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Northern California Power Agency Comments on IEPR Staff Webinar On Inputs, Assumptions, And Administrative Review For POU IRPs

Additional submitted attachment is included below.
On April 20, 2017, the California Energy Commission (Commission) hosted a webinar on Inputs, Assumptions, and Administrative Review for Publicly Owned Utility Integrated Resource Plans (Webinar). The Northern California Power Agency (NCPA) submits these comments on the information provided during the April 20 Webinar, including the Staff Presentation on Additional Proposed Guideline Topics, and Staff Paper; POU IRP Guidelines Development: Administration, Review Process, and Reporting, which provided the “proposed administration, review process, and reporting that the California Energy Commission is proposing to use in developing guidelines for the submission of the publicly owned utility [(POU)] integrated resource plans [(IRPs)].”

Schedule for Initial and Subsequent IRP Filings

The Additional Proposed Guideline Topics contemplate a single deadline for submission of all initial POU IRPs adopted on or before January 1, 2019. NCPA appreciates the Commission’s acknowledgment of the varying nature of the POUs’ planning processes and recognition that imposing arbitrary IRP plan and update deadlines would not facilitate the process or further the intent of SB 350 IRP-planning. As long as all the POUs subject to Public Utilities Code section 9621 adopt an IRP and plan for updating the IRP by January 1, 2019, it should not matter whether that occurs in 2017 or 2018, as correctly reflected in Staff’s latest proposal. Likewise, following adoption of the original IRPs, Staff’s proposal for IRP updates to be submitted on a “rolling” schedule based on their adoption by the POU’s governing board would remove arbitrary restrictions on POU planning.

1 NCPA is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 15 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

2 While the staff paper states that the process will be used in “developing guidelines for the submission of [POU] [IRPs] for review the by Energy Commission under SB 350,” the document itself address the process for review of the actual IRPs, rather than development of the IRP guidelines. (Staff Paper, p. 1)

3 Unless otherwise noted, all sections references shall be to the California Public Utilities Code.
Supporting Analyses

Clearly, the Commission is going to need to review the materials provided with the IRPs to determine if each of the necessary elements listed in section 9621 are addressed in the plan. NCPA supports Staff’s proposal to allow the POUs to either attach or reference the supported analyses not embedded in the actual IRP, as this also facilitates the administration of the IRP submission process. NCPA remains concerned, however, with the proposed scope of that review. As NCPA previously noted, the IRPs are planning documents that “may – and often must – be modified, amended or otherwise varied in order to address real-time developments or changes within a POU’s service territory over time. 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. Advances in transportation electrification, zero-net energy buildings, and micro-grid technologies can also have unplanned impacts on a long-term plan. 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, the evolving or developing nature of some aspects of the IRP should not be viewed as deficiencies or shortcomings.”

The Commission’s process for review of the IRPs should include explicit recognition of these essential factors, and should clarify that Commission review of the required elements included in the submitted IRP does not include an assessment of whether the plan represents the optimal or preferred solution in the opinion of the reviewer.

Consolidated IRPs

NCPA appreciates Staff’s reference to potential consolidated IRPs, where an agency, such as NCPA, may submit plans on behalf of a group of POUs. The idea of a comprehensive document that can be adopted by several different POUs is intriguing, and certainly worth further assessment. NCPA has considerable experience developing joint-agency documents and facilitating planning and compliance documents for its member agencies. Without a clear proposal for how the Commission views a consolidated filing that reflects the utility-specific data that is necessary in an IRP, and with the explicit understanding that it may be neither feasible nor possible to align reporting and planning timelines between various POUs, NCPA will endeavor to develop such a framework and present a viable proposal.

