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TID comments on AB 1110 Implementation Rulemaking

Additional submitted attachment is included below.

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December 10, 2019

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento CA, 95814-5512

Turlock Irrigation District ("TID") submits the following comments on the California Energy Commission ("CEC") November 25, 2019 *Notice of Availability of 15-Day Language and Notice of New Public Hearing Date* on AB 1110. TID's two main concerns with the updated language include:

1.) **The loss of reference to PCC-0 renewables for utilities that were early actors in renewable generation development.**

This requirement also contradicts grandfathering language found in California Public Utilities Code Section 399.16(d).[1]

2.) **The confusion associated with renewable energy classified as unspecified power due to how firmed-and-shaped energy is treated in this regulation.**

Requiring greenhouse gas ("GHG") emissions intensity of unspecified power to be disclosed in the Power Content Label ("PCL") will result in information disclosed to our customers that will cause confusion when discussing the concept of firmed-and-shaped electricity.

Without several important changes to this regulation, TID will be forced to misrepresent the GHG attributes for the clean energy delivered from Tuolumne Wind Project (TWP). This will lead to confusion amongst both our commercial and residential customers.

TID History and Background

TID was organized as the first Irrigation District in California on June 6, 1887 and is currently in its 131st year of operation. Presently, the District serves a retail electric customer base of just over 100,000 accounts and provides irrigation water to nearly 6,000 growers and nearly 150,000 acres of farmland. Of the 11 communities that TID serves, 7 are classified as Disadvantaged Communities, and the majority of our service territory is in the top 20% of Cal Enviroscreen 3.0 impacted communities.

As one of eight Balancing Authorities in California, TID has a direct relationship with both its commercial and residential customers and our ethos is to provide stable, reliable, and affordable water and power

[1] "Code Section Group," Codes Display Text, accessed December 5, 2019, https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=PUC&division=1.&title=&part=1.&chapter=2.3.&article=16)

to our customer owners, be good stewards of our resources, and provide a high level of customer satisfaction through clear, concise communication. As a Balancing Authority TID is also tasked with balancing retail demand generation, and wholesale purchases and sales while providing adequate reserve capacity to maintain grid reliability.

TID has acquired the resources to meet the 33% by 2020 RPS having built the 136 MW Tuolumne Wind Project (TWP) in 2009 in advance of RPS mandates being placed on POU's. TID's RPS obligation resulting from these early and significant investments is currently projected to be satisfied through 2024. TID is also making significant investments to ensure it also meets the State's long term Greenhouse Gas ("GHG") emission reduction goals stemming largely from SB 100. To reduce greenhouse gas emissions below 80% below 1990 levels by 2050 as directed by Executive Order 3-3-05, TID is investing in a technological and geographically diverse portfolio of RPS eligible resources, including wind, small hydro, geothermal, solar, and biomass. TID would encourage Commission staff to actively think about the larger goals captured in SB 100 as they listen to comment letters from LSEs who hold PCC-0 ownership agreements and PCC-2 contracts in relation to this regulation.

DISCUSSION

1.) The Loss of Reference to PCC-0 Renewables For Utilities That Were Early Actors in Renewable Generation Development.

As stated in past comment letters, TID owns the TWP. TID ratepayers have the obligation of paying off in excess of $400 million of bonds issued to pay for the Project. The financing for this investment extends well into the 2030's and the project itself is projected to be in TID's portfolio until, at minimum, 2029. Located in Klickitat County, Washington, along the Columbia River, the TWP distributes roughly 400,000 megawatt-hours of renewable, carbon free generation to TID annually, and represents over 25% of TID's retail load. TID acted in advance of State mandates on Publicly Owned Utilities ("POUs") and was very much an "Early Actor" as a result of this investment. The RPS regulations clearly recognize past investments, as grandfathered language directing procurement to count in full against the requirements and obligations of this new regulation. TWP is a fully grandfathered, PCC-0 resource. TID would highlight to Commission Staff that PCC-0 and PCC-2 renewables are not synonymous, with PCC-0 renewables representing a greater investment on behalf of the LSE to provide clean energy while also ensuring reliable, low cost electricity to its ratepayers. PCC-0 investments represent **ownership** of a project.

