

DOCKET

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**BEFORE THE
ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
OF THE
STATE OF CALIFORNIA**

In the Matter of:

33% Renewables Portfolio Standard : Docket No. 11-RPS-1
Pre-Rulemaking Draft Regulations :

COMMENTS OF THE IMPERIAL IRRIGATION DISTRICT

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I. INTRODUCTION

Imperial Irrigation District (“IID”) would like to thank the California Energy Commission (“Commission”) for the opportunity to provide these comments to assist the Commission in understanding the cost impacts of the Renewable Portfolio Standard (“RPS”) draft regulations (“draft regulations”).

IID is an irrigation district organized under the law of the State of California and, as such, is a political subdivision of the State of California. Established in 1911, IID is the nation’s largest irrigation district, providing both electric and irrigation services to customers across 6,000 square miles of California’s desert southwest in Imperial and Coachella Valleys. IID has approximately 145,000 electric retail customers with a peak load of approximately 1000 MWs. IID owns and operates an electric transmission grid in its service area and 480 megawatts of natural-gas fired generating capacity in California and Arizona

II. COMMENTS

A. General Comments

IID supports the comments filed in response to the draft regulations by the California Municipal Utilities Association (CMUA) and incorporates by reference those comments and CMUA’s answers to the survey questions in Attachment A set forth in the Commission’s Notice of Workshop. IID also supports CMUA’s recommendation that because the fifth Edition of the RPS Eligibility Guidebook has yet to be adopted and there remain unanswered questions on several key issues, stakeholders be given at least one more opportunity to comment on the draft regulations after the fifth Edition RPS Eligibility Guidebook has been formally adopted. The uncertainty of RPS eligibility in several instances is a contributing factor to IID’s costs to

administer the IID RPS program. To have the least impact on IID's ratepayers, we request that any additional changes to the RPS Eligibility Guidebook be made only after the Commission provides a full and open process with significant opportunity for input from stakeholders.

IID has long been a strong proponent of the development of renewable resources in the Imperial Valley. The development of the vast renewable resources located in Imperial Valley will provide a much-needed economic boost to one of the most economically depressed regions in the nation. Imperial County unemployment has consistently hovered near the 30 percent mark in recent years. Nearly one in four residents of the Imperial Valley lives at or below the poverty level. The development of renewable generation in the Imperial Valley can provide much-needed, well-paying jobs to a region of California that desperately needs it. As such, IID has been a strong supporter of the State's renewable energy and greenhouse gas policies.

IID is currently on track to meet its RPS targets. IID is mindful, however, that it must strive to meet these requirements without increasing rates to the point that it imposes severe hardships upon our customers, many of whom already struggle to pay their electric bills. IID provides the following responses to the Commission questions on administrative costs but with the caveat that the much larger cost of procuring the renewable resources in this atmosphere of uncertainty regarding eligibility of resources is far more problematic for our ratepayers than the costs to administer the RPS program.

B. Survey Response

Question 1: What was the total number of full time employees of the POU in 2011?

IID Answer 1: The IID Energy Department has 538 full time employees.

Question 2: How many total hours were part-time/seasonal employees employed by the POU in 2011?

IID Answer 2: The IID Energy Department employed 15 part-time employees and 3 temporary hourly employees in 2011.

Question 3: Does the POU plan to hire additional staff to assist in compliance with the requirements of the RPS?

IID Answer 3: Yes.

Question 4: What was or will be the total cost of adoption of a renewable energy procurement plan for the POU?

IID Answer 4: IID understands that this question is only seeking the administrative costs to run the program not the total costs to ratepayers from having to substitute RPS certified renewable energy for inexpensive higher carbon content derived energy owned by IID. The staff and consultant time and costs spent over the past 12 months to understand, draft and adopt various regulations and rules and to negotiate contracts to comply with the RPS Procurement and Enforcement Plans required by SB 1X 2 has been approximately \$246,075.00

Question 5: What was or will be the total cost of adoption of a program or plan for RPS enforcement for the POU? Please include a description of necessary actions and costs for adopting these plans and programs.

IID Answer 5: (See question 4 as to past costs.)

In any given compliance period, the administrative costs of enforcement will include staff time necessary to draft the reports to the IID Board of Directors and the Commission establishing compliance. However, if IID's assumptions regarding qualified renewable resources are

disallowed under revisions to the RPS Eligibility Guidebook, the costs to immediately change course and provide options and reports to the Board of Directors could significantly increase costs and are unknown at this time.

