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# Anaheim Comments on the CEC's Proposed 15-Day Revisions to AB 1110 for Dec 10th

*Additional submitted attachment is included below.*

# STATE OF CALIFORNIA
# BEFORE THE CALIFORNIA ENERGY COMMISSION

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| In the Matter of:<br><br>Modification of Regulations Governing the Power Source Disclosure Program | Docket No. 16-OIR-05<br><br>Anaheim Public Utilities Department's Comments on the Commission's Proposed 15-Day Modification of Regulations Governing the Power Source Disclosure Program<br><br>December 6, 2019 |

## Anaheim Public Utilities Department's Comments on the Commission's Proposed 15-Day Modification of Regulations Governing the Power Source Disclosure Program

Thank you for the opportunity to provide Comments on the Commission's Proposed 15-Day Modification of Regulations Governing the Power Source Disclosure Program. Anaheim Public Utilities (APU) provided comments on the previous version of these proposed modifications on October 17, 2019, and would implore the CEC to reconsider APU's comments and suggested improvements as a key critical concern is not addressed in this 15-day language.

### A. The CEC should use an alternative methodology for calculating the Percent of Total Retail Sales for over-resourced retail suppliers

Long-term resource ownership, changing policy directives, adverse grid conditions, and required procurement of additional renewable and/or other specific energy resources are just some of the reasons why retail suppliers are (or can become) over-resourced. For over-resourced retail suppliers, the CEC's proposed methodology for calculating the Power Content Label (PCL) is inconsistent in situations where gross megawatt-hours (MWhs) procured exceeds retail sales. Under the proposed methodology, when a retail seller has net purchases that exceed retail sales, natural gas is subtracted, followed by coal and other fossil fuel sources, followed by all other specified purchases until net purchases match retail sales. This has drastic effects on the PCL, to the point that the labels for over-resourced retail sellers become completely inaccurate. In their comments on October 28, 2019, PacifiCorp also expressed similar concerns over the proposed calculation.

When APU compared its true resource percentages to the percentages calculated by the CEC's proposed calculation the results were thoroughly incorrect. APU's actual portfolio percentages for its natural gas and coal resources for 2018 were 25.2% and 37.9%, respectively, and not the 11.2% and 53.8% calculated using the proposed methodology.

Under the proposed methodology, for an over-resourced utility that delivers electricity from many non-renewable resources, including coal and natural gas, the tiered reduction of purchases creates a perverse incentive to use less natural gas because it reduces coal purchases and results in the appearance of a cleaner overall portfolio. In APU's previous comments on October 17, 2019, we demonstrated how a retail seller could use this tiered reduction system by eliminating natural gas and increasing production of coal and other non-renewable resources to show a significantly lower GHG Emissions Intensity on the label. In the example, GHG Emissions Intensity decreased by approximately two-thirds despite an increase in coal production. In their comments on October 28, 2019, Near Zero also raised similar concerns about the incentives created by this inaccurate calculation of the GHG Emissions Intensity. The CEC should review the example and make changes to eliminate this incentive.

Reducing excess procurement through an order of merit equation is inherently flawed. All resources, including unspecified electricity, must be equally reduced to give the clearest picture of where customer power is being procured in order to accurately represent the sources of electricity customers receive.

APU recommends that the CEC change the PCL methodology to reduce excess procurement to meet retail sales by using the retail seller's power mix percentages to proportionally reduce the excess procurement for the corresponding year.

Adjusting all net MWh procured in a proportionally equal way to meet retail sales gives customers a clearer and more accurate picture of what the retail seller is procuring to meet demand, and the proper GHG Emissions Intensity for that electricity.

### B. Unspecified Power should be reported based on vendor or balancing authority settlement data

The proposed methodology calculates the retail supplier's Unspecified Power based on an equation outlined in §1393.(a)(4). However, in practice, Unspecified Power, like Specified Purchases, is recorded based on settlement data from 3rd party vendors or balancing authorities. Disregarding settlement MWhs for Unspecified Power misrepresents the retail supplier's true power portfolio mix. For APU, this misrepresents 10% of our portfolio due to the previously mentioned reduction order.

## Conclusion

The PCL is designed to provide customers with a 'nutrition label' of the power mix being used to meet their demand. The current and proposed methodologies do not provide an accurate label for customers. Using a system for over-procured retail sellers that proportionally reduces excess procurement to meet retail sales as outlined in this letter would provide a more transparent label for both power mix and GHG Emissions Intensity. APU looks forward to working with the CEC to make the AB 1110 revisions mutually agreeable for all parties.

Respectfully Submitted,

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