

DOCKETED

Docket Number:	17-IEPR-07
Project Title:	Integrated Resource Planning
TN #:	216696
Document Title:	Comments of the Sacramento Municipal Utility District on the IEPR Workshop on Publicly Owned Utility Integrated Resource Plans
Description:	N/A
Filer:	System
Organization:	SMUD/William Westerfield
Submitter Role:	Public Agency
Submission Date:	3/23/2017 4:43:41 PM
Docketed Date:	3/23/2017

Comment Received From: William Westerfield

Submitted On: 3/23/2017

Docket Number: 17-IEPR-07

Comments of the Sacramento Municipal Utility District on the IEPR Workshop on Publicly Owned Utility Integrated Resource Plans and Draft Staff Paper

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Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 17-IEPR-07
)	
<i>2017 Integrated Policy Report (2017 IEPR) and Integrated Resource Plans (Publicly Owned Utilities)</i>)	SMUD Comments on IEPR Workshop on Publicly Owned Utility Integrated Resource Plans
)	
)	March 23, 2017
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**Comments of the Sacramento Municipal Utility District
on the IEPR Workshop on Publicly Owned Utility
Integrated Resource Plans and Draft Staff Paper**

The Sacramento Municipal Utility District (SMUD) respectfully submits the following comments to the California Energy Commission (CEC) pursuant to the CEC IEPR Workshop on February 23rd covering Publicly Owned Utility (POU) integrated resource plans (IRPs). The workshop discussed the ***Draft Staff Paper: Proposed Guideline Topics for Publicly Owned Utilities’ Integrated Resource Plans (Draft Staff Paper)***. SMUD appreciates the CEC staff work that underlies the *Draft Staff Paper*.

A. Principles

SMUD supports principles for development of IRP Guidelines, and believes that the most important of these is one not included in the *Draft Staff Paper*. This primary principle is:

Primary Principle: POU Governing Boards have the sole authority to adopt and modify IRPs pursuant to SB 350. The CEC should recognize these Governing Board responsibilities, and clearly distinguish this authority from the “review and recommend” authority provided to the CEC.

There are several instances where the Draft Staff Paper seems inconsistent with this principle, as outlined in SMUD’s comments below.

Of the three principles proposed by Staff to use in drafting the IRP Guidelines, replicated below, SMUD supports the first and third:

1. IRP Guidelines and reporting requirements should be coordinated as much as possible with other POU reporting requirements. This coordination includes aligning data collection requirements consistent with the schedule of the Integrated Energy Policy Report.

3. POU's should have the flexibility to develop their plans in a manner that accounts for local planning goals and challenges, differences in the structure of POU's, and progress in achieving state mandated procurement and GHG reduction goals.

SMUD does not support the following Principle proposed by Staff:

2. Aggregated IRPs, when submitted to the Energy Commission and the CPUC, should inform policy makers on the possible evolution of the state's resource portfolio for long-term energy policy and planning efforts.

Although long-term energy policy and planning is a useful exercise, and POU and IOU IRPs are likely relevant for these purposes, this does not rise to the level of a "guiding" principle. Rather, this is just a benefit of integrated resource planning and submittal of such plans to the CEC and the CPUC. In no case should the IRP Guidelines be a vehicle to extract data from the POU's to this end.

In particular, SMUD supports and appreciates the third principle, along with the primary principle proposed above, as the principles that most closely embody in the actual text of SB 350.¹ SMUD also appreciates the numerous statements made by CEC staff indicating flexibility for POU's to develop IRPs in consideration of their local circumstances and resources. The variety of circumstances and resources even among the largest sixteen IRP-obligated POU's is dramatic, and inflexible or overly-broad IRP Information Guidelines will cause unnecessary burdens as POU's plan their resources to meet goals, as well as during CEC review of IRPs.