Question 6: What is the estimated annual cost of implementation of the adopted renewable energy procurement plan for the POU?

IID Answer 6: At the March 22, 2012 workshop, Commission staff clarified that this question is not requesting the true total cost of complying with the RPS requirements, just the costs of the administrative work necessary to establish compliance. This would include the staff and/or consultant time to determine the certified renewable generation in existence for a given year. For example, in March 2012 IID spent approximately \$7000 for staff and consultants' time and expenses to track, attend and participate in the CEC proceedings reviewing eligible renewable resource types and other RPS issues. Once eligibility of existing renewable generation within the IID Portfolio is determined, staff would need to develop the cost estimates to build or procure the remaining amount required to meet that year's obligation. This would include the necessary internal briefings to management and presentation of the procurement plan to the Board of Directors for adoption.

Question 7: If the POU applies for the RPS-certification of a facility, what will be the additional cost of applying for and maintaining RPS-certification compared to current operations? Note that the Energy Commission does not impose any fees to apply for or maintain a RPS certification, nor does it require the creation of original documentation for the required supplemental documentation if information created for other purposes is sufficient. Please consider the following facility or location types that require additional reporting requirements:

- a. Renewable facilities using multiple energy resources**
- b. Hydroelectric facilities**
- c. Municipal solid waste conversion facilities**
- d. Repowered facilities**

e. Out-of-state facilities

f. Out-of-country facilities

IID Answer 7: At this time, IID estimates that it will have to hire two new employees to assist in applying for and maintaining RPS certifications. The full costs of two employees' salary and benefit packages would total between \$120,000 - \$160,000 depending on the experience and education required for the positions. This will not change depending on generation type.

Question 8: What was or will be the total cost of participation in the Energy Commission's generation tracking and verification system (Interim Tracking System and/or WREGIS)?

IID Answer 8: IID estimates that participation in the generation tracking and verification system will cost an additional \$3000 to \$5000 per year, plus the costs of the two full-time employees referenced in Answer 7.

Question 9: Are there any additional POU costs that should be taken into consideration?

IID Answer 9: IID is a transmission operator and certified balancing (BA) authority within WECC. It provides transmission service to one of the highest ranked CREZs in California. IID currently has signed generation interconnection agreements with more than 1100 MWs of renewable generation. In addition, IID has approximately 1600 MWs of renewable energy in its interconnection queue – much of it intermittent renewable energy. As IID interconnects more renewable energy to its BA it will be faced with increasing costs to balance and regulate this intermittent generation. In addition, there is a significant amount of generation interconnecting to the CAISO and Arizona transmission that is in close proximity to IID's BA.

This generation will cause new patterns of flow across IID's transmission system that will have to be studied and mitigated. The total costs are undeterminable at this time.

Question 10: Is there potential for the creation of new businesses as a result of an increase in procurement requirements under the RPS?

IID Answer 10: IID is uniquely situated in a region of the state with significant renewable resources. IID has been a strong proponent of the development of renewable energy projects in the Imperial Valley as a means to spur economic development and create new green jobs. IID has supported the development of renewable energy by undertaking a transmission build-out that will facilitate the export of renewable energy to other parts of California and the Southwest. IID has also recently entered into a Memorandum of Understanding with San Diego Gas & Electric to work collaboratively on the necessary transmission to interconnect several hundred MWs of solar generation in southern Imperial County. IID is entering into and negotiating PPAs with various renewable generation projects to meet its RPS targets. It is also working with SCPPA on the potential development of a baseload geothermal project in the Imperial Valley. The development of Imperial Valley's renewable potential has the potential to create new businesses and new jobs in a region of the State that has long suffered from chronic high unemployment and high poverty rates.

III. CONCLUSION

For the reasons set forth above, and in the CMUA comments filed in this docket, IID respectfully requests that stakeholders be given at least one more opportunity to comment on the draft regulations after the RPS Eligibility Guidebook has been formally adopted. Furthermore, to have the least impact on IID's ratepayers we request that any additional

changes to the RPS Eligibility Guidebook be made only after the Commission provides a full and open process with significant opportunity for input from stakeholders.

Respectfully submitted,

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