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RPS Compliance Filings. SCPPA Members are working hard towards meeting California's 33% RPS target, under an overarching need to address climate change initiatives, and should be on track to meet interim RPS targets through 2020. Some of our Members are even ahead of pace; Pasadena Water and Power, for example, has met or exceeded both the state and its own 40% by 2020 RPS target; renewables accounted for approximately 29% of their retail sales last year. Anaheim Public Utilities delivered approximately 33% of its retail load with renewables last year. We also do have a Member that serves a small, disadvantaged community who did not reach the first compliance period RPS target given locally-adopted cost limitation measures and having been fully resourced, though they anticipate being caught up with RPS targets in the second compliance period.

SCPPA would also like to take this opportunity to urge the Energy Commission to complete verifications of the first compliance period filings as soon as possible. We are nearly half way through the second compliance period without knowing whether the Energy Commission will deem individual SCPPA Members in compliance – leaving them with no opportunity to go back to make corrections, and little time to correct anything going forward.

RPS Beyond 33%. SCPPA generally supports the Clean Energy Standard framework envisioned by the “Big 5” publicly- and investor-owned utilities, which would allow for additional flexibility to meet emission reduction targets by employing various programs and technologies that are best suited for each particular utility, and its customers, in the most cost-effective means possible. Any effort to expand the RPS to 50% will require added flexibility in meeting such an aggressive target. Absent the CES framework, many utilities may be forced to over-procure even if they are already fully resourced. The State must understand issues with stranding assets and being unable to recover costs in the market. Our customers ultimately are the ones having to pay for this and for small- and medium- sized utilities, do not have the ability to spread added costs across millions of customers.

When Governor Brown announced the “three 50’s” goals to be achieved by 2030, SCPPA immediately initiated an effort across our membership to develop a list of recommendations and comments to help policymakers in developing the associated policies and programs. This list of recommendations was developed working through several of our working groups – including renewables, resource planning, regulatory, and public benefits – across nearly 200 SCPPA Members’ utility staffers, then presented to our SCPPA Board in February before being shared with state policymakers. For increasing electricity derived from renewables from 33% to 50% by 2030, SCPPA recommended: 1) ensuring electric grid reliability and stability, including

performing a comprehensive power resource gap analysis of what California would need to achieve 50% renewables in coordination with regional reliability entities, and providing a “safety valve” to address instability or challenges to the reliable operation of the electric grid in the West; 2) ensuring that costs to California ratepayers are affordable; 3) allowing maximum electric utility industry flexibility to meet the goal – including the ability to ensure a diverse portfolio mix and maximizing credit for distributed generation systems and geothermal, for example, broadening the definition of “renewable sources” to encourage development of more projects, and harmonizing state policies with federal goals wherever possible (such as with biomethane and incentivizing regional cooperation); and 4) eliminating unnecessary barriers and minimizing administrative overhead – particularly in terms of streamlining certification and timeliness of the verification process, as well as improving overall data reporting, obligations for which has doubled in recent years alone for our limited staff resources.

I would be remiss if I did not again highlight SCPPA’s strong belief that *all* renewable distributed generation should be counted as “Bucket-1” resources, particularly given the State’s march towards 50% renewables by 2030. Our Members continue to believe that the current “bucket 3” RPS categorization undervalues and deters further development of such resources under a declining Portfolio Balance Requirement cap. *California renewable resources should be valued more highly than out-of-state renewable resources under California’s own RPS. We now get higher credit for out-of-state wind than we do for homegrown solar in our own backyards. That’s not right. Particularly given how much sun we have in Southern California. Bucket-1 status for DG resources should be a statewide policy for all utilities. Accessing a broader renewables market is the best and most cost-effective way for California’s utilities to meet such an ambitious goal. I am personally hopeful that, especially under a presumed 50% RPS program, that the solar industry as a whole recognizes that there will be enough room for both small- and large-scale projects to succeed together for the benefit of California’s ratepayers.*

NEM. I understand that we had been requested to provide an update on where our Members are in terms of meeting our Net Energy Metering caps. On average, *and excluding LADWP*, SCPPA Members are now at approximately 40% of their NEM caps – that range covers a low near 10% of the way there to a high of around 60%, so there is still a long ways to go. Again, most of this homegrown solar is not even counted towards meeting the 33% by 2020 RPS target. I will also note here that our utilities generally use a system peak demand with NEM programs catered to meet customer needs as governed by their local governing boards – because this approach has worked well in their communities. Not all municipal utilities have “smart meter” capabilities to even be able to capture an individual customer peak demand for every single customer in any calendar year necessary to be able to perform the “aggregate customer peak demand” calculation now mandated upon the IOUs, following a lengthy CPUC proceeding. And many of our members also do not have the staffing capabilities to perform such a complex computation, particularly those smaller systems that serve disadvantaged communities.



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