

DOCKETED

Docket Number:	21-OIR-01
Project Title:	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
TN #:	254601
Document Title:	LADWP Comments on Pre-Rulemaking Amendments to the Power Source Disclosure Program
Description:	N/A
Filer:	System
Organization:	LADWP
Submitter Role:	Public Agency
Submission Date:	2/21/2024 2:25:41 PM
Docketed Date:	2/21/2024

*Comment Received From: LADWP
Submitted On: 2/21/2024
Docket Number: 21-OIR-01*

Comments on Pre-Rulemaking Amendments to the Power Source Disclosure Program

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 21-OIR-01
)	
Rulemaking to Amend Regulations)	RE: Pre-Rulemaking Amendments to
Governing the Power Source Disclosure)	the Power Source Disclosure Program
Program)	
_____)	

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE
CALIFORNIA ENERGY COMMISSION REGARDING PRE-RULEMAKING AMENDMENTS TO THE
POWER SOURCE DISCLOSURE PROGRAM**

Bassam Abou-Chakra
Chief Compliance Officer
Los Angeles Department of Water and Power
111 North Hope Street, Suite 317
Los Angeles, CA 90012
Telephone: (213) 367-4631
Email: Bassam.Abou-Chakra@ladwp.com

Dated: February 21, 2024

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

In the matter of:)	Docket No. 21-OIR-01
)	
Rulemaking to Amend Regulations)	RE: Pre-Rulemaking Amendments to
Governing the Power Source Disclosure)	the Power Source Disclosure Program
Program)	
_____)	

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE
CALIFORNIA ENERGY COMMISSION REGARDING PRE-RULEMAKING AMENDMENTS TO THE
POWER SOURCE DISCLOSURE PROGRAM**

INTRODUCTION

The Los Angeles Department of Water and Power (“LADWP”) appreciates the opportunity to provide comments to the California Energy Commission (“Commission”) regarding the Commission’s January 31, 2024, Pre-Rulemaking Amendments to the Power Source Disclosure Program (“Amendments”).

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 City Council, and a 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 478 square mile service territory that covers the City of LA and portions of the Owens Valley. LADWP supports the growth and vitality of the City of LA, its residents, businesses, and the communities we serve, providing safe, reliable, and cost-effective water and power in a customer-focused and environmentally responsible manner.

SPECIFIC COMMENTS

1. LADWP recommends revisions to clarify the calculation of GHG emissions intensity under the proposed Annual Accounting methodology.

Sections 1392(b)(4) and (5) require clarification to ensure that the calculation methodology described in Section 1392(a)(9) (“GHG emissions intensity”) accurately captures GHG emissions intensities associated with each electricity portfolio and total power content.

Section 1392(b)(4) directs retail suppliers to allocate net purchases of specified and unspecified power to each electricity portfolio and to allocate “remaining procurement in excess of retail sales” to total power content. This wording suggests that total power content consists of just the remainder in excess of retail sales. However, Section 1391 (“Definitions”) defines total power content as the total electricity used to serve loss-adjusted load, which includes retail sales. To provide clarity, LADWP recommends revising Section 1392(b)(4) to be consistent with the format used in Section 1392(a)(9) as follows:

“(4) A retail supplier shall allocate net purchases of specified and unspecified power to:

(A) eEach electricity portfolio it offered in the previous calendar year based on the retail sales of the portfolio, and

(B) ~~Remaining procurement in excess of retail sales shall be allocated to total power content.~~ Total power content, which includes the total amount of electricity required for retail sales, transmission and distribution losses, self-consumption and other electricity uses to serve retail customers.”

If the sum of specified purchases minus specified resales exceeds the amount of electricity needed to serve the electricity portfolio(s) or total power content, then Section 1392(b)(5) directs retail suppliers to proportionally reduce and reconcile the specified purchases with the load. As written, Section 1392(b)(5) attempts to address proportional reduction for both electricity portfolio(s) and total power content in the same provision. LADWP suggests having separate provisions to provide clarity. In addition, Section 1392(b)(5) seems to conflate retail sales with loss-adjusted load. Section 1392(a)(9) requires calculating GHG emissions intensity using retail sales for electricity portfolio(s) and loss-adjusted load for total power content. LADWP’s understanding is that specified purchases should be adjusted such that a) specified purchases align with retail sales for each electricity portfolio and b) specified purchases align with loss-adjusted load for total power content. As such, LADWP recommends revising Section 1392(b)(5) as follows:

