

DOCKETED

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PWP Comments on the CEC Implementation Proposal for RPS LTR Local POU's

Attached are Comments from The City of Pasadena, Water and Power ("PWP") Department on the Implementation Proposal for Renewable Portfolio Standard ("RPS") Long Term Procurement Requirement ("LTR") for Local Publicly Owned Electric Utilities

Additional submitted attachment is included below.



PASADENA WATER AND POWER

October 1, 2019

California Energy Commission (CEC)
Dockets Office, MS-4
RE: Docket No. 16-RPS-03
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET# 16-RPS-03

Submission Type: efile

RE: Comments from The City of Pasadena, Water and Power (“PWP”) Department on the Implementation Proposal for Renewable Portfolio Standard (“RPS”) Long Term Procurement Requirement (“LTR”) for Local Publicly Owned Electric Utilities (“POUs”)

In response to the Implementation Proposal for RPS LTR for Local POU’s (“RPS LTR Proposal”) dated August 30, 2019, PWP respectfully submits the following comments for review and consideration.

PWP supports the joint comments filed by the California Municipal Utilities Association (“CMUA”), Northern California Power Agency (“NCPA”) and the Southern California Public Power Authority (“SCPPA”). This comment letter focuses on the additional concerns of PWP.

PWP, through its revised 2018 RPS Procurement Plan and the 2018 Power Integrated Resource Plan (“IRP”) has long been an advocate of reliable renewable energy. In fact, PWP’s voluntary RPS target of 40% RPS by 2020 is higher than the state mandate of 33% RPS by 2020. PWP intends to comply with the SB 100 RPS mandate of 60% RPS by 2030 and PWP looks forward to working with the California Energy Commission (“CEC”) to develop enforcement procedures that provide the most flexibility for POU’s, while limiting the potential for stranded investment and disproportionate rate impacts to ratepayers.

LTR Comments

PWP appreciates the CEC’s request for feedback on the LTR for the RPS.

LTR Options (Option 1 and Option 2)

Options for LTR compliance should be left up to each POU and their Governing Board. For PWP's preference, Option 1: Independent Compliance is recommended, however, additional clarification is needed on this option. Specifically, Option 1: Independent Compliance should also include the same opt out and compliance measures as Option 2: Dependent Compliance. Though PWP intends to comply with all of the RPS requirements, Option 1 provides flexibility and potentially limits penalties, (assuming the penalties for non-compliance are the same for each shortfall), as entities can be short on part of the RPS requirements, such as the Portfolio Balance Requirement ("PBR") and not the LTR.

PWP requests that the additional opt out and compliance measures be included for Option 1: Independent Compliance, since there are many reasons why a resource may not perform as anticipated. For example, many small hydroelectric projects often produce zero to little generation in drought years, or experience maintenance issues that require immediate repair. These types of occurrences cannot be predicted and may limit the timing to procure additional renewable resources to make up for any potential RPS shortfall. PWP recommends that these same opt in and compliance measures be included for Option 1: Independent Compliance, to protect ratepayers from disproportionate rate impacts that would arise if additional contracts need to be procured to make up for any shortfall.

Short Term Contract Amendments

PWP recommends that amendments to short term contracts that will extend the life of a contract to ten years or more, should be counted towards the LTR. In the past, there were limitations to procuring certain types of contracts beyond short term. Specifically, many Portfolio Content Category ("PCC 2") contracts were not available long term. Allowing the conversion of short term contracts to long term will provide more flexibility to POU's and will limit stranded investments.

Definitions

The existing Enforcement Procedures for the RPS for Local POU's, dated April 2016 ("Existing Enforcement Procedures"), does not have contract period as a defined term. On page 12 of the RPS LTR Proposal it states. "...staff proposes the contract period to be defined as the contract's delivery term, measured from the month and year of the stated start date of the electricity product delivery to the month and year of the stated end date of electricity product delivered."

In the absence of updated regulations, PWP contends that contracts signed under the Existing Enforcement Procedures that were either bundled or unbundled, should count towards the LTR if the contract duration was ten years or more in duration, regardless of how much energy is delivered yearly. Additionally, the definition of "contract period" should only be applicable towards future contracts.

Senate Bill (SB) 350

Many POU's signed contracts with the intention of complying with the SB 350 LTR and such contracts should be grandfathered as meeting the LTR if they are 10 years or more in duration.

Under SB 350, Section 399.13(b) states, “A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.” If a POU entered into a renewable contract to comply with Section 399.13(b), it should be grandfathered to meet the LTR if it is 10 years or more in duration.

PWP LTR Recommendation

PWP recommends that contracts signed before the release of the RPS LTR Proposal on 8/30/19, should be grandfathered as meeting the LTR, if that was the POU's intent when negotiating the contract. Due to the absence of regulations for nearly three years, POU's interpreted the regulations as a contract with a term of 10 years or more, and thus contracted under that interpretation. Options for LTR compliance should be left up to each individual POU and their Governing Board.

Portfolio Content Category (“PCC”) 0 Options

PWP appreciates the CEC's request for feedback on the counting of PCC 0 resources towards the RPS. Options for the PCC 0 accounting should be left up to each POU and their Governing Board.

PWP's preference is to count PCC 0 contracts as LTR (due to the fact that all of PWP's PCC 0 contracts are longer than 10 years in duration and therefore meet the LTR) and also towards a reduction in the PBR. This recommendation will be the most cost effective approach for PWP and will limit the need to procure excess energy (energy beyond PWP's need) to comply with the RPS. PWP is fully resourced until 2027 and additional procurement for the RPS prior to 2027 will result in stranded assets and will lead to disproportionate rate impacts to ratepayers—as PWP will be procuring more energy than it needs in order to meet RPS compliance requirements.

PWP recommends that the PCC 0 calculation be as follows, which allows PCC 0 to reduce the overall LTR requirements:

PCC 0 Counting Towards LTR and PBR Recommendation	
ITEM	MWh
Retail Sales	100
PCC 0 MWh	10
RPS 2030 %	60%
RPS 2030 MWh = Retail Sales*RPS 2030%	60
LTR %	65%
LTR MWh = RPS 2030 MWh*LTR %	39
Final LTR MWh with PCC 0 Counted as LTR= (LTR MWh-PCC 0 MWh)	29

October 1, 2019

PWP recommends that the PCC 0 contracts also count towards a reduction in the PBR, which is an option available to POU's today.

Conclusion

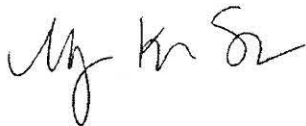
PWP appreciates the opportunity to submit comments on the RPS LTR Proposal dated August 30, 2019.

PWP recommends that this rulemaking be for future RPS requirements and should not apply retroactively. POU's entered into contracts under the Existing Enforcement Procedures and existing regulations and those such contracts should be grandfathered to meet the LTR, if the contract overall is ten years or more in duration and complies with the POU interpretation of the regulations and laws in place at the time.

PWP also recommends more flexibility for the way PCC 0 resources are counted towards the RPS obligations. Specifically, allowing PCC 0 to count toward a reduction in the LTR and also in the PBR.

Should you have any questions, please contact me.

Respectfully Submitted,



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