

DOCKETED

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**SMUD Comments Re Power Source Disclosure Proposals on
Hourly and Annual Reporting - 21-OIR-01**

SMUD Comments Re: Power Source Disclosure Proposals on Hourly and Annual
Reporting - 21-OIR-01

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 21-OIR-01
)	
<i>Rulemaking to Amend Regulations Governing the Power Source Disclosure Program</i>)	SMUD Comments Re: Power Source Disclosure Proposals on Hourly and Annual Reporting
)	
)	October 27, 2023
)	

**Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on Power Source
Disclosure Proposals on Hourly and Annual Accounting**

The Sacramento Municipal Utility District (SMUD) respectfully submits these comments on the California Energy Commission (CEC) staff report entitled “Power Source Disclosure Proposals on Hourly and Annual Accounting” (Staff Proposal)¹. SMUD appreciates staff’s efforts to develop the Staff Proposal and looks forward to continued engagement with the CEC regarding implementation of the new hourly accounting framework required by Senate Bill (SB) 1158 and any potential changes contemplated for the existing annual Power Source Disclosure (PSD) program.

SMUD supports the comments of the California Municipal Utilities Association (CMUA) submitted October 24, 2023.² We also offer the following recommendations regarding the annual power content label (PCL), attribution of GHG emissions in hourly accounting, modernizing data collection, and continued stakeholder engagement:

- Remove the proposed inclusion of “Other Electricity End Uses” and consider opportunities to simplify the PCL.
- Update the PCL to include a “Total Power” aggregation of the retail supplier’s general mix and all products that serve retail load to increase transparency.
- Modify the proposed hourly accounting methodology to ensure accuracy and avoid misattribution and double reporting of GHG emissions associated with generation that did not serve a retail supplier’s loss-adjusted load.
- Implement the new data submission portal no earlier than the 2024 reporting year (June 1, 2025, deadline) to ensure adequate time for education, beta testing, and resolution of reporting issues.
- Provide additional opportunities to review and comment on updated proposals and draft regulatory language prior to beginning the formal rulemaking process.

¹ “Power Source Disclosure Proposals on Hourly and Annual Accounting,” TN 252318 (September 20, 2023), 21-OIR-01, available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252318>.

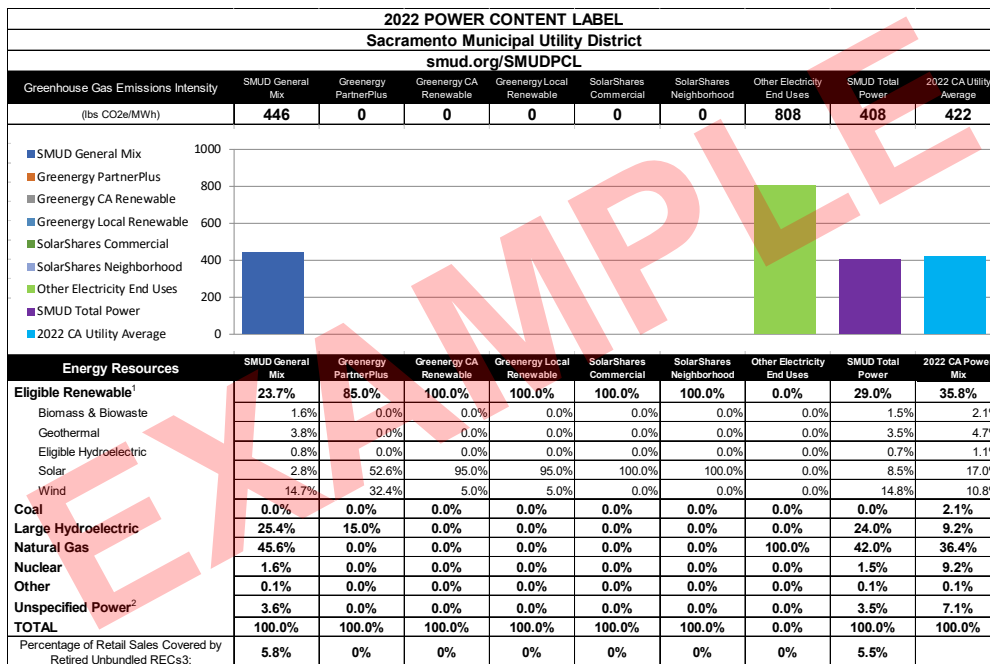
² “California Municipal Utilities Association Comments - on Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations,” TN 252724 (October 25, 2023), 21-OIR-01 available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252724&DocumentContentId=87804>.

