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on Joint Agency Workshop on Potential Methodologies to Establish GHG Reduction Targets for POU IRPs

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:

*2017 Integrated Energy Policy Report and
Integrated Resource Plans
(Publicly Owned Utilities)*

Docket No. 17-IEPR-07

RE: IRP Renewable Energy

**CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION COMMENTS
ON JOINT AGENCY WORKSHOP ON POTENTIAL METHODOLOGIES
TO ESTABLISH GREENHOUSE GAS EMISSION REDUCTION TARGETS
FOR PUBLICLY OWNED UTILITY INTEGRATED RESOURCE PLANS**

The California Municipal Utilities Association (“CMUA”) appreciates the opportunity to provide these comments to the California Energy Commission (“CEC”) and California Air Resources Board (“CARB”) on the *Joint Agency Workshop on Potential Methodologies to Establish Greenhouse Gas Emission Reduction Targets for Publicly Owned Utility Integrated Resource Plans* (“Workshop”), held on April 17, 2017. The Southern California Public Power Authority (“SCPPA”), as well as several individual publicly owned electric utilities (“POUs”) will file separate comments on the Workshop. CMUA urges the CEC to carefully consider those comments.

1. THE JOINT AGENCIES SHOULD COLLABORATE WITH THE POUS AND OTHER AFFECTED STAKEHOLDERS IN A COMBINED PROCESS TO REFINE AND EXPAND ON THE INITIAL WORKSHOP RECOMMENDATIONS.

The greenhouse gas (“GHG”) reduction targets that POU’s will incorporate into their integrated resource plans (“IRPs”) may have wide-ranging and substantial impacts on the long-term investment decisions of each POU. Therefore, it is vital that the planning targets adopted by CARB are based on a fair and reasonable assessment of both the electric sector’s and each POU’s relative share the statewide GHG reduction goals. At the Workshop, CARB and CEC staff

provided initial recommendations on concepts for setting these planning targets for both load serving entities (“LSEs”) and POU. Both presentations indicated that the CEC and CARB seek to at least partially align the IRP GHG reduction targets with the CARB proposal for allocating allowances to electrical distribution utilities (“EDUs”) in the current Cap and Trade regulatory proceeding.

CMUA continues to be concerned with the process for adopting these planning targets. While the CEC and the California Public Utilities Commission (“CPUC”) have separate IRP proceedings, and different roles in reviewing IRPs, CARB has the final authority establish a **single** electricity sector GHG reduction target. Further, it is CARB that will establish the GHG reduction planning goals for both the POU and the LSEs. Even if the CEC and CPUC were to provide different recommendations to CARB, it is possible that CARB could simply choose one option for all entities. Therefore, the separate processes and recommendations of the CPUC and CEC impact all IRP entities.

CMUA appreciates the statements in CARB staff’s presentation that the three agencies will “facilitate a joint informal public process.” However, it is unclear what this means in practice. For example, the Workshop presentation by CEC staff included a table showing each POU’s share of a sector target of 52 mmmt. The use of a 52 mmmt target was one of the options proposed in the Joint CPUC/CEC Discussion Document, released earlier this year.¹ Because the CPUC did not formally participate in the April 17 Workshop, it is unclear whether the CEC’s use of 52 mmmt was merely illustrative, indicates a preference of the CEC alone, or represents the joint proposal of both the CEC and CPUC. CMUA would have significant concerns if CPUC staff were to present a proposal relating to the overall electric sector target in a joint CPUC/CARB workshop, as part of

¹ CPUC and California Energy Commission Staff Discussion Document: Options for Setting GHG Planning Targets for Integrated Resource Planning and Apportioning Targets among Publicly Owned Utilities and Load Serving Entities, Feb. 10, 2017.

the CPUC's Rulemaking ("R.") 16-02-007. Virtually none of the POUs are parties to that proceeding and would have concerns filing comments with an agency that is unfamiliar with the diverse circumstances and IRP processes of the POUs.