In addition to the primary principle stated earlier and the two CEC principles, SMUD suggests three additional principles be included as IRP Informational Guidelines are drafted:

4. Integrated Resource Plans are planning roadmaps regarding potential future procurement to meet POU goals and the state goals addressed in SB 350. They do not cause nor actively ensure emission reductions or progress towards any other goal. Rather they reflect forecast circumstances and procurement plans that project achievement of these goals, if circumstances and procurements in the plans occur as projected and planned (specific scenarios may project achievement that is greater or lower than particular goals). They are not intended to "track progress" towards meeting particular goals, but rather to continue to plan to meet those goals as circumstances (and perhaps goals) vary over time.

¹ Pub. Util. Code §9621(b) provides in pertinent part, "... the governing board of a local publicly-owned electric utility shall adopt an integrated resource plan and a process for updating the plan ..."

Pub. Util. Code §9621(c)(2) provides in pertinent part, "...the governing board of the local publicly owned electric utility may authorize all source procurement ..."

Pub. Util. Code §9621(c)(2) provides in pertinent part, "...The governing board may authorize procurement of resource types that will reduce greenhouse gas emissions ..."

5. IRP Guidelines should be structured to minimize the reporting burden on POU, and request only necessary and sufficient information for the CEC to fulfill its “review and recommend” functions. In particular, IRP Guidelines should not require POU to provide narrative or discussion about each individual resource decision or policy on rate structure, incentives, etc., that affect the resource decision. These details are not necessary in allowing the CEC to review a POU’s progress towards State goals.
6. IRPs must balance a variety of factors related to meeting state policy goals and obligations, as well as assuring reliability and affordability for POU customers. IRP Guidelines should recognize that this balance exists and may lead to significant differences among POU IRPs and pathways to achieving state policy goals.

In consideration of these principles, SMUD recommends the following practical considerations:

- While default assumptions should be created for those who chose to use them, POU should maintain the discretion to utilize their own data and assumptions for all data inputs.
- The Guidelines should consistently use the term “planning target ranges”, as seen on page 27 of the *Draft Staff Paper*, when discussing GHG targets. There should not be an expectation that IRPs will be aiming for one specific GHG number, but rather to be within a reasonable range consistent with the State’s 40% below 1990 goals.
- There should be no requirements to use “unfeasible” assumptions in IRPs, or place a burden on a POU to include a projection of more than its share of a procurement or investment. SMUD appreciates the Draft Staff Paper recognition of this on page 28, stating: “... SB 350 does not require that POU develop an IRP that assumes a doubling of AAEE (Additional Achievable Energy Efficiency).

B. Energy Commission Authority

To facilitate the CEC’s *review* of the IRPs, Section 9622 authorizes the CEC to “adopt guidelines to govern the submission of information and data and reports needed to support the Energy Commission’s *review*” [emphasis added]. SMUD is concerned that the CEC’s proposed Guidelines will go well beyond the statutory directive. The purpose of the Guidelines is to meet the statutory requirement to *review* IRPs that are developed and approved by POU Governing Boards.

POUs already have well-established IRP processes regulated by their local Governing Boards with appropriate public input. This ensures that the POU plan to carry out their

fiduciary responsibility to serve customer needs and meet regulatory requirements. This includes maintaining and improving system reliability, integrating renewables and new technologies, and meeting the State's GHG and RPS goals, while safeguarding affordable rates for local customers. POU's work to engage local customers in important resource decision-making in order to address local objectives and issues. SB 350 does not expand the CEC's authority to supersede the local Governing Board's authority to regulate POU's resource mix, program design, pricing, and resource procurement decisions. To do so would undermine local processes that oversee elected officials - a critical feature of public power. SMUD supports CMUA comments and emphasizes the importance of not superseding or interfering with POU's existing and required local Governing Board authority, jurisdiction, and approval processes.

In addition to the general proposed "scope" of the Guidelines, there are several specific instances where the *Draft Staff Paper* appears to claim an enforcement role that is not authorized in the law.

