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## **SMUD Comments on Publicly Owned Utility Integrated Resource Plans Webinar**

SMUD Comments on Publicly Owned Utility Integrated Resource Plans Webinar.

*Additional submitted attachment is included below.*

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

<b>In the matter of:</b>	)	Docket No. 17-IEPR-07
	)	
<b><i>2017 Integrated Policy Report (2017 IEPR) and Integrated Resource Plans (Publicly Owned Utilities)</i></b>	)	SMUD Comments on Publicly Owned Utility Integrated Resource Plans Webinar
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	)	April 27, 2017
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**Comments of the Sacramento Municipal Utility District  
on the April 20<sup>th</sup> Publicly Owned Utility  
Integrated Resource Plans Webinar**

The Sacramento Municipal Utility District (SMUD) respectfully submits the following comments regarding the California Energy Commission (CEC) Webinar on April 20<sup>th</sup> covering Publicly Owned Utility (POU) integrated resource plans (IRPs). In a presentation on the webinar, CEC staff provided a series of proposals for aspects of the submission of POU IRPs pursuant to SB 350. SMUD appreciates the CEC staff work that underlies the webinar presentation, and accompanying document entitled “*POU IRP Guidelines Development: Administration, Review Process, and Reporting.*”

In particular, SMUD appreciates the recognition on slide 6 of the webinar presentation that:

- POU have sole authority to develop IRPs, including the process, frequency, and assumptions used, subject to the provisions established by SB 350;
- The CEC role here is limited to reviewing plans for consistency with the law and recommending changes to those plans; and
- IRPs are planning tools, not compliance filings

In addition, SMUD appreciates the statements of CEC staff during the webinar that made clear that proposed review and appeals processes described in the webinar presentation were voluntary, not mandatory CEC-enforceable requirements that may be subject to penalties. CEC staff acknowledged that the CEC had no enforcement or penalty authority over IRPs.

Nevertheless, SMUD remains concerned that many of the described reporting structures in the webinar represent information and structures that are not required by SB 350. SMUD encourages the CEC to reexamine the requirements of SB 350, and continue with the development of guidelines with more attention to the principles established in the February 17<sup>th</sup> *Draft Staff Paper: Proposed Guideline Topics for*

*Publicly Owned Utilities' Integrated Resource Plans* and SMUD's recommended additions, including:

1. POU Governing Boards have the sole authority to adopt and modify IRPs pursuant to SB 350. The CEC should recognize these Governing Board prerogatives, and clearly distinguish these from the "review and recommend" authority provided to the CEC.
2. IRP Guidelines and reporting requirements should be coordinated as much as possible with other POU reporting requirements to limit duplicative reporting. 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.
4. Integrated Resource Plans are planning roadmaps for potential future procurement to meet POU goals and the State goals addressed in SB 350, not enforceable emission reductions.
5. IRP Guidelines should be structured to minimize the reporting burden on POU's, 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's to defend or provide narrative or discussion about each individual resource decision or policy on rate structure, incentives, etc., that affects the resource decision. These details are not necessary in allowing the CEC to review a POU's progress towards State goals.
6. IRP Guidelines should recognize that 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, which may lead to significant differences among POU IRPs and pathways to achieving State policy goals. Further, POU's typically have separate strategic goals, such as goals regarding ensuring reasonable rates or environmental goals, that may further differentiate one POU's IRP from another.

SMUD notes once again that the diverse size and service territories of the 16 IRP-obligated POU's call into question the value of any standardized requirements beyond the four standard tables that have previously been proposed by CEC staff to cover 1) energy balances, 2) capacity requirements, 3) projecting achievement of the 50% RPS goal; and 4) projecting achievement of the greenhouse gas target range eventually established. For most if not all of the other diverse elements that POU's must "address", such as transportation electrification, it is sufficient for the CEC Guidelines to simply state that POU IRPs must do just that -- address the provisions in the law, without

establishing additional reporting requirements instructing how those provisions must be addressed. This additional guidance is not necessary and is likely to be inapplicable for some POU's.

In addition, SMUD notes that POU IRPs will be developed and adopted by our governing boards through a process allowing public vetting of and comment on the IRP documents prior to adoption. Hence, while SB 350 requires that POU's submit IRPs to the CEC for review, and SMUD understands that the submitted POU IRPs will be public information (except for any information granted confidential status by the CEC), SMUD does not believe that there is a need for a formal, public comment process as suggested by the April 14<sup>th</sup> document "*POU IRP Guidelines Development: Administration, Review Process, and Reporting*".

In consideration of the above principles and points, SMUD has the following specific comments on the webinar presentation:

**Slide 8 – Supporting analyses:** Slide 8 of the webinar presentation suggests that supporting analyses may be required for the CEC to review IRPs. SMUD does not believe that a requirement for supporting analyses should be included in the IRP Guidelines, for two reasons. First, the CEC should be able to determine from the content of the IRPs whether or not the law has been followed in most if not all cases, without referring to supporting analyses. Should the CEC have a question upon reviewing an IRP that some aspect of the law has not been met, staff can request supporting documents and additional information to clarify the situation. There is no need to suggest these be provided as a matter of course in the Guidelines. Second, SMUD believes that requiring substantial supporting analyses and or documentation is inconsistent with the principle of minimizing reporting burdens upon POU's.

