

## DOCKETED

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<b>Project Title:</b>	Renewables Portfolio Standard
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*Comment Received From: Los Angeles Department of Water and Power*

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*Docket Number: 11-RPS-01*

**Draft Preliminary Verification Results for RPS Eligibility of Claims for 2011-2013  
Compliance Period**

*Additional submitted attachment is included below.*

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

In the matter of:	)	Docket No. 11-RPS-01
	)	
Developing Regulations and Guidelines for the	)	RE: Draft Preliminary Verification
33 Percent Renewables Portfolio Standard (RPS)	)	Results for Renewable Portfolio
	)	Standard Eligibility of Claims for
	)	the 2011-2013 Compliance Period
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**THE LOS ANGELES DEPARTMENT OF WATER AND POWER’S COMMENTS TO THE CALIFORNIA  
ENERGY COMMISSION’S DRAFT PRELIMINARY VERIFICATION RESULTS FOR RENEWABLE  
PORTFOLIO STANDARD ELIGIBILITY OF CLAIMS FOR THE 2011-2013 COMPLIANCE PERIOD**

The Los Angeles Department of Water and Power (LADWP) welcomes the opportunity to submit comments to the California Energy Commission’s (CEC) draft Preliminary Verification Results for Renewables Portfolio Standard (RPS) eligibility of claims for the 2011-2013 compliance period (CP1). LADWP appreciates and commends the CEC’s RPS staff for their hard work and dedicated efforts during this process. As the CEC correctly noted, the draft Preliminary Verification Results “should not be used to gauge or forecast a utility’s compliance with the RPS.” The CEC’s RPS staff has worked – and continues to work – closely with LADWP to ensure that LADWP’s RPS claims for CP1 are accurately reported and properly credited under the RPS during the CEC’s multi-stage verification process for CP1.

The City of Los Angeles staunchly supported the State’s RPS goals from the outset. Following the enactment of Senate Bill 1078 (SB 1078), the Los Angeles City Council and LADWP’s Board of Commissioners took early action and, in 2005, adopted a voluntary RPS policy under which LADWP aggressively expanded its procurement of renewable-energy resources. LADWP’s voluntary RPS policy was adopted consistent with the requirements under Public Utilities Code Section 387, which vested the governing bodies of local publicly-owned electric utilities (POUs) with the responsibility for implementing and enforcing a RPS program

that recognized the Legislature’s intent to encourage renewable resources. Under its voluntary RPS program, the City of Los Angeles and LADWP’s Board of Commissioners retained discretion over its selection and procurement of eligible renewable resources. Unlike the RPS programs for retail sellers and investor-owned electric utilities (IOUs), Section 387 did not require that LADWP certify its renewable resources with the CEC based on the RPS Eligibility Guidebook, or require LADWP to report its renewable generation in the CEC’s interim tracking system (ITS) or Western Renewable Energy Generation Information System (WREGIS). LADWP invested over \$1 billion in its RPS program based on its reliance on the then-existing law.

The California Renewable Energy Resources Act (SBX1-2) became effective on December 10, 2011 – nearly one year into CP1 – and created new and mandatory RPS requirements applicable to POUs, like LADWP. The Legislature recognized that SBX1-2 became effective during the middle of CP1 and that the legislation would apply prospectively. The Legislature, therefore, determined that POUs’ renewable resources procured under voluntary RPS programs adopted under Section 387 would be grandfathered into the RPS, and generation from these resources would count-in-full toward POUs’ RPS requirements. The Legislature also recognized that Section 387 did not require POUs to certify their renewable resources with the CEC and, thus, the Legislature required that the CEC certify renewable resources procured under POUs’ voluntary RPS programs adopted under Section 387. In addition, the CEC’s certification standards would apply to POUs’ new procurement going forward after SBX1-2’s effective date.

LADWP has worked closely with the CEC’s RPS staff to meet the evolving standards and requirements for POUs under SBX1-2 and the CEC’s rules, regulations, and guidebooks. Nonetheless, the transition from a voluntary and locally-controlled RPS program to a mandatory RPS program administered by the CEC has been challenging, particularly when the new standards and evolving rules occurred during CP1 and, in some instances, after the close of CP1.

For example, the draft Preliminary Verification Report for LADWP includes as “ineligible” 437,379 RECs procured from British Columbia (BC) small-hydro facilities that were less than 30 megawatts (MWs). By way of background, in 2007, the Los Angeles City Council and LADWP’s

Board of Commissioners approved two procurement contracts for the purchase of renewable energy from BC small-hydro generating facilities that were less than 30 MWs. These small-hydro facilities were deemed eligible renewable resources under LADWP's 2007 RPS Policy, and the two procurement contracts were approved specifically to increase LADWP's procurement of renewable energy under the 2007 RPS Policy. These two contracts expired in December 2011 and were not renewed. LADWP reported RECs generated from the renewable energy procured under these two small-hydro contracts from January 1, 2011 until December 9, 2011, which covered the period of time before SBX1-2's effective date.

On January 15, 2014 – after the close of CP1 – the CEC adopted the report *Analyzing British Columbia Run-Of-River Facilities for the California Renewables Portfolio Standard Commission Final Report (B.C. Run-of-River Report)*, which noted that BC small-hydro facilities should not be eligible for the RPS. LADWP procured this renewable energy under its voluntary RPS program, before SBX1-2 became effective, and long before the CEC's B.C. Run-of-River Report. LADWP should receive RPS credit for this procurement.