For example, Public Resources Code Section 9621(b) provides that the POU Governing Boards shall adopt IRPs "to ensure" achievement of specific state policy goals (such as procurement of at least 50% RPS by 2030). However, the *Draft Staff Paper* appears to assign the CEC the responsibility for warranting POU compliance:

In addition, SB 350 requires the Energy Commission to review POU IRPs to *ensure* they ... [m]eet the 2030 ARB-established GHG emissions reduction targets for the electricity sector and each POU...² (emphasis added)

"Ensuring" that the POU's meet the enumerated goals in Section 9621 is not a role assigned to the CEC by the Legislature. The plain text of the law preserves that responsibility in the Governing Boards, and affords them substantial discretion in carrying out that authority. The plain text of Section 9622(b) does not require the CEC to "review" POU IRPs for the purpose of ensuring POU compliance, but rather for the more limited purpose of offering recommendations to correct any deficiencies it finds.

Another strained reading of SB 350 is Staff's proposal to review each POU integrated resource planning *process*. Section 9621 leaves to the POU's the task of developing IRPs that meet the environmental goals of the statute pursuant to whatever manner or method they use or may develop in the future. The *Draft Staff Paper* recognizes this principle. But the *Draft Staff Paper* lists as its first information topic "Integrated Resource Plan Development and Review", and the first sub-heading under it as "Adoption of an Integrated Resource Plan Process". Further on, Staff states that a

² *Draft Staff Paper*, p.5.

POU's IRP "*shall include a discussion of the process used, including reference to a governing authority decision, ruling, finding or resolution, and a schedule for routine updates.*" (emphasis added) Apparently, the *Draft Staff Paper* envisions that the CEC will review and make recommendations on not just what is in the POU plans, but also on how they develop their plans. In doing this, the CEC would reach within the walls of the utilities to examine and potentially influence the POU decision-making process on procurement. Evaluating "governing authority decisions" may be the norm at the CPUC, but it is inconsistent with the discretion preserved for the POU's to "adopt" their own IRPs.

SMUD believes the CEC has sufficient authority to carry out its IRP review function under Pub. Util. Code §9622. However, by invoking Section 25320, the *Draft Staff Paper* suggests that that statute gives it even broader authority to collect more information to review POU IRPs. SMUD appreciates that Staff recognizes the law's encouragement in subparagraph (a)(2)(B) to eliminate unneeded and duplicative data submittals from stakeholders. But SMUD reminds Staff that the law goes one step further. In the very next subparagraph, §25320(a)(2)(B), the Legislature also cautions the Commission to "give full consideration to the potential burdens these data requests impose on the resources of the stakeholders whose information is being requested." Given the sheer breadth and specificity of the proposed Guidelines, for the limited purpose of providing recommendations to POU's if the CEC decides that a POU has exercised its discretion inconsistently with the requirements of Section 9621, SMUD is unconvinced that Staff has paid sufficient attention to the burden its proposed Guidelines would impose on POU resources.

C. Data Reporting Requirements

SMUD generally supports Staff's proposal for four standard tables or sets of data in IRPs: 1) an energy table; 2) a capacity table; 3) a RPS-oriented table; and 4) a GHG-oriented table. While there are other aspects of IRPs that are described in SB 350, SMUD believes that these four tables will capture the essential information necessary to review the primary goal of IRPs – ensuring that there are plans to reliably, affordably, and sustainably meet load at all times. In addition, these tables provide sufficient information to understand whether or not there is adequate planning aimed at primary state policy goals, such as meeting RPS requirements and sufficiently reducing GHG.

The details of these tables are not yet apparent, and SMUD is not sure that all of the data eventually expected to be included in the tables will be readily available for the 16 obligated POU's. The Capacity Resource and Energy Balance Accounting Tables (CRAT and EBAT) are purported to be "similar" to the current S1 and S2 forms typically required in the biennial Integrated Energy Policy Report (IEPR) resource planning process. There appears to be significant similarity in the concept and high-level data for

these basic capacity and energy tables, but there are also apparent differences. For example, the current S1 capacity balance tables do not include the following data that staff proposes to include in the CRAT:

- Nameplate capacity and peak impact of customer-side rooftop solar
- Peak-hour customer-side rooftop solar generation
- Peak-hour electric vehicle loads

Similarly, the current S2 forms do not include the following data proposed to be included in the EBAT:

- Estimated customer-side rooftop solar generation
- Electric vehicle electricity consumption

The manner in which these additions will eventually be reflected in the CRAT and EBAT forms suggested in the *Draft Staff Paper* could be problematic. For example, most electric vehicle load is not metered, so meter-quality data about the peak-hour load or even the hourly electric vehicle consumption is not readily available.

