

## DOCKETED

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*Comment Received From: Jan Strack*

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## **Add Load Forecast Detail to Support Calculation of Projected RNS**

It is my understanding based on conversations with several people from the CEC staff, that long-term projections of California's Renewable Net Short (RNS) are somewhat over-stated. This is because the calculation of retail sales subject to California's Renewable Portfolio Standard (RPS) requirement does not exclude all loads that are, in fact, are legislatively exempt from California's RPS requirement. The material provided below in quotes, describes some of these exemptions.

As an example, it does not appear that forecast retail sales used to calculate California's 33% RPS requirement actually exclude forecast military loads. As I understand it, the CEC does not produce distinct forecasts for military loads so is currently unable to back those forecast loads out of forecast retail sales. There may be other exempt loads that, as well, are not separately forecast by the CEC and therefore not excluded from the forecast retail sales used to project California's 33% RPS requirement.

It is recommended that the CEC (1) investigate the feasibility of forecasting these loads separately so that the retail sales forecast used to project California's 33% RPS requirement can be appropriately reduced as contemplated by state law, and (2) make available the detailed workpapers showing line-by-line deductions from forecast retail sales for all loads legislatively excluded from California's 33% RPS requirement.

It is understood that this recommendation will have no affect on determining any entity's compliance with its RPS obligations. It will, however, support improved long-term renewable resource planning efforts.

"First, entities that that do procurement for self-supply are exempt. Their purchase, scheduling, and delivery is not a "retail sale" subject to the RPS.

Example 1: MWD of Southern California procures energy from Hoover and Parker dam power plants. MWD has placed all its generation and transmission assets under SCE's control, and SCE serves as the Scheduling Coordinator to deliver energy to meet MWD's pump loads on the Colorado Aqueduct (5 big pumping stations, with the 2 nearest Lake Havasu being dispatchable DSM resources). So MWD pump loads on the Colorado Aqueduct are not retail sales; however, MWD's energy use in the LA Basin that is purchased and delivered by SCE is all counted as retail sales (on which MWD pays retail rates).

Example 2: California Department of Water Resources generates energy in State Water Project dams like Oroville. Pump loads on the State Water Project exceed what is generated by SWP facilities, so DWR purchases energy under long-term contracts & agreements like Pine Flat (Kings River Conservation District). DWR also has an ownership interest in the Lodi Energy Center. Though DWR is a wholesale energy market participant, often selling on-peak energy and purchasing off-peak energy when pump loads are higher, DWR does not furnish electricity to any end users, so it has no retail sales.

Example 3: BART procures energy to operate its trains and facilities in the Bay Area, reaching peak loads up to 85 MW. BART also has a share of the Lodi Energy Center and purchases energy from WAPA. But none of this self-supply is considered retail sales.

Example 4: All cogeneration owners, DG rooftop solar owners, and others who generate electricity for their own consumption do not have retail sales subject to the RPS. Their facilities may, however, be certified by the Energy

Commission as "eligible renewable energy resources" and if so they may be registered with WREGIS with the capability of generating Procurement Content Category 3 RECs.

Second, some load-serving entities are exempt from California's RPS statutes because they are sovereign.

Example 1: Native American owned utilities Aha Macav Power Service and at Morongo Casino and the Morongo Band of Mission Indians are not required to report on any energy deliveries or "sales" to end users on tribal reservation lands. (My understanding is that the only load in California served by Aha Macav is their tribal office in Needles; the 6.5 MW cogen plant at Morongo is only serving the hotel and casino there east of Banning, off the grid.)

Example 2: Western Area Power Administration (WAPA) is a federal agency that has certain preference customers including federal facilities such as military bases, Native American reservations, and Department of Energy facilities such as Stanford Nuclear Accelerator. As a federal agency, WAPA is not subject to California's RPS statutes.

Caveat: An ESP may have a contractual arrangement with the Desert Southwest Region of WAPA to be the Scheduling Coordinator for deliveries to federal military facilities such as Edwards AFB and Navy facilities in San Diego. That contractual agreement may include final or additional procurement by the ESP to firm up and balance day-ahead and real-time loads and resources. The nuances and details of that contractual arrangement may be important to a regulatory determination about whether or not these energy deliveries managed by the ESP are or are not "retail sales" subject to the RPS.

Third, some LSEs were not specifically included in California's RPS statutes.

Example 1: The four rural electric cooperatives that have a miniscule share of load in California are not CPUC-jurisdictional "retail sellers". Nor are they "publicly owned electric utilities." They are member-owned non-profit corporations. As corporations they are registered with the CPUC, but CPUC does not have regulatory oversight over procurement activities of the cooperatives. (And I might add that member-owner-customers of rural electric cooperatives pay some of the highest retail rates in California.)

Example 2: Shelter Cover Resort Improvement District is a tiny, unique LSE in Humboldt County with less than 1 MW of annual peak load. Like the cooperatives, it is neither a "retail seller" under CPUC jurisdiction or a "publicly owned electric utility." As it happens, Shelter Cove is a "full requirements" customer of WAPA's Sierra Nevada Region.

Fourth, some LSEs have been given special consideration in California's RPS statutes.

Example 1: Trinity PUD is exempt from RPS procurement requirements starting with SB 2 (1X), statutes of 2011. This exemption is based on the 1958 federal statute that authorized construction of federal Central Valley Project facilities in Trinity County. Trinity PUD is a "full requirements" customer of WAPA's Sierra Nevada Region.

Example 2: The City and County of San Francisco has unique requirements and exemptions that won't try to summarize here. In essence, all of end-use loads served by CCSF are exempt from RPS procurement requirements if annual energy deliveries to these end users are less than generation from the city's Hetch Hetchy hydro plants in the Sierra.

Example 3: Merced Irrigation District has a modification to the "retail sales" denominator in RPS calculations that is similar to what was granted to CCSF. RPS procurement obligations only apply to the "retail sales" energy that is greater than what is generated at Merced ID's Exchequer large hydroelectric plant on the Merced

River. (As an aside, this exemption has not been particularly valuable the last two years as Merced ID is at the epicenter of our deepening 4-year drought. Water storage in Lake McClure is currently just 13% of average for this date.)

Fifth, what counts as "retail sales" is open to some interpretation.

Example 1: A city-owned electric department that provides electricity to the city's water department or street lighting department is almost certainly not making a "retail sale". The key criteria is likely to be whether the electric department receives "a consideration" to use language found in the Board of Equalization's definition of electricity "sales" that are subject to the state's energy surcharge that utilities collect from their customers and forward to the Board of Equalization. (And unlike the Board of Equalization's definition of "sales" the RPS statutes and guidelines do count as a "retail sale" deliveries to embassies, enrolled Indians, federal buildings such as Amtrak and post offices, banks and credit unions, and other accounts deemed uncollectable.)

Example 2: A city-owned electric department furnishes electricity to another enterprise set up by the city, perhaps a port district, a JPA, or (formerly) a redevelopment area. This is an area where current rule-making at the Energy Commission may provide greater clarity."