Before reviewing Attachment A at the end of this letter that will include recommended changes to Sec. 1393 (d) [2], TID would like to elaborate on why we feel these changes will be beneficial for LSEs across the State. PCC-0 ownership and PCC-2 contracts for renewable energy are vital for POUs who are seeking to have portfolios that reflect the 60% dependence on carbon free energy by 2030 as mandated in SB 100. The California Air Resources Board ("CARB") recognized the importance of Firmed and Shaped imports, through the RPS Adjustment, as the concept ensures balanced GHG emission reductions while also allowing LSEs to provide reliable service to their customers.

2.) <u>The Confusion Associated with Renewable Energy Classified as Unspecified Power Due to How Firmed-and-Shaped Energy is Treated in This Regulation</u>

Justifying the greenhouse gas attributes in the PCL to customers under the proposed regulation creates conflicting information conveyed to our customers. Under the Mandatory Reporting Regulations ("MRR"), title 17, California Code of Regulations, subdivision 95111(b) (1) CARB has set the default emissions rate at .428 MT of CO_2e/MWh.[2] This emissions factor would **incorrectly** reflect the actual emissions being delivered to TID from incremental electricity. Incremental electricity, is defined in the California Code of Regulations subdivision 3203(b)(b) as follows:

> (B) The incremental electricity used to match the electricity from the eligible renewable energy resource must be incremental to the POU. For purposes of this section 3203, "incremental electricity" means electricity that is generated by a resource located outside the metered boundaries of a California balancing authority area and that is not in the portfolio of the POU claiming the electricity products for RPS compliance prior to the date the contract or ownership agreement for the electricity products from the eligible renewable energy resource, with which the incremental electricity is being matched, is executed by the POU or other authority, as delegated by the POU governing board.

TID would highlight to Commission Staff that there is **no way to capture or trace the transfer of electrons under the firming and shaping process**. Instead, emissions factors tied to incremental electricity is directly reflected in the contract agreed upon by entities. Many of TID's contracts come from the Pacific Northwest have an emissions factor less than .428 MT of CO_2e/MWh as described by CARB and referenced in this regulation. This causes further complications involving how LSEs convey emissions that have been matched to clean generation on their PSD. Adding to this confusion is the issue involving the accounting methodology used in this regulation that lies in direct conflict with the messaging found in section 399.16(d) of the California Public Utilities Code. Section 399.16(d). This section reads as follows:

> (d) Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full toward the procurement requirements established pursuant to this article, if all of the following conditions are met:
>
> (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

[2] MRR. 95111(b)(1)

renewable energy resource. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.

TID is deeply concerned that if Section 1393(d) is left unaltered in this 15-day language, then the regulation will undermine the value of TID's investment in its owned resources.

Conclusion

TID greatly appreciates the opportunity to provide feedback on how the AB 1110 can be modified to best ensure emissions reductions and provide customers accurate and clear information concerning their investments in renewable resources, and the associated emissions intensity of the power that TID sources on their behalf. We look forward to working with the CEC as we collectively move towards a carbon free future.

Sincerely,

/s/
Austin S. Avery
Turlock Irrigation District

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ATTACHMENT A

TID Recommended changes to Sec. 1393(d)

Sec. 1393 Accounting Methodology

(d) Excluded GHG emissions

(1) Retail suppliers with specified purchases of renewable firmed-and-shaped products under a contract or ownership agreement executed prior to February 1, 2018 shall report GHG emissions associated with the substitute electricity pursuant to Section 1393.

(A) When calculating the emissions intensity of an electricity portfolio that includes one or more firmed-and-shaped products purchased under a contract or ownership agreement executed prior to February 1, 2018, the reporting entity shall provide the emissions in the reporting forms and identify these emissions as excluded from the calculation of emissions intensity. The retail supplier shall furnish a purchase contract or ownership agreement substantiating that a firmed and-shaped product meets the requirement above for each annual filing claiming the GHG emissions exclusion.

(B) Retail suppliers with specified purchases of firmed-and-shaped products under a contract executed on or after February 1, 2018 shall report GHG emissions according to the source of the delivered electricity pursuant to subdivision (c)(1).

(C) <u>Any contract or ownership agreement amendments or modifications occurring after February 1, 2018 will continue to be excluded under this subsection so long as the amendment or modification does not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource. The duration of the contract or ownership agreement may be extended if the original contract specified a procurement commitment of 15 or more years.</u>