The proposed Greenhouse Gas Accounting Table in the IRP data requirements requires a significant degree of flexibility. Calculating the attributable GHG emissions in a utility portfolio is not a straightforward formula that works for all situations and service areas. While consistency with the California Mandatory Reporting Regulation (MRR) is a reasonable goal overall, Staff should recognize from a utility portfolio perspective what portion of reported GHG is actually attributable to the utility overall. For example, GHG from biomethane and similar resources is reported under MRR, but subtracted from a utility's Cap and Trade obligation. Other procurement is made GHG-free by arranging retirement of allowances in ARB's Voluntary Renewable Energy program. GHG emissions from "firmed and shaped" resources are reported, but reduced from one's Cap and Trade obligation through participation in the RPS Adjustment at ARB. The RPS also allows for procurement of renewable power in-state or delivered to the state even if the renewable generation is not wheeled all the way to load due to prohibitive wheeling charges, and the procuring utility should get credit for the GHG-free nature of this procurement. It is not a question of simply taking a weighted average of reported facility emissions – adjustments must be included.

D. Consistency With Principles

SMUD notes that there are many areas in the *Draft Staff Paper* that are not necessarily consistent with the principles above. The *Draft Staff Paper* points to potential Guidelines that have detail not required for the CEC's review of IRPs and overlap the Governing Board's IRP decision making authority. The following are examples from the *Draft Staff Paper* that would supersede a POU's Governing Board's authority and jurisdiction if incorporated into Guidelines.

Page 1: The *Draft Staff Paper* states that IRPs will allow state policy makers to “...track progress in meeting...” the state’s electricity sector GHG reduction target. This is inconsistent with Principle 4 above. SMUD believes that progress is tracked via the emission reporting that occurs at ARB. IRPs will allow policymakers some assurance that, given progress to date, future procurement planning projects achievement of GHG reductions within the range established for the electricity sector.

Page 2, Page 10: Staff proposes that “... all supporting analysis be undertaken within 24 months prior to the POU adopting an IRP.” This is inconsistent with the Primary Principle and Principles 3, 5, and possibly 1. POU’s should have the flexibility to use the supporting analysis that they believe is best available and most appropriate for their resource planning and their IRPs, and should be trusted to do so – there is no need to require an arbitrary time period to ensure fresh analysis. This would lead to the unnecessary burden of either re-doing perfectly relevant supporting analyses, or documenting to the CEC why analyses older than 24 months can still be used. Guideline requirements that dictate the age of the analyses that POU’s use in their IRPs may not coordinate with other POU reporting requirements, implying unnecessary duplication.

Page 4: Staff proposes that the eventual Guidelines developed by the CEC should “... include suggested and required IRP contents, provide requirements for submitting IRPs to the Energy Commission for review and comment, and describe the process for correcting an IRP’s deficiencies.” This is inconsistent with the Primary Principle and Principles 3 and 6. POU’s and their Governing Boards should maintain the role and jurisdiction over resource procurement decisions. SB 350 provides the CEC with authority to: “... adopt guidelines to govern the submission of information and data and reports needed to support the Energy Commission’s review of the utility’s integrated resource plan ...” This provision of law applies to the submission of data and reports needed to review an IRP (such as the four tables in the *Draft Staff Paper*, not the IRPs themselves). In this light, any mention of the content or format of the IRPs in the Guidelines should be minimized, in keeping with Principles 3, 4, and 6.

Similarly, while SB 350 requires that POU’s submit IRPs to the CEC, no date or format is specified in the law. The CEC should minimize provisions in the Guidelines addressing the timing and format of IRP submittals, in keeping with the Primary Principle and Principles 3, and 5. A date and method (e.g. electronic) for submission of IRPs is sufficient.

