alter the IRP process to better suit data collection or otherwise directly link the IRPs with the IEPR undermines this purpose. As further stated above, SB 350 gives each POU the flexibility to adopt an IRP at any point within a five-year cycle. The flexibility on timing presents a challenge with attempting to fully combine any reporting requirement with the IRP. Because individual POU may vary in IRP adoption dates by several years, it would be impossible to fully combine any reporting requirement with the IRP; rather, as more fully addressed below, the reports and submissions already provided to the Commission that address data also used in the IRP should be referenced in the IRP itself. That is, POU should be able to simply cite the applicable report instead of trying to frame the discussion anew in their IRPs.

Additionally, the Commission should ensure that any data that it requests pursuant to Section 9622(c) is solely for the purpose of the analysis and review to support a recommendation on the goals listed in Section 9621(b)(1)-(c)(1)(E). If the Commission wishes to collect data relevant to broader statewide issues, such as integration of renewables, it should do so in the appropriate forum, rather than through this IRP process, and should not distract from the purpose of the IRP by seeking to collect that data here.

The Commission should focus on aligning and streamlining related reporting requirements, such that a POU could submit the most recent related report as part of its IRP. At a minimum, the Commission should ensure that the IEPR Supply Forms, and appropriate Demand Forms can be referenced within the POU's IRP that corresponds with the IEPR reporting process. Additionally, the annual and Compliance Period RPS forms should similarly be referenced and linked to the IRP requirements, but not re-submitted as part of the IRP.

v. Stakeholders have requested an optional “informal review” process of an IRP by the Energy Commission prior to an official submittal. What are the benefits or concerns of including an optional informal process in the guidelines?

The process for preparing the IRPs is resource-intensive and spans many months. Due to the significant resource commitment and timing constraints associated with IRP development, interim or informal review of the IRP is not readily feasible.

In light of the large number of POU that are subject to the IRP, the substantial data and goals that make up the Commission's IRP review process, and differing IRP adoption schedules

of the POU, it will be essential that Commission staff have open and regular communications with the IRP POU. This should primarily be an informal and optional process where POU staff can meet with and present a plan or elements of a plan for initial input. This process is used for virtually all of the Commission's proceedings, and generally functions well without any formalized process. It will be essential that any such informal review be streamlined because POU staff will be operating on time constraints to meet the deadlines for submission to their governing board.

It is essential, however, that there be no mandatory data submission or review process prior to the formal adoption of IRPs by the POU governing boards. No such authority exists in statute.

vi. What questions, issues, or practices should this informal process address?

Any informal process should be left to the discretion of each POU in coordination with CEC staff.

vii. What is the scope of the review?

See response above.

viii. Staff requests public input on the following options to address this as well as other potentially duplicative reporting requirements. Below are some options that staff is considering:

See responses above. It is only appropriate for the Commission to specify due dates for the submission of any additional data needed to support its IRP review, but that due date must be after the POU governing board has formally adopted the IRP. Generally, any mandatory forms should be submitted to the Commission within a specified number of days of a POU governing board's adoption of the IRP. This process should be outlined within the IRP guidelines.

b. Data Reporting

The Joint POU appreciate the Commission staff's receptiveness to streamlining reporting requirements.³² In previous written and oral comments and related streamlining efforts, POU have offered examples of existing reporting requirements that appear to be similar to the detailed information CEC staff now requests via the POU IRPs. A number of examples of reports that POU submit to state agencies were provided above in Section IV and in previous comments submitted to the Commission. In addition to those reports, POU are subject to resource

³² See, e.g., Cal. Pub. Res. Code § 25302.

adequacy requirements. In many cases, they provide relevant information to the CAISO (including for Resource Adequacy/Flexible Capacity Requirement Assessment and 10-year load and generation forecasts), as well as regularly reports to the Western Electricity Coordinating Council.

Staff should be mindful that Public Resources Code Section 25320 directs the Commission to “ensure that information needed to support the energy policy analysis developed by the commission is obtained from stakeholders in the most cost-effective and efficient manner” and that Commission has been specifically encouraged to “eliminate unneeded and duplicative data submittals from stakeholders” and to “give full consideration to the potential burdens these data requests impose on the resources of the stakeholders whose information is being requested.” The Joint POU would appreciate discussion of how these directives by the California State Legislature were considered and adhered to in the Draft Staff Paper, as the additional burden that seemingly would be imposed on POU would be significant.

There are a number of potentially problematic reporting proposals within the Draft Staff Paper. The CEC has tentatively noticed its intent to hold additional workshops to discuss portions of these reporting requirements in greater detail (e.g. forthcoming workshops on transportation electrification). The Joint POU look forward to actively participating in the processes and seeking clarifications from staff on the information sought.

More generally speaking, the Joint POU are concerned with potential comparisons being made between existing reported information on activities in previous years with prospective quantitative or qualitative data submitted in IRP planning documents. Backward-looking information can indeed be helpful towards informing anticipated future activities, but should by no means be viewed as a basis for expected actions to meet long-range goals well into the future. Similarly, any future “true-up” analysis or “progress check” on forecasted planning information used as part of POU IRPs is problematic for local governing boards and staff alike.