LADWP has faced similar challenges with other renewable resources procured under its voluntary RPS program and before SBX1-2 became effective. The draft Preliminary Verification Report also includes as "ineligible" 9,112 RECs generated from efficiency upgrades to LADWP's Castaic pumped-storage hydro units. LADWP's 2008 RPS Policy amended the defined list of eligible renewable resources to include specifically "hydroelectric incremental generation from efficiency improvements." LADWP made substantial investments retrofitting several turbines designed to increase Castaic's efficiency. Castaic's unique operations as a pumped-storage hydro facility, however, did not align directly with the CEC's efficiency-measurement standards for hydro facilities. The RPS Eligibility Guidebook only provides a methodology for calculating RECs generated from efficiency improvements for run-of-river hydroelectric facilities that are used as baseload energy with consistent annual generation production. This methodology, however, does not work for a pumped-storage hydro facility, such as Castaic. The State's RPS standards for efficiency upgrades are not limited to run-of-river hydro facilities and apply equally to pumped-storage hydro facilities, like Castaic. LADWP continues to work with the CEC on an alternative methodology that is consistent with well-established industry standards for

calculating RECs generated from efficiency upgrades to pumped-storage hydro facilities to ensure that these efficiency upgrades receive the appropriate RPS credit.

LADWP faced similar challenges aligning its local solar programs, including LADWP's Solar-Incentive Program (SIP) and Utility-Built Solar contracts, with the evolving rules and standards. Under its voluntary RPS program, LADWP invested hundreds of millions of dollars into its local-solar programs to promote the renewable-energy goals of the State and the City of Los Angeles. LADWP has worked closely with the CEC to ensure that these investments in local-solar resources are acknowledged and receive appropriate RPS credit.

LADWP also notes that it is currently working with the CEC's RPS staff to resolve the uncertainty regarding the RECs that LADWP generated from the use of biomethane fuel procured by LADWP under its 2008 RPS Policy and before the passage of SBX1-2. Biomethane fuel used in electric generators significantly reduces greenhouse gas emissions as compared to flaring gas at the landfill. LADWP's discussions with the CEC's RPS staff are ongoing, but LADWP has provided the CEC with the necessary documentation to verify that the biomethane fuel was produced, delivered, and energy was generated at LADWP's local in-basin generating facilities.

Lastly, LADWP has faced challenges with the CEC's tracking requirements under WREGIS. As noted above, POUs did not have to track renewable generation with the CEC before SBX1-2. Following the passage of SBX1-2, LADWP tracked its renewable generation using the CEC's ITS, which was expressly permitted under the rules in effect at that time. In April 2013, however, the CEC issued its Seventh Edition RPS Eligibility Guidebook, which required POUs to track all procurement in WREGIS. LADWP worked hard to register and track all procurement in WREGIS. But similar to retail sellers and IOUs in 2008 and 2009, LADWP experienced unforeseen delays in the WREGIS registration process. Nonetheless, LADWP reported accurate data in the CEC's ITS, which the CEC can verify in the same manner that CEC verified ITS data for many years. LADWP has all necessary receipts to show that renewable energy was produced, delivered, and tracked under the ITS. The evolution of the tracking requirements for POUs developed mid-way through CP1 should not affect the crediting for eligible renewable procurement.

LADWP fully supports the State's effort to create clarity and consistency in the applicability, accounting, and reporting of RPS claims. The CEC should recognize and credit LADWP's good-faith efforts toward meeting the RPS requirements under the applicable local rules and State guidelines applicable to POUs during CP1 and consistent with the Legislature's expressed intent when passing SBX1-2.

Senate Bill 350 (SB 350) set a sizable goal for California's load-serving entities to procure 50 percent of their energy from renewable resources by 2030. LADWP is working to meet this challenging goal, which requires collaboration with CEC and other state-regulatory agencies to address the technical challenges in procuring, developing, and integrating a diverse and complex portfolio of resources in a manner that is cost-effective and yet ensures system reliability.

LADWP again thanks the CEC's RPS staff for its ongoing efforts to ensure that the substantial investment made by LADWP's customers in increasing the use of renewable energy over the past decade receives full credit for their investments.

Dated: February 16, 2015

Respectfully Submitted,

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By: John R. Dennis  
Chief Compliance Officer – Power System  
Los Angeles Department of Water and Power  
111 North Hope Street, Suite 921  
Los Angeles, CA 90012  
Telephone: (213) 367-0881  
Email: [John.Dennis@ladwp.com](mailto:John.Dennis@ladwp.com)

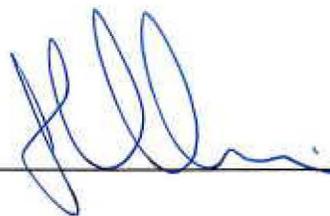
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Chief Compliance Officer – Power System  
Los Angeles Department of Water and Power  
111 North Hope Street, Suite 921  
Los Angeles, CA 90012  
Telephone: (213) 367-0881  
Email: [John.Dennis@ladwp.com](mailto:John.Dennis@ladwp.com)