Most importantly here, the CEC has no authority under the law to establish a “...process for correcting an IRP’s deficiencies...” Just as developing and adopting IRPs is the sole responsibility of POU’s and their Governing Boards, any correction of deficiencies also rests there. The CEC is given authority to “... provide recommendations to correct the deficiencies ...”, but not to develop a process whereby POU’s and POU Governing Boards actually do so. This is clearly inconsistent with Principles 3, 4, and 6.

Pages 4-5: At the bottom of page 4 and top of page 5, the *Draft Staff Paper* states: “IRPs will also serve as the primary tool for implementing GHG reduction measures to achieve the 2030 GHG reduction targets in the electricity sector.” This statement is inconsistent with Principle 5. IRPs cannot serve as a tool for implementing GHG reductions -- that is reserved for actual procurement activities to achieve the 50% RPS, investments in energy efficiency, and similar measures. IRPs can report on and project the results of planned procurements and investments, but they should not be considered a “primary tool” for any kind of implementation. Implementation of GHG reduction measures fall under the jurisdiction of POU and their local Governing Boards.

Page 5: The *Draft Staff Paper* suggests that POU use the state-developed CalEnviroScreen definition and resource to identify disadvantaged communities in their service areas and in their IRPs. This is inconsistent with the Primary Principle and Principle 3 above. POU should maintain the ability to identify disadvantaged communities in their service territories with due accounting of the specific local conditions. POU service territories are diverse in population and size, and the CalEnviroScreen resource may provide little information that is relevant in any particular POU area. POU care deeply about their disadvantaged communities, and have the sole authority to determine what portions of their service territory are disadvantaged, and how to include those communities in their programs and IRPs.

Page 8: The *Draft Staff Paper* correctly states that each obligated POU is responsible for developing and adopting an IRP. However, the statement that: “... [IRPs] shall include a discussion of the process used, including reference to ... and a schedule for routine updates” is inconsistent with the Primary Principle and Principles 3 and 5. There is no need nor authority to suggest or mandate a “... schedule for routine updates ...” Routine updates (in between the IRP submittals required by SB 350) should be left up to the individual POU, and the IRPs submitted do not need to include a description of any such schedule. In some cases there may be updates that are not “routine”, but dictated by a sudden change in circumstances.

Lack of such a schedule in IRPs will not harm the State’s interest in keeping informed about POU plans to procure resources and provide affordable, reliable, and sustainable power. POU will still be required in-between IRP submittals to submit projections of demand and resources in the IEPR process. POU will still be required to submit periodic reports on energy efficiency investments and plans, results, targets, and potential studies. POU will still be required to submit renewable procurement plans and compliance reports pursuant to the RPS regulations. And, since any informal updates to an IRP that are provided to POU’s Governing Boards for consideration are almost certainly going to involve some change in renewable procurement plans, and so will have to be provided to the CEC under the RPS regulations.

Pages 17-22: These pages in the *Draft Staff Paper* contain many instances in which the Staff proposes components to be included in IRPs, related to SB 350’s requirements that IRPs address:

- Ensure system and local reliability. § 454.52(a)(1)(E)
- Address energy storage procurement. § 9621(c)(B)
- Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities. § 454.52(a)(1)(F)
- Enhance distribution systems and demand-side energy management. §454.52(a)(1)(G)
- Transportation electrification. § 9621(c)(C)

These pages contain many statements that are inconsistent with the Primary Principle and Principles 3 and 5. POU's are given the responsibility under SB 350 for addressing these topics under the law, and are experienced in doing so without proscriptive guidance from the CEC. SMUD understands the need for some structure in order to compare and understand relatively standard, statewide goals, such as achieving overall reliability, the 50% RPS targets, and the 2030 GHG targets. For the above components of SB 350, however, there is likely to be widespread divergence amongst the obligated POU's. One may have little or no need for storage on their system, and/or little need for additional renewable integration services. Another may have very limited ability in their service territory to pursue transportation electrification. Some may have resources to establish robust programs and then describe them if desired in IRPs, while others may not easily have those capabilities.