In the near-term, NCPA believes that it may be more practical to view “consolidated elements” of the IRPs, rather than envisioning a single planning document that could address the multiple and diverse planning needs of a group of individual POUs. For example, discussion of the elements regarding energy storage, energy efficiency, and demand response, may be ideally addressed in a narrative prepared by a single agency. These sections are particularly conducive to a joint submission because while SB 350 requires the IRPs to address “procurement for” each of these elements, the statutory language fails to clarify the fact that such procurement is not tied

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to any specific mandate. Accordingly, efforts to procure these resources are best explained in reports that reflect not only the quantitative results of such procurement efforts, but perhaps more importantly, also provide a detailed assessment and description of those efforts, including the potential barriers and challenges that will need to be addressed moving forward. Using such a process has already proven informative in the context of reporting to the Commission on POU energy efficiency efforts. The most recent Joint POU Report, titled *Energy Efficiency in California’s Public Power Sector, 11th Edition*, was submitted to the Commission on March 15, 2017. The benefits of such joint filings are also reflected in a January 6, 2017 letter from the California Municipal Utilities Association, NCPA, and the Southern California Public Power Authority, designed to complement the individual reports submitted by POUs in compliance with Assembly Bill 2514 (Skinner, 2010), as amended by Assembly Bill 2227 (Bradford, 2013), which require a POU, by January 1, 2017, to update the Commission on the energy storage procurement targets and policies adopted by the POU local governing board in 2014.

Consolidated reporting for some load forecast data may also be appropriate. For example, NCPA submits a consolidated Electricity Resource Planning Form S-2 on behalf of its “pool” members. Since this information is already required and provided to the Commission, it can be used for purpose of the IRPs, as well. However, as with all aspects of IRP planning, since the underlying decisions are based on utility-specific needs and decisions made by separate governing boards based on those needs, it is likely that there will never be 100% alignment of all elements of an IRP between groups of POUs. This is true regardless of how similarly situated the POUs may be, due in large part to the fact that each POU’s decision making is directed by separate elected or appointed officials.

**Administration: Review Process**

*Formal Review Process and Timeline:* NCPA appreciates Staff’s proposal to formalize the review process timeline to the greatest extent possible, but cautions against confusing review of the IRPs under the informal guidelines with a review of a compliance filing pursuant to a Commission regulation. Section 9622 directs the Commission to “review the integrated resource plans and plan updates,” and if the Commission determines that the IRP or update “is inconsistent with the requirements of Section 9621,” provide recommendations to correct the deficiencies. Characterization of the review process that reference, Commission findings, a petition for reconsideration, and an appeal to the Chairman appears to go beyond this statutory direction. The informal review and assessment of the POU’s IRP should not be viewed in the same way as a quantifiable compliance mandate, such as the Renewable Portfolio Standard

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5 Section 9621(c)(1).
9 Section 9622(b).
regulation. Characterizing a finding of deficiency that accompanies a recommendation to the POU as an action for which the POU “may petition the Executive Director for reconsideration,” or for which the POU can seek “an appeal if the application for reconsideration is denied,” is not consistent with the underlying direction to the Commission to provide the POU with “recommendations to correct the deficiencies.” The Commission’s interaction with the POU, including requests for additional information and recommendations to correct deficiencies, must be distinguished from formal Commission processes stemming from regulatory proceedings and mandates.

**Scope of Review:** The Commission’s review cannot allow for the opportunity to supplant the independent judgment of the local governing boards of the POUs. 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. Section 9622 explicitly notes that the Commission may adopt guidelines “to govern the submission of information and data and reports needed to support the Energy Commission’s review of the utility’s integrated resource plan.” As such, the guidelines are intended to facilitate the Commission’s review of the POUs’ IRPs to ensure that the document addresses each element listed in section 9621. In other words, the CEC is charged with determining **whether**, and not **how**, the POU addressed each element. Clearly understanding the objective of the guidelines is fundamental to understanding the purpose and scope of the Commission’s review of the POUs’ IRPs under section 9622. Entirely independent of this process will be the Commission’s comprehensive assessment of the IRPs, in conjunction with assessment of the IRPs prepared by the load serving entities subject to the CPUC’s jurisdiction, for purposes of informing statewide climate and energy policies.

