

DOCKETED

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California Legislature

May 18, 2016

Robert B. Weisenmiller, Ph.D
Chair, California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814

Dear Chair Weisenmiller:

Subject: Certify and Count In Full the Los Angeles Department of Water and Power (LADWP) Renewable Energy Resources

In 2002, the California Legislature passed Senate Bill (SB) 1078 to establish the Renewable Portfolio Standard (RPS) Program. SB 1078 did not include publicly owned utilities (POU), however, the City of Los Angeles voluntarily adopted its own ambitious RPS Program and has been committed to meeting California's renewable energy goals. The LADWP has been utilizing renewable energy in the City of Los Angeles and has invested over \$1 billion in its RPS Program to reach the goal of 20 percent RPS in 2010.

To meet its voluntary goals, LADWP had (1) in 2009 contracted to use biomethane at its electricity generating plants in Los Angeles, (2) in 2007 contracted for electricity generated from small hydroelectric energy from British Columbia, and (3) already planned and paid for all other renewable resources as described in its RPS Program, inclusive of the period from 2011 to 2013. LADWP's contracts funded real projects with demonstrable greenhouse gas emission reductions; however, the California Energy Commission (CEC) has deemed the majority of these renewable energy credits ineligible.

The passage of the California Renewable Energy Resources Act (SB X1-2) in 2011, for the first time, brought POUs, like LADWP, under state jurisdiction through the CEC. The CEC, after evolving its rulemaking over a number of years, is now considering applying those rules retroactively to investments made years ago. If allowed to enforce retroactive rulemaking and LADWP's contracts are not counted in full by the CEC, LADWP ratepayers may face a potential liability of \$130 million.

Grandfathering provisions in SB X1-2 were intended by the Legislature to seamlessly transition from a voluntary program of renewable energy for POUs to a mandatory program. SB X1-2 also stipulated that the CEC "shall" certify procured renewable energy resources under the rules in place at the time of contract execution. The Legislature provided grandfathering language in SB X1-2, and later in Assembly Bill (AB) 2196, to expressly account for the investments made on behalf of the public by POUs to ensure those investments would be fully counted by the CEC.

AB 2196 expressly grandfathered pipeline biomethane procured under contracts executed before March 29, 2012. AB 2196 provided, in relevant part, that:

Any procurement of biomethane delivered through a common carrier pipeline under a contract executed by a retail seller or [POU] and reported to the Energy

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Commission prior to March 29, 2012, and otherwise eligible under the rules in place as of the date of contract execution shall count toward the procurement requirements established in this article, under the rules in place at the time the contract was executed... (Pub. Util. Code § 399.12.6(a)(1) emphasis added)

LADWP views itself in partnership with the Governor, the Legislature, and the CEC in achieving the renewable energy goals. The renewable energy investments made by the City of Los Angeles and its ratepayers, under the rules in place at the time, should be counted in full for all of the renewable energy resources in LADWP's RPS Program.

Thank you in advance for your consideration.

Sincerely,

2. m. Bradley Thomas
AD 57

[Signature]
AD 45

Mike Datto AD 43

Scott [Signature] AD 33

Reginald Byrnfones-Sampson
AD 59

Adin [Signature] AD 46

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