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SCPPA Comments on April 20, 2017, Staff Webinar on POU IRP Inputs, Assumptions, and Administrative Review

Please see the attached comments.

Additional submitted attachment is included below.



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April 27, 2017 | Submitted Electronically

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 17-IEPR-07
1516 Ninth Street
Sacramento, California 95814-5512

RE: SCPPA Comments on the April 20, 2017, Staff Webinar on Inputs, Assumptions, and Administrative Review for Publicly Owned Utility Integrated Resource Plans (Docket No. 17-IEPR-07)

The Southern California Public Power Authority (SCPPA) appreciates the opportunity to provide comments on the April 20, 2017, Staff Webinar on Inputs, Assumptions, and Administrative Review for Publicly Owned Utility Integrated Resource Plans (IRPs).

SCPPA is a joint powers authority whose members include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. Each Member owns and operates a publicly-owned electric utility (POU) governed by a board of local officials. Our Members collectively serve nearly five million people throughout Southern California. Half of the 16 POUs that meet the SB 350 (de Leon) “size threshold” – an annual electrical demand exceeding 700 GWh, as determined on a three-year average commencing January 1, 2013 – are SCPPA Members. These include: the nation’s largest municipal utility (the Los Angeles Department of Water and Power (LADWP)), the State’s smallest incorporated city (Vernon) that is 99% industrial, the nation’s largest irrigation district (the Imperial Irrigation District (IID)), and mid-size utilities that serve coastal (Anaheim) and inland (Burbank, Glendale, Pasadena, and Riverside) urban areas.

The latest proposals presented by staff are a definite step in the right direction for the Energy Commission’s POU IRP review process. We strongly support the many adjustments that the staff have made to better adapt to POUs’ existing IRP development and local governing board approval processes. Relying on these well-established, public agency processes will help avoid duplicative efforts that require valuable POU and Commission staff resources.

Below, we offer comments on the specific topics shared during the workshop. We understand that the development of these guidelines is a work-in-progress; we will continue to work with our Members to communicate with staff as this work continues over the next several months. We will also continue to work through the California Municipal Utilities Association (CMUA) to ensure that our Members’ high-level feedback is captured. SCPPA fully supports CMUA’s separately-submitted comments on this matter.

Administration

SCPPA supports staff’s revisions to accommodate phased IRP submissions throughout the year, depending on the date a POU’s local governing board adopts the IRP. We believe the staggered approach will help ensure that the Commission is receiving current information, protect against the likelihood of higher third-party consultant rates that may have resulted from a bottle-neck in supporting all POUs at one time, and manage Commission staff’s workload. The phased submissions should facilitate more robust and timely follow-up discussions amongst POUs and Commission staff to resolve any concerns regarding the sufficiency of the information provided in meeting the statutory requirements.

We further endorse the suggested provisions that would allow POUs to incorporate, by reference, elements of the IRP that have been previously submitted via a different report, provided that the information is publicly available and accessible to the Energy Commission. The Joint POUs requested this logical approach as a means to streamline duplicative reporting efforts, given the overlapping context of this report with others. Allowing for such cross-references will support our mutual goal of providing the Energy Commission with the data necessary to inform its Integrated Energy Policy Report and demand forecasting while minimizing the administrative burden of the CEC's IRP process for POUs.

SCPPA would like to get more clarification from staff on what a consolidated IRP submitted by an organization would entail. We see value in the possibility of a consolidated submission, as it potentially may allow us to help streamline our Members' efforts. SCPPA has worked closely with its POU counterparts at the Northern California Power Agency (NCPA) and CMUA in the past on joint submissions for reports such as the SB 1037 energy efficiency report.¹ We welcome the opportunity to discuss this further so we can understand Commission staff's expectations for how this could be implemented practically in the IRP context.

Energy Commission Review Process

We appreciate the more detailed discussion of the Commission's anticipated process to review POU IRPs. As addressed in the Joint POU Comments filed after the February 23 workshop, the Commission's review should not result in determinations regarding the adequacy of the policy decisions a local governing board has chosen to adopt. SCPPA emphasizes that the Commission's review should be limited to an administrative assessment of whether the IRP submitted includes information on the required topics under California Public Utilities Code Section 9621. The Commission should refrain from making judgments on its agreement or dissent with the policy approaches adopted by the public officials who preside on the POUs' local governing boards.

The draft guidelines document notes that input received via public comment may be considered as part of the Commission's review for consistency with the statutory requirements. SCPPA strongly suggests that the Commission put clear limitations on the scope of such comments, and only consider in its review the comments that directly address inconsistencies with the information provided by the POU as compared to that which is required by statute. Just as we request above that the Commission should not make determinations on policy decisions adopted by a POU's local governing board, we also suggest that public comment should only impact the Commission's process if it identifies similar administrative deficiencies.

Many parties may be interested in providing comments that speak to their positions on a POU's policy decisions. The CEC's IRP forum would not be a proper venue to respond to or deliberate such comments, as these decisions likely belong in the sole jurisdiction of our local regulatory authorities. What follows, such comments offered during the Commission's IRP review process would not allow POU staff to respond to the comments or initiate changes to its policies as a result of the potential discussion. Additionally, a Commission-facilitated public process on the IRP would be too late to actually address public concerns with the policy content of the IRP. SCPPA Members post information about their public utility and board meetings on their websites; we will also be working with the Commission to ensure that this information can be easily found via the Commission's resources.