“(5) If the sum of specified purchases, minus any specified resales, exceeds ~~loss-adjusted load~~ the amount of electricity needed to serve the electricity portfolio(s) or total power content, a retail supplier shall reconcile the specified purchases with the load as follows:

(A) If net specified purchases exceeds ~~loss-adjusted load~~ the retail sales of each electricity portfolio, each net purchase of electricity from a generator using natural gas shall be proportionally reduced so that the sum of all adjusted specified purchases equals the retail sales of an electricity portfolio. If the retail supplier has insufficient natural gas resources to reconcile the excess specified net purchases with ~~loss-adjusted load~~ retail sales, each procurement from all other specified resources except coal shall then be proportionally reduced to align the retail supplier’s total specified purchases with its ~~loss-adjusted load~~ retail sales.”

(B) If net specified purchases exceeds loss-adjusted load, each net purchase of electricity from a generator using natural gas shall be proportionally reduced so that the sum of all adjusted specified purchases equals the loss adjusted load. If the retail supplier has insufficient natural gas resources to reconcile the excess specified net purchases with loss-adjusted load, each procurement from all other specified resources except coal shall then be proportionally reduced to align the retail supplier’s total specified purchases with its loss-adjusted load.”

2. The Amendments use circular logic to calculate the amount of unspecified power under the proposed Hourly Accounting methodology.

Section 1392(c) (“Hourly Accounting”) appears to use circular logic to calculate the amount of unspecified power. Section 1392(c)(3) requires hourly unspecified power to calculate total procurement. However, Section 1392(c)(6) indicates the total procurement quantity is already known in order to calculate hourly unspecified power during hours of undersupply. LADWP requests clarification within the regulations and an explanation in a staff report of how this is intended to work.

3. LADWP recommends allowing retail suppliers to report annual retail sales data for the Power Content Label (“PCL”).

LADWP’s understanding is that, for electricity portfolios, the fuel mix percentages and GHG emission intensities displayed on the PCL will continue to be calculated using annual retail sales as the denominator. However, it is unclear how these calculations will be performed, given that Section 1393 (“Annual Submission to the Energy Commission”)

does not include annual retail sales data. To the extent that the Commission needs annual retail sales data for these calculations, LADWP recommends allowing retail suppliers to report annual retail sales data directly.

LADWP also understands that, beginning January 1, 2028, the Commission will derive annual data for the PCL from the submitted hourly data. LADWP further recommends allowing retail suppliers to continue to directly report annual retail sales data after the January 1, 2028, transition to hourly reporting.

4. The proposed definition of “unspecified electricity” does not align with other existing provisions.

Section 1391’s definition of “electricity from unspecified sources of power” or “unspecified power” or “unspecified electricity” refers only to electricity derived from natural gas and other marginal fossil fuels. However, Sections 1392(a)(4) and 1392(a)(7) describe instances in which electricity derived from nuclear, large hydroelectric, and renewable fuel sources must be classified as “unspecified power.” For example, the Amendments classify surplus renewable energy sold in the Energy Imbalance Market without the associated Renewable Energy Credits as unspecified power. Another example is electricity from a zero-emission generating resource sold in the wholesale market without identifying the generating resource. In order to align the definition of “unspecified electricity” with other existing provisions, LADWP recommends the following revision:

“Electricity from unspecified sources of power” or “unspecified power” or “unspecified electricity” means electricity that ~~is derived from natural gas and other marginal fossil fuels, but~~ is not traceable to specific generation sources by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity source claimed has been sold once and only once to a retail consumer.”

5. LADWP recommends that Commission staff collaborate with retail suppliers to develop the Resource Report template and/or any related data reporting system.

The new reporting requirements that Commission staff seek to implement will likely result in significant changes to the annual reporting template for the Power Source Disclosure (“PSD”) Program. LADWP encourages Commission staff to collaborate with retail suppliers while developing the new Resource Report template and/or any related data reporting system. Retail suppliers can provide valuable feedback to ensure the revised reporting templates function as intended.

