

DOCKETED

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MID's Comments on AB 1110 Implementation Proposal for Power Source Disclosure, Third Version

Additional submitted attachment is included below.

October 25, 2018

California Energy Commission
Docket #: 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

Submitted via e-filing system.

Re: Assembly Bill 1110 Implementation Proposal for Power Source Disclosure, Third Version

The Modesto Irrigation District (MID) appreciates the opportunity to comment on the latest revision of the “*Assembly Bill 1110 Implementation Proposal for Power Source Disclosure, Third Version*” (Draft Staff Paper), released by California Energy Commission (CEC) staff on October 9, 2018. MID reiterates its support with regards to the principle within AB 1110 that the fuel source and greenhouse gas emissions information provided to retail electric service consumers should be, “accurate, reliable, and simple to understand.”¹ MID supports staff’s conclusions on the Clean Net Short method in that hourly matching of resources has the potential to be administratively burdensome and has the potential to have a disproportionate impact on utilities that don’t have a diversified resource mix and have more limited purchasing power. MID also supports and appreciates staff’s recognition of the early investments that electric service providers made in firmed-and-shaped products in order to support voluntary renewable procurement to align with the required RPS targets of the state retail sellers. However, MID still believes that the latest proposal presented in the Draft Staff Paper has the potential to inaccurately portray the emissions benefits created by ratepayers’ investments in renewable energy sources. The proposal still does not fully align the full emissions reduction benefits of all renewable energy sources that are eligible under the Renewable Portfolio Standard (RPS) Program.

Firmed-and-shaped resources that have been grandfathered should be recognized as providing emission-free energy through the term of the current agreement.

While MID commends staff for recognizing the importance of the grandfathered arrangements made by electric service providers, MID still believes that the proposal does not go far enough to fully recognize the value of the early action that was taken by the electric service providers. While MID negotiated power purchase agreements for the output of renewable energy from specific projects and corresponding firming-and-shaping agreements, others made full ownership investments, or negotiated ownership terms into their agreements. These resources and corresponding firming-and-shaping agreements play an important role in allowing MID to

¹ Public Utilities Code 398.1(b).

have geographical and energy resource diversity in its resource mix for which MID customers paid a premium. During the nascent stages of the RPS Program, MID made its renewable energy purchase commitments on behalf of its customers and depended on the CEC's guidebooks for guidance as to what expectation the CEC had for output from the out of state resources to be "deemed delivered."^{2,3} Since the RPS Program was in place prior to the State's GHG reporting regulations, there was a reasonable expectation that the firm-and-shaped contract agreements would be counted for compliance within the construct of the GHG reporting regulations as well. Subsequent to these decisions, the state legislature adopted Senate Bill X1-2 in April, 2011. The statutory language then and now allows for the "contract or ownership agreement originally executed prior to June 1, 2010 [to] count in full toward the procurement requirements"⁴ under specific conditions. This specific language was included in legislation that intended to recognize an RPS Program that provides a unique benefit to California, including "meeting the state's climate action goals by reducing emissions of greenhouse gases associated with electrical generation."⁵ The same provision remains intact in the most currently adopted legislation.⁶ MID believes that the proposed treatment of grandfathered firm-and-shaped contracts in the current Draft Staff Paper is inconsistent with the treatment of those contracts in the RPS statute and with the guidance in the RPS Eligibility Guidebooks that electric service providers depended on to make procurement decisions. To keep in line with the tenet of making the PSD accurate and simple to understand MID cautions against a one size fits all approach and recommends that the grandfathering provision for firm-and-shaped investments be relied upon to allow for grandfathered firm-and-shaped resources to receive zero-emission treatment through the end of the current ownership or contractual arrangement.

MID appreciates the opportunity to present its perspective regarding issues that are important to our utility as CEC Staff continues to develop the PSD. We also support the comments submitted by the California Municipal Utilities Association and the M-S-R Public Power Agency. We look forward to continue working with CEC Staff in this process as the requirements of AB 1110 are incorporated into the PSD program while ensuring that our electric service customers receive a full, accurate portrayal of the effects of their rate payments on continued GHG reductions in their retail service product.

² Renewables RPS Guidebook. Third Edition, CEC-300-2007-006-ED3-CMF, Section II.D, Delivery Requirements, pp. 23, January 2008.

³ Renewables RPS Guidebook. Fourth Edition, CEC-300-2010-007-CMF, Section II.D, Energy Delivery Requirements, pp. 37, January 2011.

⁴ Public Utility Code Section 399.30 (3) and 399.16 (d). Specific conditions cited are as follows:

- (1) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.
- (2) For an electrical corporation, the contract has been approved by the commission, even if that approval occurs after June 1, 2010.
- (3) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.

⁵ Public Utility Code Section 399.11 (b)(4).

⁶ Senate Bill 100 (Chapter 312, statutes of 2018).

Sincerely,

/s/

Martin Caballero
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