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*Docket Number: 16-OIR-05*

**LADWP Comments on AB 1110 Implementation Rulemaking**

*Additional submitted attachment is included below.*

BEFORE THE ENERGY COMMISSION  
OF THE STATE OF CALIFORNIA

*In the matter of:*

*Power Source Disclosure – AB 1110  
Implementation Rulemaking*

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) Docket No. 16-OIR-05  
)  
) PROPOSED ACTION. Notice of Availability of  
) 15-Day Language and Notice of New Public  
) Hearing  
)  
)

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE  
CALIFORNIA ENERGY COMMISSION (CEC) ON MODIFICATION OF REGULATIONS GOVERNING THE  
POWER SOURCE DISCLOSURE PROGRAM**

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Dated: December 10, 2019

**BEFORE THE ENERGY COMMISSION  
OF THE STATE OF CALIFORNIA**

<i>In the matter of:</i>	)	<b>Docket No. 16-OIR-05</b>
	)	
<b><i>Power Source Disclosure – AB 1110 Implementation Rulemaking</i></b>	)	PROPOSED ACTION. Notice of Availability of 15-Day Language and Notice of New Public Hearing
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**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE  
CALIFORNIA ENERGY COMMISSION (CEC) ON MODIFICATION OF REGULATIONS GOVERNING THE  
POWER SOURCE DISCLOSURE PROGRAM (NOVEMBER 25, 2019)**

LADWP appreciates the opportunity to review and comment on the CEC’s proposed changes to the Power Source Disclosure (PSD) Regulation in response to Assembly Bill 1110 (Ting, 2016): *Greenhouse gases emissions intensity reporting by retail electricity suppliers*.

The City of Los Angeles (City of LA) is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a proprietary department of the City of LA, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners. LADWP is the third largest electric utility in the state, one of five California Balancing Authorities, and the nation’s largest municipal utility, serving a population of over four million people within a 465 square mile service territory that covers the City of Los Angeles and portions of the Owens Valley. LADWP’s mission is to provide clean, reliable water and power in a safe, environmentally responsible, and cost-effective manner.

Below are LADWP’s comments on the Proposed 15-Day Language that was posted November 25, 2019.

## SPECIFIC COMMENTS

- 1. Section 1393(a)(4): The proposed method to calculate net electricity from unspecified sources of power should not be adopted. LADWP recommends retaining the existing method for reporting unspecified power.**

The proposed method to calculate net electricity from unspecified sources of power by subtracting total specified net purchases from total retail sales will not reflect the actual quantity of unspecified power procured, resulting in inaccurate information on the Power Content Label (PCL). Under the proposed calculation method, an entity that purchased specified and unspecified power to serve its customers may have to report zero percent unspecified power on its PCL. For example, LADWP's total specified net purchases is greater than its retail sales, so LADWP would be required to report zero percent unspecified power regardless of the amount of unspecified power that it actually procured, which would be inaccurate.

To provide accurate representation on the PCL of a fuel mix that includes unspecified power, LADWP recommends retaining the existing method of reporting net megawatt hours (MWh) of unspecified power procured (see instructions copied below).

### ***Instructions for Schedule 1: Power Procurements and Retail Sales (Version April 2019)***

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*For unspecified sources of power, include the following information for each line item:*

- *Facility Name - Provide the seller of electricity or enter "unspecified" in the facility name field*
- *Megawatt Hours Procured - Provide the quantity of electricity procured in MWh.*
- *Megawatt Hours Resold or Consumed - Provide the quantity of electricity resold at wholesale or self-consumed.*
- *Net Megawatt Hours Procured - Provide the quantity of electricity procured minus resold and consumed electricity.*

- 2. Section 1393(a)(6): The proposed method to proportionally reduce total net procurement to equal total retail sales should not be adopted. LADWP recommends retaining the existing method.**

The existing Power Source Disclosure program instructions for Schedule 2 are shown below.

**ANNUAL REPORT TO THE CALIFORNIA ENERGY COMMISSION:**  
**Power Source Disclosure Program**  
**For the Year Ending December 31, 2018**  
**SCHEDULE 2: ANNUAL POWER CONTENT LABEL CALCULATION**  
**Applicable to: Retail Suppliers**

INSTRUCTIONS: Total specific purchases by fuel type and enter these values in the first column. If purchased power was from a transaction that expressly transferred energy only and not the RECs associated with that energy, identify the power as "Unspecified Power". Total Retail Sales will autopopulate from Schedule 1. Any difference between total net purchases and total retail sales will be applied pro-rata to each non-renewable fuel type. Each fuel type total will then be divided automatically by retail sales to calculate fuel mix percentages.

LADWP recommends retaining this existing method, which is a more accurate representation of the actual power mix that serves retail customers. In contrast, the CEC's proposal in section 1393(a)(6) to reduce natural gas first, then reduce coal and other fossil fuel resources, then reduce all specified purchases (including renewable energy), would skew the percentages and misrepresent the power mix and associated GHG emissions associated with electricity that serves retail customers. It is not appropriate to proportionally reduce all specified purchases (including renewable energy), since renewable energy is dedicated to serve retail customers only and is not resold or used for other purposes. Furthermore, reducing all specified purchases would reduce the overall renewable percentage on the PCL, and make it appear that retail customers are not receiving the percentage of renewable energy required under state law, thus may cause customer confusion.