It is critical that the nuances of each PSD reporting schedule are considered and tested in order to ensure that unintended outcomes are caught and addressed. To that end,

LADWP recommends that Commission staff release draft reporting templates for public comment. Allowing stakeholders to review and provide feedback on the reporting templates will aid in discovering any unintended outcomes, ensure that Commission staff and reporting entities have a common understanding of the reporting process, and ultimately lead to a more effective implementation of the PSD Program.

6. The treatment of avoided emissions under Section 1392(c)(8)(B) does not align with what Commission staff proposed in the Summary of Changes and FAQs document.

In the Summary of Changes and FAQs document (“Summary”), Commission staff propose removing oversupplied resource emissions from specified purchases and factoring these emissions into the hourly unspecified power emissions factor. LADWP’s understanding is that this is the approach that Commission staff intended to propose in the Amendments. However, Section 1392(c)(8)(B) does not appear to align with the approach described in the Summary. Section 1392(c)(8)(B) states that the avoided emissions “shall be attributable to the retail supplier,” which implies that the avoided emissions are not removed from the retail supplier’s specified purchases. In addition, Section 1392(c)(8)(B) states that the avoided emissions “shall reduce” the hourly unspecified GHG emissions factor. LADWP’s understanding is that, during an hour of oversupply, an individual retail supplier’s hourly avoided emissions may either reduce or increase the hourly unspecified emission factor depending on the retail supplier’s stacking order. LADWP recommends revising Section 1392(c)(8)(B) so that the language more precisely aligns with the Summary.

REITERATED COMMENTS

7. The PCL should not include fuel mix percentages for a retail supplier's total power content.

LADWP remains concerned that adding fuel mix percentages for total power content to the PCL will cause customer confusion, will not add value for the customer, and will exceed the scope of Senate Bill 1158. As stated in Public Utilities Code Section 398.1(b), the legislative intent of the PSD Program is to disclose “accurate, reliable, and simple to understand information.” For the PCL to be “accurate, reliable, and simple to understand,” LADWP believes the PCL must align with other public-facing data to the extent possible. As such, the PCL should continue showing only fuel mix percentages using retail sales as the denominator for consistency with the California Renewables Portfolio Standard Program. However, Commission staff propose a PCL showing two different fuel mix percentages: one set for the electricity portfolios based on retail sales and another for total power content based on loss-adjusted load. Adding fuel mix percentages for total power content is of questionable value to customers because the methodology for its calculation does not align with the electricity portfolio that serves them. LADWP does not believe including these additional fuel mix percentages will make the PCL more “accurate, reliable, and simple to understand.” LADWP urges Commission staff to reconsider whether this proposed addition is necessary.

CONCLUSION

LADWP appreciates the opportunity to participate in this rulemaking process and looks forward to working with the Commission to help shape appropriate and effective program guidelines that will benefit the health, safety, and security of all California residents. If you have any questions, please contact me at (213) 367-4631 or Mr. Rockeish Mckenzie at (213) 367-4341.

Dated: February 21, 2024

Respectfully Submitted,

**Bassam R.
Abou-Chakra**  Digitally signed by Bassam
R. Abou-Chakra
Date: 2024.02.21 14:11:39
-08'00'

Bassam Abou-Chakra
Chief Compliance Officer
Los Angeles Department of Water and Power
111 North Hope Street, Suite 317
Los Angeles, CA 90012
Telephone: (213) 367-4631
Email: Bassam.Abou-Chakra@ladwp.com

**Katherine
Rubin**  Digitally signed by Katherine
Rubin
Date: 2024.02.21 09:14:12
-08'00'

Katherine Rubin
Director of Corporate Environmental Affairs
Los Angeles Department of Water and Power
111 North Hope Street, Suite 1050
Los Angeles, CA 90012
Telephone: (213) 367-0436
Email: Katherine.Rubin@ladwp.com

Nazir Fazli  Digitally signed by Nazir
Fazli
Date: 2024.02.21 12:32:34
-08'00'

Nazir A. Fazli
Executive Director of Power Construction,
Maintenance, and Operations
Los Angeles Department of Water and Power
111 North Hope Street, Suite 921
Los Angeles, CA 90012
Telephone: (213) 367-3889
Email: Nazir.Fazli@ladwp.com