

DOCKETED

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Comment Received From: Adriana Ayuso

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LADWP Comments to the CEC Proposed Changes to the RPS Guidelines

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 16-RPS-01
)	
Developing Guidelines For the)	LADWP Comments for
50 Percent Renewables Portfolio Standard)	Notice of Business Meeting
)	RE: RPS Implementation
)	

**THE LOS ANGELES DEPARTMENT OF WATER AND POWER’S COMMENTS TO
THE CALIFORNIA ENERGY COMMISSION’S NOTICE OF PROPOSED CHANGES
TO RENEWABLES PORTFOLIO STANDARD (RPS) GUIDELINES**

The Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to submit comments to the California Energy Commission’s (CEC) Notice of Proposed change to Renewables Portfolio Standard Guidelines.

I. INTRODUCTION AND OPENING COMMENTS

The City of Los Angeles is a municipal corporation and charter city organized under the provisions of the California Constitution. LADWP is a proprietary department of the City of Los Angeles, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board).

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. LADWP is a vertically integrated utility, both owning and operating the majority of its

generation, transmission and distribution systems. LADWP has annual sales exceeding 23 million megawatt-hours (MWhs) and has a service territory that covers 465 square miles in the City of Los Angeles and most of the Owens Valley. The transmission system serving the territory totals more than 3,600 miles that transports power from the Pacific Northwest, Utah, Wyoming, Arizona, Nevada, and California to Los Angeles.

The LADWP is undertaking a utility-wide transformation and making billions of dollars in investments on behalf of its ratepayers to replace more than 70 percent of the energy resources over the next 25 years that it has relied upon for the last 50 years, as a result of combined regulatory mandates for increased renewable energy, emissions performance standard on fossil fuel generation, energy efficiency, solar roofs, reduction in greenhouse gas (GHG) emissions, and the elimination of using once-through cooling (OTC) for coastal power plants.

II. COMMENTS

A. Flexibility for Transfer of RECs Is Greatly Needed in Light of Lengthy Verification Process

LADWP commends the CEC's RPS staff for including a process that would allow local publicly owned electric utilities (POUs) to redistribute or transfer surplus retired RECs from one compliance period to another compliance period. However, LADWP recommends that the process provide more flexibility, especially in light of the lengthy verification process. In addition to having the ability to transfer surplus retired RECs, POUs should have the ability to transfer additional retired RECs to a compliance period due to shortfalls discovered during the CEC's verification process.

With continued gains in energy efficiencies, additional demands placed on the grid, and changes in the population, the factors impacting a POU's REC obligation, including retail sales numbers, during the verification process could fluctuate. A POU's RPS targets could change and result in either a shortfall or excess retirement of RECs. Additionally, POUs may have procured resources with the understanding that the resource is eligible and may not become aware of ineligibility until several years after the compliance period has ended. These unexpected changes require flexible rules so POUs have a mechanism to adjust retired REC amounts up or down to achieve their compliance targets.

Acknowledging a common desire and goal for compliance, the CEC and POUs currently do not have the flexibility to address these concerns by making downward or upward REC adjustments. POUs should have the ability to use surplus RECs in any compliance period to remedy shortfalls discovered during the verification of previous compliance periods. With this added flexibility, POUs will have the ability to make a good faith effort to meet compliance targets when a resource is disqualified well after a compliance period has ended.

LADWP also believes that a POU should not be limited to one transfer request per RPS compliance period to withdraw or retire additional RECs during the verification process. CEC should allow transfer requests until the completion of the verification process in order to allow full utilization of RECs procured.

- B. The Appeal Process Should Include All Aspects of the RPS Program; Otherwise, Litigation Becomes the Only Alternative to those Aspects Removed from the Process

The CEC's proposed revisions to this section of the Guidebook make the appeal process unnecessarily restrictive, and forces disputes to be settled in the courts when it could otherwise be remedied in an administrative process.

The revised appeal language limits Executive Director's discretion by listing the actions that the Executive Director can take in response to a petition for reconsideration. The revised language also limits a petitioner's ability to appeal the Executive Director's decision to the Energy Commission. Specifically, the new language states that "If the Executive Director denies the petition for a lack of merit, lack of jurisdiction, or insufficient evidence, the petitioner may appeal the denial to the Energy Commission..." Thus, if the Executive Director takes an action that does not fall within the three categories listed, such as partial denial, the applicant or petitioner has no administrative recourse and is forced to litigate their rights in court. This is not a prudent use of judicial resources, especially when such issues could be resolved administratively.

Additionally, the revised appeal process no longer accommodates administrative appeals regarding revocation of RPS certification. If the RPS certification of a facility is revoked, the facility owner can appeal to the Executive Director for the certification to be reinstated. If the Executive Director agrees with the revocation of certification for the facility, there is no further process for the facility owner to follow in order to resolve this disagreement. The new appeal language no longer allows petitions to go to the Energy Commission for RPS certification revocation because it does not fall within the three denial categories.

Moreover, any revisions to the appeal process should only apply prospectively. The current proposed process should not apply retroactively to any existing petitions. Pending applications should not inadvertently get denied for procedural reasons under the new rules.

It will be challenging for California's load serving entities to procure 50% of their energy from renewable resources by 2030. The CEC needs a flexible appeal process to administratively resolve certification and eligibility disputes under the evolving rules and Guidebook standards.

LADWP would like to keep the administrative appeal structure as it currently exists, and request additional changes to include the following: 1) if within 30 days of receiving a complete petition the Executive Director does not provide a response or action to the POU, the request found in the petition is deemed approved; 2) If within 45 days of receiving a complete letter of appeal, the Energy Commission Chair does not issue a written order or response to the POU, the redress found in the appeal is deemed granted; 3) If there is no decision provided to POU on a complete petition or appeal within a year of filing, then the request found in the petition or appeal is deemed approved.

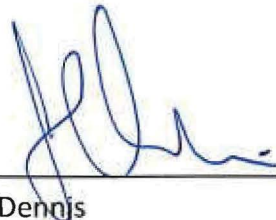
III. CONCLUSION

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 looks forward to continue working with CEC to develop flexible, innovative Renewables Portfolio Standard guidelines that will lead to success in achieving California's renewable goals.

Dated: March 3, 2016

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'John R. Dennis', is written over a horizontal line.

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