LADWP recommends adjusting electricity procured from non-renewable resources only to downscale total net electricity procured to match total retail sales. Section 1393(a)(6) should be revised to read as follows to be consistent with existing rule:

*"If the total procurement of specified net purchases of an electricity portfolio exceeds retail sales, each net purchase of electricity from a generator using ~~natural gas~~ any non-renewable fuel type shall be proportionally reduced so that the sum of all adjusted net purchases equals the retail sales of an electricity portfolio, as expressed in Equation 3"*

**3. Sections 1394.1(b)(2) and 1394.2(a): The deadline to distribute the PCL to customers should be changed from the third quarter to the fourth quarter of the year.**

As currently written, Section 1394.1(b)(2) requires utilities to annually disclose information to customers and the CEC by mail on or before the end of the first complete billing cycle for the third quarter of the year. Historically the CEC makes available the PCL template with the California Total System Power percentage at the end of July – early August. Posting the PCL template during these dates is not sufficient time to distribute it to customers on or before the first complete billing cycle for the third quarter of the year. LADWP recommends that CEC move the deadline for

distribution of the PCL to customers, from the end of the first complete billing cycle for the third quarter of the year, to the end of the first complete billing cycle for the **fourth quarter** of the year, so that the final audited version of the PCL can be distributed to customers instead of the preliminary (un-audited) version.

It is not prudent to provide the un-audited version of the PCL to customers to meet a third quarter deadline which does not fit with the PCL auditing schedule. If the audit results in changes to the PCL, the revised document would also need to be distributed to customers, which would be a duplication of effort. Moving the deadline to the end of the first complete billing cycle for the **fourth quarter** of the year would give retail suppliers sufficient time to prepare and distribute the final audited version of the PCL to its customers, thus meeting the intent of providing accurate information to customers.

LADWP recommends the following schedule of milestones:

- April 1 – CEC makes available the GHG emission intensity factors for specified sources of electricity
- June 1 – Draft Annual Report: Power Source Disclosure Program (PSD) due to CEC
- Mid July – CEC makes available the CA Total Mix and PCL Template
- October 1 – Independent Audit of the Annual Report and PCL due to CEC
- End of the first complete billing cycle for the **fourth quarter** of the year – Distribute audited PCL to customers

LADWP recommends revising Section 1394.1(b)(2) as follows:

*“The power content label shall be provided by United States mail to customers served by each electricity portfolio and to the Energy Commission on or before **the end of the first complete billing cycle for the ~~third~~ fourth quarter of the year.** Retail suppliers may provide annual disclosures to customers via electronic mail, provided that the customer has consented to receiving electronic mail notice in lieu of service by United States mail. Annual disclosures shall also be displayed on the website of the retail supplier, **if it maintains one for purposes of communicating information about electric service, in an easily marked and identifiable location.**”*

4. **Section 1393(a)(3): Wholesale sales from a specified generating resource should not have to be a “specified wholesale sale” to be deducted from the specified gross purchase.**

LADWP recommends Section 1393(a)(3) be revised as follows:

*“Net purchases of each specified gross purchase shall be calculated by deducting any*

~~specified~~ wholesale sales from each specified gross purchase, as expressed in Equation 1:...”

The term “specified wholesale sale” implies that the source of the energy is named in the agreement. If the source is not named, it could be inferred that the sale would not be considered a “specified wholesale sale” and could not be deducted from the specified gross purchase even if the energy delivered to the wholesale buyer came from the specified facility. Restricting deduction of wholesale sales to only “specified wholesale sales” will lead to overestimation of GHG emissions associated with sales to retail customers.

For instance, LADWP delivers energy to wholesale buyers from its share of a generating station located outside of California, which is the closest generating facility to the point of delivery, in order to minimize losses. The sale is LADWP system power because it is backed by LADWP’s entire system and is not contingent upon any particular generating unit. If the wholesale sale from the out-of-state generating station is not a “specified wholesale sale”, it could not be deducted from the gross energy procured, so GHG emissions from energy that never entered California would be counted in the PCL. This is not the intent of the PCL. For correct GHG emission accounting, wholesale sales sourced from a specified out-of-state generating facility should be deducted when calculating net purchases.

**5. Section 1393(c)(1)(A): Expand list of documentation for specified GHG emission intensity to include e-tags, invoices and settlement data.**

As currently written, Section 1393(c)(1)(A) requires both 1) a purchase agreement or ownership arrangement, and 2) e-tags for all delivered electricity that is imported, in order for specified electricity to be assigned the GHG emissions intensity of the associated generator. During the October 7 workshop, CEC staff confirmed that this is not the case.