SCPPA appreciates the inclusion of an iterative process for POUs to discuss the IRPs with Commission staff and respond publicly to any concerns raised in the review. This will ensure that the Commission and general public can fully understand the information being provided and the underlying context or justifications that the utility considered in developing its IRP. However, we do not foresee that the appeal processes to the Executive Director and Chair will be necessary. In the event that a POU does not agree with the determinations the Commission makes with respect to its IRP, that POU would likely just submit a letter or formal response to the docket for the public record. Since the Commission does not have regulatory enforcement authority of the IRP provisions, there is no need to go through a formal appeal process.

¹ ["Energy Efficiency in California's Public Power Sector: 11th Edition - 2017"](#)

Reporting Requirements

Commission staff provided a quick look at the draft reporting forms during the workshop. However, since we have not yet had the opportunity to review these forms in detail, we do not offer in-depth comments on the content at this time. We look forward to reviewing the drafts once released and hope to work with staff to promptly address any concerns, should they arise.

- **RPS Procurement Plans.** The suggested descriptions in the staff white paper would, indeed, provide helpful context for understanding a POU's planned path forward with renewable procurement. This transparency would be beneficial for both Commission staff and the general public in understanding a POU's RPS status and how that fits into the overall vision for the utility's efforts to meet various policy goals.
- **RPS Compliance Table.** The proposed RPS Compliance Table requires data already provided to the CEC in annual RPS reports and is duplicative and unnecessary. The Commission must keep in mind that intermittent renewable generation may greatly differ from forecasts, and that planned renewable purchases may not materialize. As such, the RPS Compliance Table only provides a snapshot forecast based on one selected portfolio and under one scenario.
- **Retail Rates.** Affordability is a keystone of our Members' policy and operational considerations. As we have mentioned in the past, many of SPPA's Members serve disadvantaged communities. All of our Members prioritize low rates in their public decision-making processes. Interested parties have ample opportunity to express opposition or support, or raise other issues, during such meetings. **SCPPA is concerned that the Commission's interpretation of how this provision should be implemented may unreasonably involve the Commission in a POU's rate-setting process. We firmly object to any sort of POU rate-setting oversight from the Commission, as this is fully outside of the Commission's realm of regulation.**

Furthermore, it does not appear reasonable to require all filing POUs to demonstrate compliance by submitting materials related to annual average retail rate analyses that were presented to the utility's governing board. Analysis presented in a rate hearing may be very specific to a certain customer class' rates, but not specific to "annual average retail rates" which require a comprehensive look at a utility's rates for all of its customer classes. Retail rates also include many components beyond the scope of the IRP, such as distribution and transmission expenses, customer-related expenses, compliance administration-related expenses, and general and administrative expenses. Therefore, equating a utility's resource procurement plans, programs, and operational costs with the rates it offers requires a significant amount of contextual discussion – all of which has already occurred via the POU governing board's (i.e. "local regulatory authority" or "LRA") rate-setting deliberations.

The separately submitted CMUA comments, with which SCPPA agrees and supports, address public power's concerns with this reporting requirement in greater detail.

- **Transmission and Distribution Systems.** SCPPA agrees with Commission staff's proposal to have this section addressed via narrative discussion or cross-references to other existing work. A portion of this information may already be available via reports developed via stakeholder proceedings like the California Independent System Operator's Transmission Planning Process or the joint-agency Renewable Energy Transmission Initiative 2.0 effort. In addition to these proceedings, SCPPA and its Members frequently review potential energy efficiency, demand response, and transportation electrification industry updates to determine whether new programs or policies could be established to support Members' customers.
- **Minimizing Localized Air Pollutants and GHGs.** Staff's proposal suggests that POUs should include a discussion of "current programs and policies in place to address local air pollution, new and existing emissions reductions programs focused on disadvantaged communities, and the identification of disadvantaged communities

in the utility service territory.”² During the workshop, staff further noted that the Commission would look to verify the disadvantaged communities information with the Office of Environmental Health Hazard Assessment’s CalEnviroScreen 3.0 tool. We understand the desire for consistency across state programs; therefore, the use of CalEnviroScreen 3.0 may make sense from a macro analysis perspective. However, we suggest leaving the language in this section flexible rather than limiting the applicability of this section to those communities that fall under the CalEnviroScreen 3.0 definition. That is, IRP POUs should be able to respond to this section using an interpretation of the term “disadvantaged” that is best descriptive of their customer profile in that group.

Many of our Members serve disadvantaged communities – only some of which may fall under what may be defined as disadvantaged through the data in the CalEnviroScreen tool and the weighting of that data. In the past, SCPPA has requested that our Members be granted flexibility to adopt a definition of disadvantaged communities that reflects their specific customer bases. Regardless of whether a given community qualifies as disadvantaged under CalEnviroScreen 3.0, our Member utilities continually strive to improve their programs and reduce emissions for the benefit of all of their customers. This may be achieved via other programs, particularly those for low-income customers. POUs should have the opportunity to showcase their myriad efforts to support low-income and/or those customers in the state-designated disadvantaged communities within their IRPs, without limitation on the specific threshold characteristics of who those programs apply to.

Thank you for your consideration of these comments. We look forward to remaining engaged in the various IRP-related discussions at the Commission, and are available to answer any questions staff has regarding these comments.

Respectfully submitted,



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² “POU IRP Guidelines Development: Administration, Review Process, and Reporting” at page 4.