The Joint POU are also concerned with the vague development of potential “requirements” within the confines of a planning tool pursuant to the Commission’s guidelines. Some of the information being requested could conflict with existing reporting requirements or deadlines, or includes information requests for which POU cannot reasonably be expected to produce, have no control over (particularly in the case where a POU is a participating member of the CAISO and does not operate its own Balancing Area Authority), or is fundamentally inconsistent with local planning activities. Many of the topics required to be addressed in POU IRPs do not have specific mandates; rather, they work in tandem with other policies to accomplish the State’s broader climate change goals.

i. What additional guidance or data will POU's need to consistently model and present GHG emissions associated with energy purchased from selected portfolios?

The Joint POU's would encourage the Commission to focus on efforts that would assist the disparate POU's in undertaking localized planning activities towards helping the State meet its ambitious climate change goals, recognizing that the overall effort is part of a much broader dialogue happening across a number of state agencies. The Commission could also work to develop technology-specific and unspecified market emissions factors or an accepted GHG accounting protocol to use (*e.g.*, The Climate Registry's Electric Power Sector Protocol). The Commission should continue working with stakeholders towards developing a transportation electrification emissions estimation methodology that can be used across agencies – including for crediting purposes under CARB's Cap-and-Trade Program.

As noted above, while the Joint POU's generally understand the Commission's desire to establish consistent methodologies or assumptions, we strongly believe that local governing boards should ultimately have the authority to determine whether POU's would be best suited to use the state agencies' proposals or POU-specific ones.

c. Reliability, Storage, and Distributed Generation

i. How should flexibility needs be presented and discussed in the IRP?

Flexibility must be addressed on a utility-specific basis for the purpose of any IRP. How each POU addresses reliability planning will differ greatly based on a number of factors. POU's are currently required to adopt a resource adequacy program that meets the needs of the Balancing Authority in which they operate. Flexibility needs are included in these programs. Therefore, to the extent that the IRPs address flexibility needs, POU's should be directed only to indicate how they intend to comply with their balancing authority's resource adequacy program.

It is highly unlikely that a generic quantitative methodology, fed with inputs from standard data forms, could be easily derived that would capture these differences between POU's. Instead, the Joint POU's suggest that such questions should be addressed through a narrative description of the roles and responsibilities that the individual POU plays regarding reliability and the actions the POU is taking to ensure continued reliability of their system.

ii. *Overgeneration may present a problem for utility portfolios whose loads are met with a large share of solar energy. How should potential over-generation be quantified and addressed in the IRP?*

Overgeneration is a system-wide condition. The increasing frequency of overgeneration may present a significant challenge to achievement of the state's environmental goals. It should be appropriately studied. However, the problems of overgeneration will largely be addressed through responses to applicable reliability requirements and market forces. Implementing remedies to market design and operating practices is primarily the responsibility of the applicable Balancing Authority Area and its regulators, not individual utilities.

The Joint POU's agree that each of the IRP POU's will need to assess the financial risks and exposure of their portfolio to negative pricing risks, potential reduction in renewable resource production due to curtailment, and other costs related to the integration of renewable generation. Some POU's will be able to provide projections about increased risks in net revenue due to negative pricing during overgeneration events. Additionally, some POU's may incorporate risks of increased curtailment into projections about the amount of generation from variable energy resources, such as wind and solar.

Certain portfolio management strategies can reduce these financial risks. However, it would be inappropriate for the Commission to require the POU's to demonstrate how their individual utility is addressing any potential reliability issues posed by overgeneration. Instead, the Commission should expand research that is targeted at the statewide level and address these issues in an appropriate forum, such as the IEPR.

As overgeneration risks will differ substantially from POU to POU, there should not be a standardized reporting requirement. Further, the financial consequences of overgeneration will differ across Balancing Authority Areas. The Guidelines should leave the scope and degree of any discussions on overgeneration to the discretion of the individual POU, subject to the review and oversight by their governing board.

iii. *Is the ARB's emissions intensity of 0.428 mt CO₂e/MWh appropriate for spot market purchases and/or energy from unspecified sources under long-term contract? If not, how should a new value be determined?*

As discussed below, in the initial IRP Guidelines, the Commission should only specify default assumptions. There may be reasons why an individual POU may recommend to its governing board, that a different assumption is more accurate for that POU. Assumptions regarding GHG emissions are, however, an appropriate area to specify these default assumptions.

Further, the CARB should be the source of any data on default emissions assumptions. The existing 0.428 mmt CO₂e/MWh intensity should serve as a default assumption in the initial IRP Guidelines. However, that assumption is out of date and needs to be updated due to continued retirement of coal-fired generation and increasing amounts of renewable generation. Any assumptions regarding changes to the emissions intensity over the IRP planning horizon should be coordinated with CARB.

iv. Should staff develop emissions intensities for generic natural gas-fired resources or should this be left to the POUs? For other generic generation resources?