**Slide 9 – Review Process:** Slide 9 of the webinar presentation lays out a proposed "review process" for the POU submittal and CEC review of IRPs, including "POU response times" for providing more information upon request by the CEC, a POU "appeal" to the Executive Director, and a POU "appeal" to the Chair of the CEC.

SMUD believes that the relatively formal nature of these proposed actions, including potential deadlines of 30 days for POU action in these matters, is inconsistent with the voluntary nature of the posited actions. SMUD appreciates CEC staff stating or agreeing that there is no requirement to appeal any recommendation by the CEC – that such appeal is entirely voluntary. SMUD suggests that the POU response times described in the slide not be included in the Guidelines. If the CEC needs additional information in any particular circumstance, it can specify at that time when it needs the information. A minimum time to respond of 30 days would be reasonable to consider, but does not need to be included in Guidelines. Some additional information requests may take more time.

Suggesting that POU's have 30 days to appeal a CEC recommendation regarding a submitted IRP suggests that the recommendations have some enforcement weight. In reality, a POU is not required to respond to a CEC recommendation. If a POU decides that a CEC recommendation has merit, it can revise an IRP or simply note the recommendation for inclusion in a subsequent IRP. If a POU decides a recommendation is without sufficient merit, it has the discretion of responding or not with any argument about the merits of the recommendation. Including a time-limit on such a response inappropriately constrains this POU discretion to voluntarily respond to a CEC recommendation. This voluntary action may take longer than 30 days, and having a 30 day "cutoff" in the Guidelines implies that the CEC would not consider the POU response.

In short, SB 350 does not provide the CEC with authority to enforce any recommendations about POU IRPs, nor does it provide the CEC with authority to determine when and how POU's may respond to those recommendations, or to ignore a POU response to those recommendations under some artificial time constraint. SMUD suggests it is sufficient to simply state in the Guidelines that POU's have the choice to voluntarily respond to any recommendations the CEC may make regarding their IRPs.

**Slide 10 – RPS Procurement Plans:** SMUD understands that SB 350 requires any relevant RPS procurement plan to be included in submitted IRPs, and appreciates the CEC staff recognition that this does not establish any "new requirements for frequency or scope" for those plans. The RPS program does not have specific requirements for revising or providing procurement plans on a periodic basis, and SB 350 does not alter that basic structure. SMUD suggests that the Guidelines include explicit recognition that the timing of RPS procurement plans is governed by the RPS program, and that the IRP Guidelines do not require a "new" or "additional" RPS procurement plan simply for the purpose of inclusion in the IRP.

**Slide 11 – RPS compliance table:** SMUD agrees with the concept that a basic RPS compliance table should be included in an IRP. However, SMUD does not believe that PCC content detail is necessary in this table. . The portfolio balance requirements must be met for RPS compliance, but these detailed RPS requirements and compliance status are addressed by the RPS program, through periodic submittals including annual reports and compliance reports and reflected in RPS procurement plans. There is no need to duplicate this detailed information in the RPS Compliance Table. IRPs are forward-looking documents, not compliance documents.

**Slide 12 – Retail Rates:** POU governing boards make the determination that procurement plans that are included in IRPs will result in "just and reasonable" rates and will, in balance with other goals, minimize rate impacts. The text of paragraph (C) of section 454.52(a)(1) is unique in directing "electrical corporations" to fulfill their obligations under the law to adopt just and reasonable rates. Though incorporated by reference in section 9621(b)(3), there is no parallel provision for POU's in the MUD Act or the Public Utilities Code, and no indication in SB 350, that this one sentence was

intended to over-ride the existing legal framework of POU discretion over rate-making.

The POU governing board discretion over retail rates is not something that is subject to CEC review. No POU governing board will adopt an IRP that maximizes rate impacts, or that suggests rates will be unjust or unreasonable. Hence, when a POU governing board adopts an IRP, it has determined just and reasonable rates and minimized rate impacts, and balanced those rates with other goals of SB 350 and its other obligations under the law. An IRP may or may not include an explicit statement that the POU governing board has determined that goals are balanced in the IRP and the resulting projected rates are just and reasonable, but this should not be considered necessary and the CEC should not be looking to prove or recommend otherwise.

Slide 12 also suggests that POU's submit the "retail rate analysis presented to the POU Board". Given the forward-looking, long-term nature of IRPs, POU's will not likely have a detailed retail rate analysis going out to 2030 (for example). Such analyses are normally limited to current "rate cases" going out 2- 3 years, not the longer timeframes envisioned in an IRP.

SMUD appreciates the opportunity to provide comments on the webinar presentation and the general questions of IRP development, adoption, and filing with the CEC. SMUD also suggests the CEC ensure that in continuing to develop the IRP guidelines that it includes 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.

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/s/

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