

## DOCKETED

<b>Docket Number:</b>	16-RPS-02
<b>Project Title:</b>	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
<b>TN #:</b>	215837
<b>Document Title:</b>	Count in Full Los Angeles' Renewable Energy Resources Under Grandfathering Provisions - BC Hydro
<b>Description:</b>	N/A
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## SENATE CALIFORNIA LEGISLATURE

STATE CAPITOL  
SACRAMENTO, CALIFORNIA  
95814

January 20, 2017

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

Dear Mr. Weisenmiller:

Subject: Count In Full Los Angeles' Renewable Energy Resources Under  
Grandfathering Provisions – BC Hydro

As members of the Legislature representing the City of Los Angeles, we write to urge you to, consistent with prior legislative direction, grandfather renewable energy hydroelectric contracts towards Los Angeles' Renewable Portfolio Standard ("RPS") obligations. To do otherwise would penalize Los Angeles ratepayers upwards of \$22 million for being leaders in early voluntary efforts to procure renewable contracts.

Los Angeles was a pioneer in the renewable energy space and its early efforts pre-date any state mandates. The City of Los Angeles established renewable energy targets as early as 1999. In 2002, California Senate Bill 1078 (SB 1078) was passed establishing a 20 percent RPS for California investor-owned electric utilities. SB 1078 provided that each governing board of a local publicly owned electric utility (POU) shall be responsible for implementing and enforcing an RPS that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, financial resources, and the goal of environmental improvement. LADWP voluntarily adopted its own ambitious RPS program and has been committed to meeting California's renewable energy goals.

The Los Angeles Department of Water and Power (LADWP) has since been utilizing renewable energy for 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. LADWP was an early leader in renewable energy procurement and continues to push forward on the leading edge.

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Los Angeles made costly renewable investments in good faith and now ratepayers may be punished because Los Angeles was a leader in renewable procurement.

To meet its voluntary RPS goals, hydroelectric generation has been an integral part of its portfolio mix for many years. LADWP had issued a Request for Proposal for small hydroelectric generation for less than 30 MW in 2004, debated before its Board of Water and Power Commissioners and in City Council to exclude large hydroelectric generation from Hoover Power Plant from its RPS in that same year, and ultimately contracted, in early 2007, with the Powerex Corporation for electricity generated from small hydroelectric energy from British Columbia (BC Hydro). Absent an overall state RPS mandate for POU's such as LADWP, the BC Hydro resource qualified under the City Council's previously adopted RPS program as a small hydroelectric project. LADWP's contracts funded real projects with demonstrable greenhouse gas emission reductions; however, the California Energy Commission (CEC) has deemed all of the renewable energy credits from BC Hydro ineligible.

The passage of the California Renewable Energy Resources Act (SB X1-2) in 2011, for the first time, brought POU's, like LADWP, under state jurisdiction through the CEC. Grandfathering provisions in SB X1-2, enacted in 2011, were intended by the Legislature to seamlessly transition from a voluntary POU renewable energy program to a mandatory program. SB X1-2, which became effective on December 10, 2011, provided grandfathering language that expressly accounts for the investments made by POU's to ensure those investments would be fully counted towards RPS compliance by the CEC. Moreover, LADWP did not own this resource, and the CEC is required to count in full LADWP's contracts with BC Hydro, up to December 9, 2011, towards LADWP's RPS procurement requirements.

The CEC rulemaking on what renewable resources are eligible for RPS compliance have evolved over a number of years. The CEC's administrative Committee issued a proposed decision on January 5, 2017, in which the Committee determined that the renewable energy that LADWP procured from its BC Hydro contracts would not be counted toward LADWP's RPS targets. The Committee's tentative decision, if it becomes final, would undermine the RPS policy adopted by the Board of Water and Power Commissioners, elected officials of the City of Los Angeles, and citizens of Los Angeles, and be inconsistent with the Legislature's intent to grandfather POU's' renewable procurement under SB X1-2. It would cost Los Angeles ratepayers upwards of \$22 million in addition to the cost of the BC Hydro renewable energy procured, and punish Los Angeles for being an early implementer. We urge the Committee to reconsider the tentative decision and award LADWP full credit for its BC Hydro procurement.

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, prior to the POU mandates under SB X1-2,

Mr. Robert B. Weisenmiller, Ph.D.

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should be counted in full under the RPS rules established by LADWP's regulatory bodies. Renewable resources procured after the effective date of SB X1-2 are required to meet the standards under the applicable CEC RPS Eligibility Guidebook. California is at the vanguard of renewable energy in our country and we all have a strong interest in seeing California's RPS Program succeed.

We thank the CEC for their work thus far to ensure that LADWP's past renewable investments receive the full credit they deserve under the law.

Thank you in advance for your consideration.

Sincerely,

*A. M. Bradley Thomas*

Signature

*Adin Vaz*

Signature

*Raul Bocanegra*

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*Reginald Byron Jones-Sanchez, Sr.*

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