Our recommendations are further detailed below.

Annual Power Content Label

- a. *The CEC should remove the proposed inclusion of “Other Electricity End Uses” and consider opportunities to simplify the PCL.*

SMUD respectfully requests the CEC remove the proposed addition of the “Other Electricity End Uses” mix on the PCL. The purpose of the PSD program is to provide accurate, reliable, and simple-to-understand information regarding the sources of electricity, and associated emissions, to serve retail load.³ The primary benefit of the PCL is as a simple label that the average customer can use to understand their fuel mix and how it compares to the statewide average. However, as the PCL expands to include additional information, particularly information that is not intuitively understood, it becomes more crowded (as illustrated below, by the mock-up of an example SMUD PCL with proposed updates) and harder to decipher.



To preserve the value of the PCL, the CEC should carefully consider the benefits and appropriateness of new additions against added complexity. SMUD believes the newly proposed “Other Electricity End Uses” column would cause confusion without providing any meaningful information to customers. The scope and intent of these additional “end uses” are unclear even to utility staff and may not be easily understood.

³ Public Utilities Code 398.1(b).

Such “end uses” are also not necessary to understand what sources of electricity served retail load, which is the purpose of the PCL, as described in Public Utilities Code section 398.4.

For the reasons above, SMUD recommends that the “Other Electricity End Uses” column not be added to the PCL. To the extent the CEC determines it is important to disclose this mix, SMUD encourages staff to consider reporting venues or mechanisms other than the PCL that can provide full explanation of all “end uses” and the CEC’s underlying assumptions. In addition, as part of this pre-rulemaking effort, SMUD encourages the CEC to look for ways to simplify the PCL for ease of comprehension.

b. The CEC should modify the PCL to include a “Total Power” aggregation of the retail supplier’s general mix and products that serve retail load.

SMUD supports the proposed addition of a “Total Power” mix, calculated based on retail sales and exclusive of “Other Electricity End Uses”, that aggregates a retail supplier’s general mix and all product offerings, including the custom products that are not otherwise included on the PCL. SMUD recommends that this aggregation be based on retail sales for consistency with individual products and Public Utilities Code section 398.4 and agrees with CMUA’s comments that the PCL should only reflect generation serving retail sales.

SMUD believes the supplemental inclusion of a “Total Power” mix would improve transparency by helping customers understand how their retail supplier performs when considering all retail load, which is not accessible on the current PCL. For retail suppliers that have significant voluntary green pricing program offerings, the general product mix does not serve as an accurate proxy for the percentage of a utility’s retail load that is served by renewable resources. For example, SMUD’s aggregate renewable percentage, equivalent to a “Total Power” mix, is approximately 5% higher than our “General Mix” percentage. However, this information is not currently included on the PCL. It is also not possible for customers to estimate this information from the PCL, which displays only percentages and intensities for the publicly available products and no information for custom products. Adding a “Total Power” aggregation to the PCL would help fill this gap and provide additional context for customers in a manner that is conceptually easy to understand.

Hourly Accounting Methodology

c. The hourly GHG accounting methodology should be modified to ensure GHG emissions are accurately attributed based on generation that served a retail supplier’s loss-adjusted load.

