DOCKETED	
Docket Number:	23-IEPR-01
Project Title:	General Scope
TN #:	253566
Document Title:	California Municipal Utilities Association Comments on CEC 2024 Draft IEPR
Description:	N/A
Filer:	System
Organization:	California Municipal Utilities Association
Submitter Role:	Public Agency
Submission Date:	12/7/2023 5:06:46 PM
Docketed Date:	12/8/2023

Comment Received From: California Municipal Utilities Association
Submitted On: 12/7/2023
Docket Number: 23-IEPR-01

CMUA Comments on CEC 2024 Draft IEPR

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of: 2023 Integrated Energy Policy Report (2023 IEPR)	Docket No. 23-IEPR-01

COMMENTS OF THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION ON THE DRAFT 2023 INTEGRATED ENERGY POLICY REPORT

The California Municipal Utilities Association (CMUA) respectfully provides the following comments to the California Energy Resources Conservation and Development Commission (Energy Commission) regarding the Draft Integrated Energy Policy Report (IEPR).

CMUA is a statewide organization of local public agencies in California that provide essential public services including electricity, water, and wastewater service throughout California. CMUA's membership includes publicly owned electric utilities (POUs) that operate electric distribution and transmission systems that serve approximately 25 percent of the electric load in California, and public water and wastewater agencies that serve approximately 75 percent of California's water customers.

I. Appendix E Update on POU Planning Reserve Margins (PRM) Should Include More Explanatory Discussion and Link with Ongoing PRM Proceedings. CMUA also Suggests Additional Language Summarizing the Conclusions that CMUA Members are Resource Adequate.

The Draft Report includes Appendix E which sets out a snapshot of POU resource adequacy procurement levels based on September 2022 supply forms submitted to the Commission.

There are inherent limitations of the data source, including the fact that the Draft Report was published more than one year after the supply data was submitted. Of primary concern is the fact that supply forms are not intended to be used as a benchmarking mechanism for PRMs and therefore, they do not fully capture all considerations regarding the status of PRMs for POUs. For example, CMUA understands that some POUs may not report all their procurement on the supply forms if what they show already meets their procurement and reserve obligations. The Appendix also does not include a completely clear calculation methodology

Nevertheless, a key takeaway from Appendix E is that the 34 POUs for which data was available, for 2023 the vast majority have covered their position plus reserves, or in some cases are long or substantially long on capacity.

The information also informs the discussion ongoing in the docket initiated for the purpose of examining POU PRMs pursuant to AB 209.[1] CMUA has two suggestions for the Final Report.

First, CMUA suggests that a more nuanced discussion and clarification of the data and calculations in Appendix E is warranted and would be helpful. Second, CMUA requests that some language similar to the following, be included to summarize the Appendix:

> While other information beyond supply plan data is likely necessary for a rigorous examination of individual POU Resource Adequacy positions, it is evident from this data, for the period examined, that the vast majority of POUs individually and in the aggregate have met or exceeded industry standards for procurement to meet demand plus a reserve margin.

[1] *Energy System Reliability, Docket 21-ESR-01*, https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=21-ESR-01 (last visited Dec. 7, 2023).

II. CMUA Members are Investing in Clean Transportation Infrastructure Including Electricity and Hydrogen. Unsupported Statements Regarding Publicly-Owned Utility Grid Charging Infrastructure Should Be Clarified to Capture a Fuller Picture of POU Actions.

A key component of California's clean energy policy is reducing greenhouse gas emissions from the statewide transportation system. CMUA members are supporting California's clean transportation goals by investing in infrastructure through investments, programs, and incentives that are tailored to meet the needs of their communities. CMUA members are also investing in hydrogen fueling options to support applications where electric vehicles are may not be entirely practical.

The Draft Report reaches unwarranted conclusions regarding the investment of POUs in decarbonization of the transportation sector. Specifically, the Draft Report states:

> Public and cooperatively-owned utilities follow similar processes for interconnection and new service connections, subject to the rules of their local regulatory authority. While the types of studies conducted are similar, there are differences in the customer requirements and rules for cost recovery across different utilities. Although some offer incentive programs for equipment, many of the state's POUs generally do not have special rules for EV charging infrastructure and require more of costs to be covered by the customer. This requirement could slow development of EV charging infrastructure in POU territories and exacerbate inequities in access to charging infrastructure.[2]

POUs are uniquely positioned to develop programs that best address the specific needs of the communities they serve. Most POUs are currently providing ratepayer- or Low Carbon Fuel

[2] Draft 2023 Integrated Energy Policy Report, Cal. Energy Commission (Nov. 2023), https://efiling.energy.ca.gov/GetDocument.aspx?tn=253086 at 24. (TN# 253086)

Standard (LCFS)-funded incentives or programs for transportation electrification, thereby supporting residential and/or commercial charging infrastructure in their service territories, including in low-income and disadvantaged areas. For example, SMUD's Charge@Home program provides free electric vehicle (EV) chargers and installations for income-qualified customers, and up to $1,000 for other residential customers. Separately, SMUD's eFuel programs help commercial customers electrify fleets, provide employee charging, or provide multifamily charging; the Advisor program offers no-cost, customized analysis and recommendations for electrification, and the Solutions program provides turnkey EV charging installations with no or low upfront cost and monthly payment options. In addition, as part of SMUD's Rule 16 process for new or upgraded service requests, qualifying projects receive a per-kW offset for the developer costs associated with SMUD installed facilities and upgrades.

Similarly, the City of Santa Clara's electric utility, Silicon Valley Power (SVP) offers additional funding opportunities as part of Equity+ which specifically targets properties listed as affordable housing facilities, small businesses, nonprofits, and public agencies. SVP also provides technical assistance to help multifamily properties successfully plan, fund, and install EV charging stations. Eligible multifamily housing complexes – and small to medium-sized businesses, qualify for a free custom EV Charging Planning Report and technical assistance throughout the planning and installation process. The program is specifically intended to address barriers to EV adoption often faced by those that live in apartments.