As there is little value to standardization in this diverse field, it is sufficient for the CEC Guidelines to simply state that POU IRPs must address the provisions in the law, without establishing additional reporting requirements as to how those provisions must be addressed. This additional guidance is not necessary and is likely to be not applicable for some POU's. As such, it is inconsistent with the Principle that POU's should have flexibility to develop their IRPs and inconsistent with the Principle that data reporting burdens should be minimized. For example:

Page 17: inclusion of "... itemized resources procured to meet additional ramping, flexible capacity, and energy needs ..." At the state level, the question is relevant. At the individual POU level, it quite often will not be. It is not clear that at the individual POU level the RPS will be met with intermittent resources, when one large geothermal, firm and shaped, or biomass contract may provide all the eligible renewables needed to meet the 50%. It is unclear that individual POU's will face local ramping and flexible capacity needs to any degree that requires explanation in the IRP.

Pages 17-18: "A net load diagram ... that indicates representative spring and summer ramping needs ... and how both midday trough and evening peak needs are met is suggested as suitable." Once again, the issues that have arisen at the state or CAISO level with net load, ramping, etc. are simply not transferable down to the level of every obligated POU. Some POU's may not have evening peaks. Some POU's may have a largely industrial service area with limited opportunity for solar and wind procurement that must be integrated

locally. The “duck curve”, or net load diagram, may not be necessary or relevant on a local level as it is on the state level. Statewide or CAISO net load concerns may involve over-generation issues, but these concerns may not hold at the local level with perhaps more flexibility in sending smaller amounts of generation to a more robust (in comparison to load) transmission network. Requiring a net load diagram does not make sense in all cases.

Page 19: “... staff proposes that the IRPs discuss the potential role and value of bulk energy storage in the POU resource portfolio through 2030.”

Bulk energy storage is, by definition, big. It may be a valuable system resource overall, or may not, but it certainly does not need to see discussion in every obligated POU's IRP. This belongs in the IEPR, perhaps, not the IRPs. In addition, there is no requirement in SB 350 that IRPs address bulk energy storage.

Page 19: “Staff also proposes that IRPs discuss and quantify the assumed deployment of customer-side solar with storage ... impact on generation profile ... hour on which daily (net) peak occurs”

Again, there will be sharp divergences amongst POU's with respect to customer uptake of solar plus storage. Even at the highest penetration, it is unlikely to rise to the level where there is a need to account for the hourly net generation profile in an IRP context, or determine how such investments by customers will affect the overall hour of the daily net peak. POU's that are concerned about this, and have the resources to examine the issue, can potentially describe this in their IRPs. There is no need to require this information in guidelines.

Page 19: Description of smart inverter requirements, tariff options, etc. that are being considered to integrate customer-side solar capacity. The diversity of POU's in both size of service area and nature of customers in that area means that many will not have the need to and/or resources to consider these concepts. There is no specific requirement in SB 350 that these types of concepts be incorporated in POU IRPs.

Page 19: Deployment of distributed generation in disadvantaged communities. Again, diversity among POU's makes this question perhaps relevant in concept to some and not to others, so it should not be part of the CEC Guidelines. Overall, it is more relevant to the SB 350 Barriers effort than as a component of the IRP process. There is no provision in SB 350 that addresses programs for or access to programs for disadvantaged communities in IRPs. Rather, SB 350 requires that IRPs address as a priority minimization of localized air pollutants and greenhouse gas emissions in disadvantaged communities [454.52(a)(1)(H)] – the presence or absence of distributed generation in those communities does not address this issue.

Pages 21-22: *Description of transportation electrification issues.* While SB 350 requires that IRPs address transportation electrification, the details included in the *Draft Staff Paper* go far beyond the simple words of the law. The overall impacts of transportation electrification are already included in the CRAT and EBAT tables, and any supplemental description of programs should be left to the discretion of the individual POUs. One POU may have ample opportunities and resources to pursue transportation electrification, and be perfectly comfortable describing their efforts to do so in their IRPs. Others may not have the resources or opportunities, and so should not have the obligation in guidelines to report on something in their IRPs that is not a viable part of their resource procurement. Certainly in SB 350 there is no requirement that the IRPs describe consistency with statewide activities such as the *2016 ZEV Action Plan* and *California Sustainable Freight Plan*.