LADWP recommends expanding the list of delivery documentation in criteria 2) to include e-tags, invoices, and/or settlement data for the following reasons:

- E-tags may not be created for imported electricity within the same Balancing Authority. For example, LADWP’s control area extends into Nevada and Utah, and LADWP imports electricity from generating resources in these other states.
- E-tags may not accurately reflect the metered delivered energy. For example, not all e-tags are dynamic, and if there is a communication outage, dynamic e-tags won’t update to match the meter value. So e-tags may understate or overstate the actual energy produced by the generating resource.
- E-tags are rounded to the nearest whole MWh. Relying on e-tags (in MWh) instead of meter data (in kWh) will omit partial MWhs (difference between meter data in kWh and e-tags in whole MWh).



LADWP recommends revising this section as follows:

*“...In order for specified electricity to be assigned the GHG emissions intensity of the associated generator, a retail supplier 1) must have executed a purchase agreement or ownership arrangement prior to generation of the procured electricity and, 2) have **documentation such as e-tags, settlement quality meter data, or invoices** for all delivered electricity that is imported.. If the specified electricity does not meet both 1) and 2), it will be assigned the GHG intensity of unspecified power.”*

**6. Section 1393(c)(2)(B): Calculate GHG emission intensity factors based on verified MRR data rather than “previous calendar year” data.**

LADWP recommends that CEC use the most recent **verified** annual GHG emissions and net electricity production reported under MRR to calculate the specified resource GHG intensity factors. Section 398.4(k)(2)(C) of the Public Utilities Code states that the Energy Commission shall “Rely on the most recent **verified** greenhouse gas emission data”. LADWP is seeking clarification on whether verified or reported MRR data will be used for the PSD reports. Verified MRR data is not available until August of the following year, so the GHG emission intensity factors will be based on two-year-old data. For example, 2018 MRR data was reported and verified in 2019. In early 2020, CEC would calculate and post GHG emission intensity factors based on verified 2018 data for use in the 2020 PSD report.

To ensure that verified final data rather than preliminary unverified data is used to calculate the GHG emission intensity factors, LADWP recommends the following changes in Section 1393(c)(2):

*(B) For all generators with reported or assigned emissions under MRR, the Energy Commission shall calculate GHG emissions intensities as follows:*

$$\text{Equation 5: } EF = E/G$$

*Where:*

*EF = Generator’s emissions intensity based on the most recent verified annual MRR data ~~for the previous calendar year~~, measured in metric tons CO<sub>2</sub>e/MWh*

*E = ~~Sum of~~ Generator’s most recent verified annual GHG emissions as reported under MRR and expressed in metric tons of CO<sub>2</sub>e*

*G = Generator’s most recent verified annual net electricity production as reported ~~to~~ under MRR measured in MWh. If net electricity production data is not available under MRR, net electricity production data submitted under Form EIA-923 Power Plant Operations Report (OMB No. 1905-0129) will be used; specifically, Page 1 Generation and Fuel Data, Year to Date Net Generation, for the year corresponding to the verified MRR GHG emissions data.*

*(C) For any generators without reported or assigned emissions under MRR, the Energy*

Commission shall calculate the sum of GHG emissions associated with the generator using heat of combustion data and default emission factors by fuel type pursuant to title 17, California Code of Regulations, subdivision 95111(b)(2)(C) of the MRR.

A generator's GHG emissions shall be calculated as follows: Equation 6:  $E = ST \times HC$

Where:

$E$  = Sum of generator's CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub> emissions for the ~~previous calendar~~ year corresponding to the verified MRR data

$ST$  = Stationary fuel combustion emissions intensity of CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>, expressed in metric tons per MMBtu

$HC$  = Heat content of fuel combusted for electricity production of a generator ~~for the previous calendar year~~, expressed in MMBtu

If the CEC wishes to use unverified MRR data, LADWP recommends that the PCL should include a disclaimer stating that the GHG information based on unverified data.

In addition to the six comments above, LADWP would like to reassert the comments that were previously submitted in response to the CEC's staff paper titled *Power Source Disclosure Draft Regulations* that was posted on February 20, 2019.

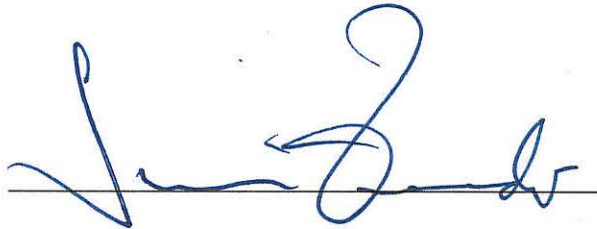
## CONCLUSION

In closing, LADWP appreciates the opportunity to participate in the rulemaking process and looks forward to continue working with the CEC to help shape effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact myself at (213)367-2525, or Mr. Scott Hirashima at (213)367-0852.

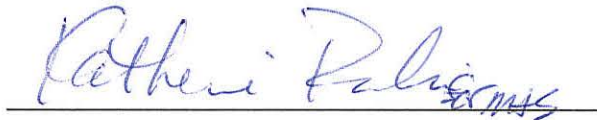
**CONCLUSION**

In closing, LADWP appreciates the opportunity to participate in the rulemaking process and looks forward to continue working with the CEC to help shape effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact myself at (213)367-2525, or Mr. Scott Hirashima at (213)367-0852.

Respectfully Submitted,



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