SMUD interprets the Staff Proposal as assigning a retail supplier the GHG emissions associated with all contracted and owned generation in a given hour, regardless of whether that generation served the retail supplier’s loss-adjusted load during that hour. SMUD also understands the Staff Proposal’s intent is for any oversupply in a given hour to lower the estimated emissions intensity factor for unspecified power during that hour.

SMUD is concerned with the accuracy and transparency of this approach, which could result in double attribution or misattribution of GHG emissions. For example, consider a retail supplier with specified procurements exceeding their hourly load that sells the excess into the market. A second retail supplier may purchase that generation as unspecified power. Under the Staff Proposal, the original retail supplier is required to report the emissions associated with generation that served another entity's load. If the unspecified power emissions factor assumes or reflects the emissions associated with the excess generation, then the same emissions are double reported by both retail suppliers. If the unspecified power emissions factor does not reflect these emissions, then the purchasing retail supplier is not accountable for the emissions associated with generation to serve their load. Neither outcome would be accurate. Moreover, SMUD agrees with CMUA's concern that this approach to GHG accounting could create perverse incentives for retail suppliers to rely on market purchases to meet load.

SMUD strongly encourages the CEC to reconsider this proposed methodology. We agree with CMUA's recommendation that retail suppliers should be allocated the GHG emissions for the specified purchases matched to their load in a given hour, according to the stacking order set by the retail supplier, and that GHG emissions associated with specified procurement exceeding loss-adjusted load should be attributed to the retail suppliers purchasing unspecified power in that hour.

Data Collection

- d. Reporting through the new data submission portal should be required no earlier than for the 2024 reporting year (June 1, 2025 deadline).*

The Staff Proposal describes staff's intent to launch a new data submission portal and Snowflake database for annual data collection, tentatively by the 2023 reporting year (June 1, 2024, deadline). The new portal and database would represent a significant departure from the longstanding PSD reporting format with respect to the platform and its functionality and transparency.

SMUD strongly encourages the CEC to defer any requirements to report through the new submission portal until at least the 2024 reporting year (June 1, 2025, deadline). If new reporting requirements are adopted in June 2024, as currently planned, this will significantly overlap with PSD reporting deadlines, due annually in June. However, retail suppliers must prepare several months in advance to submit the annual PSD data and would not be able to accommodate new requirements without significant duplicative work and administrative burden. Instead, the CEC should clarify that any requirements adopted in 2024 will only apply prospectively for the next, or a future, reporting deadline.

Further, SMUD encourages the CEC to consider a "test year" prior to implementation of any new or modified reporting system. In SMUD's experience, new electronic submission initiatives are often accompanied by a significant number of "bugs" that can only be identified and resolved once utilities begin uploading actual data.

To support a successful reporting process, SMUD requests the CEC release a test version of any new or modified reporting system at least one year prior to the targeted PSD implementation deadline. For example, new annual PSD reporting systems should be available to retail suppliers for the 2023 reporting year (June 1, 2024, deadline), if the CEC targets implementation for the 2024 reporting year (June 1, 2025, deadline). A similar test year should be provided for the hourly PSD reporting system, assuming these will not be implemented at the same time. Accommodating a test year for the annual PSD reporting systems supports deferring the annual PSD implementation to the 2024 reporting year.

Continued Stakeholder Engagement

- e. The CEC should provide additional opportunities for review and input prior to initiating the formal rulemaking process.*

SMUD encourages the CEC to hold additional pre-rulemaking workshops and provide stakeholders the opportunity to review and comment on modified proposals and draft regulatory language prior to beginning formal rulemaking process. The new hourly accounting requirements established by SB 1158 are complex, and SMUD believes it is critical to provide sufficient time to ensure that the methodologies developed by the CEC are accurate, transparent, and consistent with the statutory requirements.

Conclusion

SMUD thanks the CEC for consideration of the above comments and looks forward to working collaboratively on SB 1158 implementation and potential changes to the PSD program.

/s/

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