The City of Palo Alto offers similar technical assistance programs. Palo Alto also has EV charger rebate programs specifically for non-profits and multifamily facilities. Qualifying organizations in Palo Alto's service area can receive up to $8,000 per Level 2 charging port or outlet and $4,000 per level 1 port or outlet, for up to $80,000 in rebates per site. Palo Alto also

offers utility service capacity fee rebates to help offset the costs of upgrading electric service capacity for home charging; eligible customers receive a credit up to $10,000.

The City of Pasadena's electric utility provides several different programs and rebates to support EV ownership. In addition to rebates for residential and commercial charger installations, they also offer incentives for chargers at workplaces and multi-unit dwellings (MUD) and bonuses for installations in DACs and affordable housing sites. They also partner with EV charging companies on innovative cost-sharing frameworks for large public charging hubs.

The programs and incentives listed above are just a few examples of the many ways that POUs are working to incentivize and expand EV deployment throughout their service territories.

Any costs that the installers of charging equipment do face for utility-side upgrades, which are not passed onto ratepayers, are balanced by lower electricity rates of POUs.

To date, POU incentives for charging infrastructure have not extended to a special interconnection process that creates differentiated treatment based on the load type, as the IOUs have with Rules 29/45. The CEC has identified this as a way to support EV charging installation. While this is one mechanism that has been employed by the IOUs, it is not the only means by which to incentivize or expand EV charging. As the Draft IEPR Report acknowledges, the impact of these special rules on rates is being evaluated. Each POU's local regulatory authority is the best suited to make that decision for the unique needs of their community.

Additionally, because each POU serves a unique community with different considerations, the programs and structures in one utility may not always serve as a "best practice" for any other utilities. However, POUs regularly coordinate with each other and with investor-owned utilities to share information on transportation electrification programs and

planning. The Commission provides a policy recommendation to provide targeted support to POUs and enhance coordination across all utilities to share best practices. POUs welcome targeted support from the Commission and opportunities to continue coordination; however, for the reasons discussed above, recommendations on "best practices," especially with regard to fundamental governing responsibilities such as development of rates, should defer to the decision-making of POU governing boards. The Commission may also want to consider whether funding should be provided to help ensure an equitable distribution of EV charging infrastructure in POU territories.

While electricity will serve as a key transportation fuel, hydrogen can provide an alternative in use cases where battery electric vehicles may not optimally fit the needs of certain applications, such as for certain medium- and heavy-duty vehicles. Thus, EV charging infrastructure does not represent the whole picture. Actions to develop hydrogen transportation fueling can also support the application of hydrogen in the power sector, with respect to helping increase scale and driving down production costs. For example, the Northern California Power Agency (NCPA) is investing approximately $225 million to convert the Lodi Energy Center to a hydrogen powered facility.[3] In addition to supporting the power needs of the Port of Oakland, the project will include a hydrogen fueling depot to support the fueling needs of Class 8 trucks and light-duty vehicles.

CMUA would like to underscore the importance of addressing and managing the uncertainties regarding the specific location, timing, and magnitude of new EV charging loads. CMUA agrees that proactive infrastructure planning is needed. However**,** utilities typically build out infrastructure based on demand, rather than forecasts; this is important for maintaining

[3] *See* Lodi Hydrogen Center – The Hydrogen Transition, Nor. Cal. Power Agency (Sept. 8, 2023), https://efiling.energy.ca.gov/GetDocument.aspx?tn=252176&DocumentContentId=87175.

affordable rates and minimizing the risk of stranded investments if forecasts are not realized, but may present challenges when longer lead time upgrades may be needed. CMUA encourages the Commission to consider options that may help address these risks, as well as supporting advancements in technologies like vehicle-grid integration and managed charging that can help maximize existing infrastructure.

Taking into account all these factors and the lack of empirical support in the Draft Report for the possible conclusions that POU programs could slow adoption and "exacerbate inequities," CMUA urges the Commission to remove the statement above from the Final Report.

In addition to the removal of the language above, CMUA wishes to clarify the IEPR's discussion regarding publicly available capacity maps.[4] While some POUs may choose to publish such maps, their absence does not indicate a lack of transparency or imply problems with managing interconnecting queues. Some POUs intentionally encourage customers to meet with staff who will assist with design and siting of potential new interconnections. This approach also ensures that customers have accurate, up-to-date information when evaluating potential siting locations.

Finally, the Commission seems to invite the California Public Utilities Commission (CPUC) to participate in the implementation of POU programs which raises substantial jurisdictional concerns.[5] As the CPUC is not a regulatory authority over POUs and has no role in determining whether POU investments in transportation electrification are in the best interest of POU ratepayers, the Commission's recommendation is inappropriate. CMUA urges the

[4] Draft 2023 Integrated Energy Policy Report, Cal. Energy Commission (Nov. 2023), https://efiling.energy.ca.gov/GetDocument.aspx?tn=253086 at 7. (TN# 253086)
[5] Draft 2023 Integrated Energy Policy Report, Cal. Energy Commission (Nov. 2023), https://efiling.energy.ca.gov/GetDocument.aspx?tn=253086 at 34. (TN# 253086)

Commission to eliminate the inclusion of the CPUC in this recommendation and alternatively refer to POUs' local regulatory authorities as is done elsewhere in the IEPR.

I. CONCLUSION

CMUA appreciates the opportunity to offer these comments on the Draft Report and any further dialogue with the Commission on these matters.

Dated: December 7, 2023

Respectfully submitted,

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