The extensive analysis and information proposed to be required through guidelines about transportation electrification in IRPs is clearly inconsistent with the Primary Principle and Principles 3, and 5.

E. Answers To Questions In *Draft Staff Paper*

- 1. Is it appropriate to require that supporting analysis for IRPs be undertaken in the 24 months prior to adopting an IRP? Is there an alternative time frame that is more appropriate?**

No. See discussion above on page 7.

- 2. Are there select areas of analysis that should be exempt from meeting this 24-month requirement because of the analysis is not time-dependent?**

Not applicable when answer to 1 is no.

- 3. What constitutes an IRP update?**

“Update” as used in SB 350 is exactly as is listed in question 4 below, implying a new or revised IRP periodically as an update to reflect revised conditions and perhaps goals. It is not necessary nor authorized to develop or propose any other kind of “update” that falls in-between or outside of the regular IRP submittals required by SB 350.

- 4. SB 350 requires updates “at least once every five years.”**

- a. Is it appropriate to require IRPs be adopted and submitted to the Energy Commission every four years to consolidate and leverage other similar requirements?**

SMUD believes that SB 350 allows IRPs to be submitted on a four-year basis given the “... at least ...” wording. SMUD does not oppose the CEC proposal to require IRPs

every 4 years as long as the guideline requirements do not subject POU's to an overly burdensome IRP reporting process.

b. Are there existing reporting requirements that could potentially be combined with the IRP?

SMUD supports the CEC staff proposal in the *Draft Staff Paper* to combine the S1 and S2 reporting with the IRP in appropriate years.

5. Stakeholders have requested an optional “informal review” process of an IRP by the Energy Commission prior to an official submittal

a. What are the benefits or concerns of including an optional informal process in the Guidelines?

A POU would be able to get information that the CEC may recommend on a draft IRP in an informal review process, and at the POU's option address the CEC recommendation in the final IRP. However, as stated above, a POU's IRPs are to be approved by its Governing Board, and received by the CEC for review. This optional informal review, if requested, should not be a forum for the CEC to request additional information or analyses of the POU's but instead a means for a POU to ensure it is providing the required information outlined in SB350

b. What questions, issues, or practices should this informal process address?

Questions and issues should be essentially the same as the CEC would address and consider in the formal IRP review process, without the weight of a formal recommendation. In some cases, the draft IRP may include beginning descriptions of what the final IRP will contain, and in those cases the CEC would informally address what questions or issues would arise with the eventual final IRP. In other cases it may be understood that no question or issue need be raised where a final IRP may be met with a recommendation to change or enhance. For example, an informal IRP may include a not-yet-complete version of one of the four standard tables due to lack of data, with the understanding from both the POU and the CEC staff that there is no need for comment as the final IRP will include the missing data.

c. What is the scope of the review?

By definition, the scope should be informal and perhaps less comprehensive than the final review.

6. Staff requests public input on the following options to address this as well as other potentially duplicative reporting requirements. Below are some options that staff is considering:

- a. **Two submission dates:**
 - i. **Adopted IRPs would be due to the Energy Commission by January 31.**
 - ii. **Data forms would be due April 30.**
- b. **Delay IRP due date until April 30.**
- c. **Require that the POUs submit their IRPs by January 31 and Electricity Resource Plans by May.**

SMUD supports delaying IRP due date until April 30th. There is no functional reason for the January 31st date, and including the IRP with the basic data tables at the same time reduces the reporting burden.

7. What additional guidance or data will POUs need to consistently model and present GHG emissions associated with energy purchased from selected portfolios?

There are a lot of issues to be worked out here, but it is difficult to say at this time that any specific additional guidance or data is needed.

8. How should flexibility needs be presented and discussed in the IRP?

SB 350 does not require that flexibility be presented and discussed in IRPs. POUs and their Governing Boards should be allowed discretion to include flexibility needs to best fit their local conditions and resources.

9. Over-generation may present a problem for utility portfolios whose loads are met with a large share of solar energy. How should potential over-generation be quantified and addressed in the IRP?

