

DOCKETED

Docket Number:	17-IEPR-06
Project Title:	Doubling Energy Efficiency Savings
TN #:	221289
Document Title:	SMUD Comments on Draft Commission Report Senate Bill 350
Description:	N/A
Filer:	System
Organization:	SMUD
Submitter Role:	Public Agency
Submission Date:	9/21/2017 3:02:22 PM
Docketed Date:	9/21/2017

Comment Received From: Lourdes Jimenez-Price

Submitted On: 9/21/2017

Docket Number: 17-IEPR-06

Comments on Draft Commission Report Senate Bill 350

Comments of the Sacramento Municipal Utility District on Senate Bill 350 Doubling Energy Efficiency Savings by 2030 Draft Commission Report

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 17-IEPR-06
)	
<i>2017 Integrated Energy Policy Report</i>)	RE: SMUD Comments On Draft
)	Commission Report: Senate Bill
)	350 Doubling Energy Efficiency
)	Savings By 2030
)	
)	September 21, 2017

**Comments of the Sacramento Municipal Utility District on
Senate Bill 350 Doubling Energy Efficiency Savings by 2030 Draft
Commission Report**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide these comments to the California Energy Commission (CEC) on the Senate Bill No. 350 (SB 350) Doubling Energy Efficiency Savings by 2030 Draft Commission Report (Draft Commission Report).

SMUD would like to express its appreciation for CEC staff’s clarification of both the purpose of the Draft Commission Report and the CEC’s role in the setting of utility energy efficiency targets. It is now clear the Draft Commission Report simply adjusts utility targets from the respective potential studies to establish a consistent current statewide “baseline” for utility programs - starting with the 2017 10-year target information provided to the CEC; adjusting for moving codes and standards savings out of the utility program area; making consistent the use of net, rather than gross, savings; and extending cumulative savings calculations back to capture 2015-2017 data and forward to estimate beyond 2027. Staff has further clarified that the CEC is not requesting an increase or change in utility energy efficiency programs at this time and that any goals set by the CEC would not supersede the goals set by local publicly owned electric utility (POU) governing boards.

SMUD believes that this clarification of target setting responsibility accurately reflects the changes in law that have led to the Draft Commission Report regarding doubling of energy efficiency targets in California. SB 350 built upon the longstanding 10-year target responsibility that was established by Assembly Bill No. 2021 (AB 2021) in 2006. That law required the CEC to:

“... in consultation with the Public Utilities Commission and local publicly owned electric utilities, in a public process that allows input from other stakeholders, shall, develop a statewide estimate of all potentially achievable cost-effective electricity and natural gas efficiency savings and establish targets for statewide annual energy efficiency savings and demand reduction for the next 10-year period.” (AB 2021 – added Public Resource Code section 25310)

In addition, AB 2021 newly required POU's to:

“(b) On or before June 1, 2007, and by June 1 of every third year thereafter, each local publicly owned electric utility shall identify all potentially achievable cost-effective electricity efficiency savings and shall establish annual targets for energy efficiency savings and demand reduction for the next 10-year period. A local publicly owned electric utility’s determination of potentially achievable cost-effective electricity efficiency savings shall be made without regard to previous minimum investments undertaken pursuant to Section 385. A local publicly owned electric utility shall treat investments made to achieve energy efficiency savings and demand reduction targets as procurement investments.

(c) Within 60 days of adopting annual targets pursuant to subdivision (b), each local publicly owned electric utility shall report those targets to the State Energy Resources Conservation and Development Commission, and the basis for establishing those targets.” (AB 2021 – amended Public Utilities Code section 9615)

It should be noted that AB 2021 began the 2006 legislative session with the CEC establishing 10-year targets for POU's, but when enacted had been modified as above – giving the POU's responsibility to adopt 10-year targets. Also, Assembly Bill No. 2227 (AB 2227) in 2012 moved the POU target setting responsibility to Public Utilities Code section 9505 and modified reporting dates, but did not substantively change the POU responsibility to set 10-year targets.