**Public Comment:** NCPA and its member agencies welcome public participation in the IRP process, and particularly encourage that participation at the local level when the IRPs are being considered by the local governing board, when various alternatives are being measured and weighed, and prior to their final approval by the POU. The level of input at the local, decision-making level will differ significantly from the review and input that would be part of the Commission’s review of the POUs IRPs. It is absolutely imperative that the Commission’s process include direction to stakeholders and clearly defined guidance regarding the scope of the Commission’s review of the adopted IRP. To facilitate this process, the Commission could draft directions for stakeholders to help them understand the scope of the Commission’s own review and the underlying objectives meant to be served by the IRPs. This is important because as stakeholders look for ways to ensure that the POUs are doing their perceived share of helping the state meet its climate objectives, the role of the IRP not be misconstrued. It is also important for public commenters to understand the process employed by the Commission and understand that the document ultimately submitted to the Commission has already been subject to an extensive public process prior to its adoption.
Reporting Requirements

399.30 RPS Procurement Plans: Notwithstanding the fact that the POU RPS procurement plans are now required to be incorporated into the IRPs for those POUs subject to the provisions of section 9621, the Commission must recognize the inherent differences between the actual renewable energy procurement plan and the comprehensive integrated resource plan. While it appears that the RPS Compliance Table contemplated for inclusion in the IRP lists much of the information that the POUs already utilize as part of their RPS planning processes, NCPA is unable to comment on the sufficiency or provide potential recommendations without the ability to review the actual spreadsheets. Even so, NCPA notes that some of the detailed information that staff contemplates including in the RPS Compliance Table for the IRP is inconsistent with the notion of a planning document. For example, POUs may be banking historic carryover or excess procurement for use when other resources may not materialize or in the event of unexpected load increases. Likewise, a POU would be unable to identify the future need for alternative compliance mechanisms beyond the current compliance period. Similarly, the discussion of forecasted “excess or deficit during each compliance period” appears outside the scope of a long-term planning document.

Retail Rates: The POUs’ IRPs must address the elements of the IRPs in the context of electricity rates and minimizing impacts on ratepayer bills. The statutory reference to “just and reasonable rates” are used in the context of investor owned utility rates and taken directly from section 454.52(a)(1); as such, the term must be viewed in the context of the actual ratemaking authority of the underlying utility. As it pertains to the IOUs for which section 454.52(a)(1) is drafted, that authority lies with the California Public Utilities Commission that must approve just and reasonable rates for the IOUs, and further approve the IOUs’ IRPs. However, only the POU local governing boards have sole authority over the POU rates, which may not be arbitrary or capricious. POU’s adopt their electricity rates in a public process. As part of the IRP, the POU could include its resolution or formal council/board/commission approval, as well as the report prepared by the POU staff that was presented during the public process to show that it has met the goal of section 9621(b)(3). When reviewing the IRPs submitted by the POUs to the Commission, it is important that the Commission and the parties providing public comment understand that the POU has sole discretion over rates, and the reasonableness of local governing body’s findings regarding the rates and ratepayer impacts are not subject to review. The only review is whether such findings were properly included in the IRP approved by the local governing board and submitted to the Commission.

Transmission and Distribution Systems, Minimize Local Air Pollutants and GHGs: Those portions of the POU IRPs that address the manner in which the POU will meet the objectives of sections 454.52(a)(1)(E) and (H) are ideally suited to narrative and qualitative discussions. Each POU will have a different approach for dealing with these elements of the

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10 Public Utilities Code section 451, 454.
IRP, and those approaches will be specifically and narrowly tailored to the needs of the communities being served.

Forms: NCPA looks forward to reviewing the draft spreadsheets and forms Staff proposes to be used for submission of various information in the IRPs when they come available.

Conclusion

NCPA appreciates Staff’s efforts to more fully define the IRP submission process and the Commission’s review of the POU IRPs. A clear understanding of the roles and responsibilities of the POUs and the Commission in this process is necessary to avoid confusion and ensure a smooth and meaningful assessment. It is also important to carefully define these roles from the beginning due to the importance that the State has placed on reducing greenhouse gases and the significant role that the State’s electric utilities play in meeting broader climate objectives. Collectively, the IRPs will help provide the Commission and policy makers with a high-level view of the electricity sector’s progress towards meeting those climate objectives; however, the IRPs cannot be viewed as the sole tool for achieving those climate goals. Nor are these planning tools intended to be used as the only measure of the State’s or the sector’s success. Commissioner reviewers and public stakeholder participants must clearly understand this distinction in order to properly and appropriately assess the completeness of the POU’s IRP. NCPA looks forward to continuing to work with Commission staff and stakeholders as the Commission moves toward finalizing the POU IRP guidelines and formalizing the subsequent review process. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com with any questions.

Dated this 27th day of April, 2017. Respectfully submitted,

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