SB 350 does not require that over-generation problems, if any, need to be presented and discussed in IRPs. POUs and their Governing Boards should be allowed discretion to include flexibility needs to best fit their local conditions and resources.

10. Is the ARB's emissions intensity of 0.428 mt CO₂e/MWh appropriate for spot market purchases and/or energy from unspecified sources under long-term contract? If not, how should a new value be determined?

Yes. The CEC and ARB should use the identical number for emissions from unspecified sources (as that is updated over time).

11. Should staff develop emissions intensities for generic natural gas-fired resources or should this be left to the POUs? For other generic generation resources?

The CEC should coordinate with the AB 1110 process and the ARB to develop generic natural-gas emission intensities.

12. Staff would like input from the parties on exactly what data and/or information is most meaningful in understanding the impact of over-generation.

Not applicable as SB 350 does not require that over generation problems need to be presented. Refer to response to question 9.

13. How should potential risks to reliability and resource adequacy caused by climate change be considered in the IRPs?

Inclusion of risks to reliability and resource adequacy due to climate change is not required by SB 350. Inclusion or not of these impacts should be left to the discretion of the POU's and the POU governing boards, as they are likely to be substantially different among the diverse POU's.

14. Should POU's be required to use forecasts consistent with the Energy Commission's annual demand forecast or use their own forecast?

No, SMUD does not support the concept of being required to use demand forecasts provided by the CEC nor does SB 350 require that POU's use data inputs provided by the CEC. POU's and their governing boards should maintain the ability to use their own demand forecasts.

15. The Energy Commission's demand forecast incorporated effects of climate change for both energy consumption and peak demand. Should any forecast used in IRPs do the same?

No. POU's and their Governing Boards are required to develop and adopt IRPs. The CEC should not require specific impacts or underlying data that may not represent the best data for local conditions, but rather allow the POU IRP process to use the best data that POU's have available.

16. What input assumptions are appropriate for standardization? Examples might be resource costs and performance characteristics, fuel prices, and demand growth rates.

POU's are very diverse, and use of standardized input assumptions should be minimized and not required. The only input assumptions appropriate to consider for standardization are those that would be the same for all stakeholders, such as the GHG signature of a generic natural gas power plant. The examples mentioned above -- resource costs and performance characteristics, fuel prices and demand growth rates -- should not be standardized. These may differ depending on the specific resources under consideration by a POU, the fuel sources available to disparate POU's, and differential demand growth circumstances. Standardized values may be created by the CEC and made available for use if desired, but POU's should always maintain the ability

to use values that better fit their procurement options and service territories.

17. Should staff require a standardized assumption for GHG allowance/carbon costs, and if so, what assumption should be used? Which metric should be used, carbon cost or GHG allowance?

No, there should be no standardized requirement for GHG allowance/carbon cost. For IRPs, each POU should be allowed to use their own forecasts of their carbon costs. POU's will see different costs depending on their use of offsets, their use of banked allowances, and other factors.

18. Are there possible unintended consequences of various methods for setting the value or cost of GHG emissions?

SMUD does not support a standardized input for the value or cost of GHG emissions. However, should a specific carbon cost be prescribed by the CEC, there will likely be unintended consequences. For example, a POU required to use a standardized GHG cost that is different from the cost that they face in procurement decisions could cause an IRP or projections of procurement decisions that are not least cost for the POU.

19. Should a high GHG allowance/carbon cost sensitivity be required? If so, how should cost be established?

No. Carbon cost scenarios should be left to the discretion of the POU's developing, adopting, and filing IRPs.

SMUD appreciates the opportunity to provide comments on the *Draft Staff Paper* and the general questions of IRP development, adoption, and filing with the CEC. While reasonable for consideration of the *Draft Staff Paper*, SMUD suggests that the CEC not use the "Topic" structure for developing Guidelines, as SMUD believes that there is overlap among the five topics, leaving it uncertain exactly how to organize the Guidelines. SMUD also suggests the CEC ensure that in developing IRP Guidelines that it requires only what is necessary to meet SB 350 requirements and does not supersede the local Governing Board's authority to regulate POU's' resource mix, program design, pricing, and resource procurement decisions.

/s/

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