It is these sections of law that SB 350 has modified, giving direction to the CEC under additions to Public Resource Code section 25310 to establish targets that will achieve a cumulative doubling of statewide energy efficiency savings and direction to POU's under modifications to Public Utilities Code section 9505 to make the 10-year targets they are required to adopt “consistent” with the annual targets established by the CEC.

This leads to the conclusion that the CEC’s responsibility is to establish statewide targets that double energy efficiency savings as required by SB 350, but that it is POU's and their governing boards that must adopt targets for themselves consistent with those Commission-adopted statewide targets. If the legislature intended for the CEC to adopt targets for POU's, there would be no need for the language requiring POU's to adopt “consistent” targets.

SMUD recognizes that the CEC may need to establish estimates for individual types of programs, such as utility programs, that will be part of overall statewide savings in order to properly establish a statewide target. However, the CEC’s use of such program building blocks should not be confused with the adoption of program targets for these programs. The Draft Commission Report recognizes that the target-adoption responsibility remains with POU's and their governing boards. SMUD requests that this recognition and distinction between building blocks and adopted targets be continued throughout the remaining implementation of the SB 350 doubling of energy efficiency.

We understand the commitment to adopt targets consistent with the statewide targets the CEC develops and adopts.

While a number of SMUD's comments have been addressed, there are a few remaining issues SMUD wishes to provide for the CEC's consideration in these written comments.

Clarification of 2015 - 2017 Numbers

While SMUD understands the adjustments made to the reported efficiency numbers to create consistency across utilities, SMUD is still unclear that the numbers were properly adjusted to account for the exclusion of codes and standards or changing to consistently net savings. SMUD will work with CEC staff to get further clarification on this matter.

Fuel Substitution Programs

As stated in the Draft Commission Report, "To meet the SB 350 electricity doubling target, it will be necessary to develop new programs or expand existing ones."¹ SMUD believes that in its territory, fuel substitution is presently "cost-effective, feasible and will not adversely affect public health and safety"² and is capable of delivering a depth of energy savings and greenhouse gas (GHG) reductions.

CEC staff has clarified that although the CEC has not exercised the authority SB 350 provides to aggregate electricity and natural gas savings,³ utilities are not precluded from developing fuel substitution programs, developing a means of aggregating, and reporting those aggregated savings. SMUD currently has two fuel substitution programs in operation and plans to both expand those programs and add new fuel substitution programs that may be used to meet the State's energy savings and GHG goals. Conversations with CEC staff confirmed that those savings can be reported in SMUD's energy savings; when CEC staff does approve of a means of aggregating fuel substitution savings, it may request that SMUD alter its accounting of future savings, but the CEC will not retroactively apply its aggregation methodology to SMUD's reported savings.

Further, while most fuel substitution may occur within the investor-owned utility service areas, SMUD is in a unique position to jump start fuel substitution in the State, providing the CEC and other utilities with fully developed fuel substitution programs that can be used to evaluate "...whether the SB 350 requirement for energy savings and GHG reductions are sufficient to satisfy the CPUC's three-prong test and to determine where there are differences in outcome."⁴

¹ Draft Commission Report, August 28, 2017, Page 52.

² Draft Commission Report, August 28, 2017, Page 8.

³ Draft Commission Report, August 28, 2017, Page 57.

⁴ Draft Commission Report, August 28, 2017, Page 35.

SMUD recommends the CEC act as swiftly as possible to exercise its authority to aggregate natural gas and electricity savings and provide guidance on fuel substitution programs. While utilities can act alone in this area, a cohesive statewide policy on fuel substitution will provide the market with long term certainty in its programs, energy savings, and GHG reductions.

Hourly Savings Impacts

As SMUD has previously stated, SMUD is working on capturing energy savings in a more detailed fashion than the current annual savings approach. However, SMUD has not yet developed an accurate way to determine savings on an hourly basis, nor does SMUD believe the hourly forecasts of programs savings through the year 2030 or beyond will be accurate or informative, and hence does not believe such reporting should be a requirement of this effort.

Thank you again for the opportunity to comment.

/s/

LOURDES JIMENEZ-PRICE
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS A311
Sacramento, CA 95852-0830

/s/

DANIELLE ROBERTS
Government Affairs Representative
Sacramento Municipal Utility District
P.O. Box 15830, MS A313
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2017-0486)