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Submitted On: 7/3/2024
Docket Number: 21-OIR-01*

Comments on Proposed Amendments to PSD Regulations (45-Day Language)

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: Notice of Staff Rulemaking
Governing the Power Source Disclosure)	Workshop on Updates to the Power
Program)	Source Disclosure Regulations
_____)	

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER
TO THE CALIFORNIA ENERGY COMMISSION REGARDING
RULEMAKING TO AMEND REGULATIONS GOVERNING THE POWER SOURCE DISCLOSURE
PROGRAM**

Dated: July 3, 2024

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INTRODUCTION

The Los Angeles Department of Water and Power (“LADWP”) appreciates the opportunity to provide comments to the California Energy Commission (“Commission”) regarding Commission Staff’s proposed amendments (“Express Terms”) to the Power Source Disclosure (“PSD”) Program published on May 17, 2024. In addition, LADWP expresses support for select comments submitted by the California Municipal Utilities Association (“CMUA”).

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 requests guidance regarding the “substantiating documentation” required for retail suppliers to directly report their specific loss factor.

LADWP supports Commission Staff’s proposal in section 1392(a)(8)(C) of the Express Terms, which allows retail suppliers to use their own specific loss factor. Transmission and distribution loss rates associated with serving load are specific to each retail supplier. Allowing retail suppliers to directly report their specific loss factor will result in reporting that is likely to be more accurate than a one-size-fits-all approach.

To that end, LADWP requests that Commission Staff provide guidance regarding the requirement for the retail supplier to provide substantiating documentation to support their specific loss factor claim. Specifically, LADWP requests that Commission Staff clarify 1) the types of supporting documentation expected and 2) the timeline for submittal and review/acceptance of this documentation. This information would allow retail suppliers to prepare this documentation more effectively for the implementation of the amended regulations.

2. LADWP is concerned that use of the Integrated Energy Policy Report (IEPR) Demand Forecast loss factors may overestimate transmission and distribution losses for some retail suppliers.

LADWP’s understanding of the IEPR Demand Forecast loss factors is as follows. Entities submit data biennially to the Commission as part of the IEPR process. This data then informs the Commission’s Baseline Forecasts for each Planning Area. “Losses” in Form 1.2 of the Baseline Forecasts are calculated as the difference between “Total Energy to Serve Load” and “Total Consumption.” Commission Staff proposes using this difference as the retail supplier’s loss factor in referenced in section 1392(a)(8)(B).

Commission Staff’s proposal to calculate loss-adjusted load using the IEPR Demand Forecast loss factors assumes those “Losses” consist only of transmission and distribution losses required to serve the retail supplier’s customers. However, the IEPR Demand Forecast “Losses” may also include other elements. For instance, the “Losses” reported by LADWP for the IEPR include consumption for enterprise purposes (i.e., self-consumption) and energy theft. In addition, LADWP’s IEPR “Losses” include losses associated with energy that flows through LADWP’s transmission lines but does not ultimately serve LADWP end-use customers (e.g., Energy Imbalance Market (“EIM”) transfers, imports to other retail suppliers, wheel-through energy, etc.). LADWP is concerned that using the IEPR Demand Forecast loss factor will overestimate the transmission and distribution losses associated with serving LADWP’s load. Some degree of overestimation may be acceptable for the long-

term planning purposes of the IEPR. However, an overestimation may not be appropriate for the PSD Program and Power Content Label (PCL), which is tailored to each retail supplier.

Should Commission Staff decide to proceed with IEPR loss factors as the default option, LADWP recommends allowing retail suppliers to use the loss factors reported to the Commission in their IEPR Form 1.2 (i.e., Distribution Area Net Electricity or Generation Load) submittals in lieu of using loss factors from the Commission's IEPR Demand Forecast. Form 1.2 is for the entry of electricity deliveries by type of customer and the addition of losses to calculate utility system energy requirements. Form 1.2 requires utilities to calculate losses to include the total transmission and distribution losses, as well as any other unaccounted-for losses in the system. Form 1.2 loss factors would be more accurate than those based on modeling and forecasting because they are based on actual data, including imports, resulting in a complete picture of the sales. Furthermore, it is important to understand what elements are included in the loss factor. The retail supplier has insight into the composition of the loss factor reported in their IEPR Form 1.2 but not the inputs and assumptions used by Commission Staff in their modeling to generate the IEPR Demand Forecast.

3. LADWP proposes allowing retail suppliers to directly report their loss-adjusted load as an alternative option to using a loss factor.

Since retail suppliers already calculate Net Energy for Load, which is comparable to loss-adjusted load, it may be simpler for the retail supplier to directly report the annual and hourly loss-adjusted load as an alternative option to reporting annual and hourly retail load plus a loss factor. LADWP requests that Commission Staff consider allowing direct reporting of loss-adjusted load as an alternative method. A retail supplier calculating their loss-adjusted load should be more accurate than estimating it using the IEPR Demand Forecast loss factor.

4. Commission Staff's draft Economic Impact Assessment underestimates the cost of implementing the proposed regulations.

Commission Staff's Economic Impact Assessment states that there are no foreseeable costs to retail suppliers associated with implementing the proposed changes to the PSD reporting process because the submitted data is likely gathered during the normal course of business and for other regulatory reporting processes. However, the existing processes of retail suppliers will produce data that will require further refinement to suit the needs of the new reporting requirements under the amended PSD regulations. Additional data collection and processing will likely be required to report hourly data.

Moreover, if a retail supplier chooses to report a custom loss factor, additional resources will be required. The IEPR Demand Forecast loss factors may provide a conservative estimate of transmission and distribution losses but, in some cases, also include extraneous losses for wheel throughs and EIM transfers unrelated to serving the retail supplier's customers. Consequently, retail suppliers are likely to consider calculating their custom loss factor to ensure that the loss-adjusted load is limited to the energy needed to serve their customers. Calculating a custom loss factor will require a nontrivial resource commitment from retail suppliers (to prepare) and Commission Staff (to review).

5. To provide concise and relevant information to the public, LADWP recommends for the total power content column on the PCL to include only GHG Emissions Intensity.

LADWP appreciates Commission Staff's consideration of LADWP's prior comments regarding including fuel mix percentage for total power content on the PCL. However, LADWP remains concerned that displaying fuel mix percentages for total power content (calculated using loss-adjusted load) alongside fuel mix percentages for electricity portfolios (calculated using retail sales) may not be clear to customers because it is the only column that uses a different calculation methodology. LADWP believes that simply displaying the GHG Emissions Intensity for total power content on the PCL without fuel mix percentages would satisfy the intent of Senate Bill 1158 while maintaining a PCL that is easy to understand.

6. LADWP supports CMUA's comments regarding the treatment of eligible firm-and-shaped resources under the revised annual and hourly accounting regulations.

The annual accounting rules in Commission Staff's proposal retain the GHG exclusion adjustment for eligible firm and shaped procurement associated with transactions and ownership agreements prior to January 1, 2019. LADWP agrees with CMUA that this treatment should be extended to hourly accounting to align with other related regulations.

7. LADWP supports CMUA's recommended amendments to provisions regarding the characterization of unspecified power.

Characterizing unspecified power as "primarily fossil fuel" is subject to change and may become less representative over time. LADWP agrees with CMUA's proposal for the amended regulations to provide a mechanism that allows Commission Staff to adjust this characterization based on changed facts without requiring an amendment to the regulations.

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: July 3, 2024

Respectfully Submitted,

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