In light of the importance of these planning targets and the procedural complexities of parallel CEC and CPUC proceedings, CMUA urges the CEC, CARB, and CPUC to jointly collaborate with the POUs and LSEs. In order to ensure full transparency, this process, including CARB's collaboration with the CPUC and CEC should be formalized. If the CEC and CPUC plan to make differing recommendations to CARB, that decision should be part of an open and joint effort where all the affected parties can participate equally. The record used by CARB to adopt the various targets at the end of 2017 should be developed and publicly available in a single "docket." This would ensure that all stakeholders have access to, and are aware of, all of the data and deliberations that will ultimately lead to establishing a methodology and adopting the GHG reduction planning targets.

2. THE CEC SHOULD COORDINATE CLOSELY WITH THE POUS TO IDENTIFY A USEFUL TOOL FOR TRACKING PROGRESS IN REDUCING GHG EMISSIONS OVER TIME.

During the Workshop, CEC staff gave a presentation on a proposed methodology for setting a baseline to provide a comparative point of reference for measuring relative reductions in GHG emissions. According to the presentation, the baseline would be for informational purposes and not part of the IRP Guidelines for POUs. While establishing a baseline will provide at least some context for gauging a utility's rate of GHG reductions, there is considerable risk in trying to establish a single metric that will fairly and accurately capture the complexities of each POU's profile relative to GHG reductions.

If the CEC does adopt a tool to help track POU performance on reducing GHG emissions, that tool should be consistent with the following principles:

- **Convey Valuable Information:** In order to justify a new reporting and tracking effort, the tool will need to provide meaningful information that is instructive on its own and not duplicative of existing data. One concern with a simple baseline approach is that a POU's percent reduction from a prior baseline does not provide valuable information without additional context. For example, when looking at how much a POU has reduced from its baseline, a POU with historically low emissions would look comparatively worse than a POU with historically high emissions. Similarly, a POU that has experienced significant load growth could look comparatively worse when tracking to a prior baseline. Any new tool would need to account for changes in load, and in particular, track increases associated with transportation electrification.
- **Be Readily Comprehensible by the Public and Policy Makers:** The tool must be sufficiently clear and simple, such that the general public could accurately understand the progress of each POU, in the proper context of annual variability.
- **Rely on Sufficiently Accurate Information:** In balancing the need for accuracy versus limiting new reporting burdens, the CEC needs to ensure that the data sets and assumptions relied upon are sufficiently accurate such that the tool does not inadvertently provide misleading information.
- **Not Cause Confusion or Conflict with Other Similar Reports:** There are multiple similar regulatory efforts currently underway. For example, AB 1110 (2016) requires all retail suppliers to disclose the GHG emission intensity (based on a CEC-adopted methodology) of each electricity portfolio offered to its customers. Similarly, the SB 350 (2015) IRP process will result in a CARB-adopted GHG reduction planning target for each POU and LSE. The actual IRPs will include information on where each POU and LSE currently is and where they need to go. Any additional tool to measure relative performance on GHG emissions reductions will be viewed by the public in combination with these other reports. To avoid confusion and conflict, any new tool would need to rely on consistent data and assumptions. Additionally, the new tool would need to convey consistent information. For example, if the CEC adopted a simple baseline, then a POU with increasing load could reduce its AB 1110 GHG intensity in the same year that its total GHG emissions increased in comparison to the prior year. This POU could appear to be underperforming on a baseline measurement, but be demonstrating significant progress when looking at GHG-emissions intensity.

With these principles in mind, CMUA recommends that CEC staff take the time to work with the POUs to determine what types of tools could provide valuable information on GHG reduction performance. Tracking GHG performance is an important, yet complicated task, and any new tool

will demand a thorough and careful development process. Furthermore, because this proposal is still informal and not directly linked to the specific statutory mandates set forth in Public Utilities Code sections 9621 and 9622, CMUA recommends that the CEC not develop this tool as part of the IRP proceeding.

3. CONCLUSION

CMUA appreciates the opportunity to provide these comments to the CEC.

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Respectfully submitted,



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