See previous response. It will be essential that any default assumptions be directly coordinated with the CARB.

v. Staff would like input from the parties on exactly what data and/or information is most meaningful in understanding the impact of overgeneration.

See responses above. Some relevant sources of data would be: (1) energy prices during overgeneration events; (2) costs related to renewable integration, such as FRACMOO ramping costs; and (3) quantities and frequency of curtailment related to overgeneration.

vi. How should potential risks to reliability and resource adequacy caused by climate change be considered in the IRPs?

See response above. Many POUs are simply one department within a larger municipal entity that often has comprehensive climate change policies. The relevant governing body should have the flexibility to incorporate climate change challenges impacting utilities into this broader context.

Climate change will result in hydrological and weather patterns, which will likely have impacts to long-term projections of hydro generation as well as other technology types. The Commission could play a valuable role in continuing to support statewide analysis of these trends to try to better understand these impacts. That analysis, however, should occur independent of the POU IRP Guidelines.

d. Demand-Side Resources

- i. Should POU be required to use forecasts consistent with the Energy Commission's annual demand forecast or use their own forecast?*

POUs need to develop IRPs that they can rely on for planning purposes. Therefore, they must use the data that is best suited for supporting these local planning decisions. It is important to keep in mind that that this involves locally elected officials committing customer funds to procurement. Therefore, these local governing boards must have the discretion to rely on data they determine to be the most suitable. This may or may not be consistent with the Commission's demand forecast data.

If a POU uses forecasts that differ from the Commission adopted forecast, it is appropriate for the POU to provide sufficient data to demonstrate the differing assumptions or inputs.

- ii. The Energy Commission's demand forecast incorporated effects of climate change for both energy consumption and peak demand. Should any forecast used in IRPs do the same?*

See previous response on climate change impacts to reliability and resource adequacy. The Commission should continue to support research at a statewide level, but should do so in a separate proceeding from the POU IRP. How climate change is incorporated into the forecasts used by each POU should remain within the discretion of the local governing board.

e. Other IRP Content

- i. What input assumptions are appropriate for standardization? Examples might be resource costs and performance characteristics, fuel prices, and demand growth rates.*

The Joint POUs recommend that the Commission work with the CPUC and CARB to identify default assumptions (such as ones relating to GHG emissions) that POUs could *choose* to rely upon. However, the ultimate decision to use either the default assumptions or POU-specific assumptions would be left to the discretion of the POU's governing board. If a POU does not use the default assumptions provided by the agencies, then an explanation should be included within the IRP noting such is the case and offering a transparent description of the assumptions used. For POUs that would find default assumptions helpful, the joint agencies could look at developing such assumptions for the following:

- Resource cost and performance characteristics for generic resources of each technology type: wind, solar, geothermal, natural gas peaking plants, natural gas combined cycle plants, various energy storage technologies, etc.
- Fixed and variable operations and maintenance costs, as well as capital costs for generic resources.
- Performance characteristics of generic wind and solar generation profiles, natural gas generator heat rate curves and ramp rates, battery round-trip efficiency, charge and discharge rates, and useful life estimates.
- Electric vehicle adoption rates and electric vehicle performance characteristics; and
- Fuel prices for uncontracted supply needs.

With respect to the development of default assumptions related to Balancing Authority level data, we strongly emphasize the need for flexibility to use POU-specific assumptions. Many POU's are either comprised of, or operate within, balancing authorities separate from the CAISO. Broadly applying assumptions developed for utilities within the CAISO to all POU's – who span not only the CAISO, but also the Balancing Authority of Northern California, Imperial Irrigation District, Los Angeles Department of Water and Power, and Turlock Irrigation District Balancing Authorities - could be detrimental to the accuracy of forecasting abilities and may result in unrealistic outcomes.

Developing default assumptions, with meaningful stakeholder and agency input, will take time. In order to be incorporated within the utilities' plans, this stakeholder process must be completed in advance of the initiation of the POU IRP development process.

ii. Should staff require a standardized assumption for GHG allowance/carbon costs, and if so, what assumption should be used? Which metric should be used, carbon cost or GHG allowance?

See response to previous question. Assumptions regarding GHG allowance/carbon costs may be an area where standardization is appropriate. However, in light of the complexity of this issue, and the overlap with ongoing proceedings at both the Commission and other state agencies, this discussion should be deferred to a subsequent joint agency process.

iii. Are there possible unintended consequences of various methods for setting the value or cost of GHG emissions?

See response to previous question. The Joint POU's do have concerns regarding potential unintended consequences, which supports caution and deferring this issue.

iv. Should a high GHG allowance/carbon cost sensitivity be required? If so, how should cost be established?

See response to previous question.

X. Conclusion

As is clear throughout this letter, the Joint POUs firmly suggest that any guidelines adopted by the Commission maximize flexibility for POUs while still providing a sufficient level of information for the Commission to meet its statutory mandates and complete its forecasting efforts. The Joint POUs welcome the opportunity to discuss our concerns in greater detail with Commissioners and/or Commission staff during the forthcoming public workshops as well as via informal discussions.

Dated this 23rd day of March, 2017.

Respectfully submitted,



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