

DOCKETED

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STATE CAPITOL – ROOM 2175

P.O. BOX 942849
SACRAMENTO, CA 94249-0039
(916) 319-2039
FAX (916) 319-2139

DISTRICT OFFICE

302 SOUTH BRAND BOULEVARD, SUITE 212
SAN FERNANDO, CA 91340
(818) 365-2464
FAX (818) 365-8083

Assembly
California Legislature



RAUL BOCANEGRA

MAJORITY WHIP

ASSEMBLYMEMBER, THIRTY-NINTH DISTRICT

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October 10, 2017

Mr. Robert B Weisenmiller, Ph.D.
Chair, California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814

**RE: Los Angeles Department of Water and Power's British Columbia Hydropower
Contracts for the Renewable Portfolio Standard**

Dear Mr. Weisenmiller:

In January of this year, my colleagues and I wrote to you to urge the California Energy Commission to allow the hydropower contracts of the Los Angeles Department of Water and Power (LADWP) to fully count towards their Renewable Portfolio Standard (RPS) compliance. I am writing to you again today before your upcoming hearing to reiterate my support for LADWP and for the grandfathering of these hydropower contracts. To do otherwise would significantly penalize Los Angeles ratepayers upwards of \$22 million for the early voluntary efforts of LADWP to procure renewable resources.

Los Angeles was a pioneer in the renewable energy space with efforts pre-dating any state mandates. The City of Los Angeles established renewable energy targets as early as 1999. In 2002, the Legislature passed Senate Bill 1078 (SB 1078) that established a 20 percent RPS for California's investor-owned electric utilities. SB 1078 provided that each governing board of a local publicly owned electric utility (POU) shall be responsible for implementing and enforcing an RPS that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, financial resources, and the goal of environmental improvement. LADWP voluntarily adopted its own ambitious RPS program and has been committed to meeting California's clean energy goals.

The Los Angeles Department of Water and Power has since been utilizing renewable energy for the City of Los Angeles and has invested over \$1 billion in its RPS program to reach the goal of 20 percent renewable by 2010. To meet its voluntary RPS goals, hydroelectric generation had been an integral part of its portfolio mix for many years. LADWP had issued a Request for Proposal for small hydroelectric generation for less than 30 MW in 2004. After debate before the Board of Water and Power Commissioners and the City Council resulted in the exclusion of large hydroelectric generation, LADWP ultimately contracted in early 2007 with the Powerex Corporation for hydroelectric-generated electricity from British Columbia (BC Hydro). Absent an overall state RPS mandate for POUs, including LADWP, the BC Hydro resource qualified under the City Council's previously adopted RPS program as a small hydroelectric project.



LADWP's contracts funded real projects with demonstrable greenhouse gas emission reductions; however, the California Energy Commission (CEC) has deemed all of the renewable energy credits from BC Hydro ineligible.

Not until the passage of the California Renewable Energy Resources Act (SB X1-2) in 2011 were POUs, like LADWP, brought under state jurisdiction through the CEC for a mandatory RPS. Important language in SB X1-2 intended to grandfather existing contracts in order to facilitate the transition from a voluntary RPS to a mandatory program for POUs. This legislation, SB X1-2, became effective on December 10, 2011 and expressly accounts for the investments made by POUs to ensure those investments would be fully counted towards RPS compliance by the CEC. Moreover, LADWP did not own the BC Hydro resource, a resource the CEC is required to count in full up to December 9, 2011 towards LADWP's RPS procurement requirements.

The CEC rulemaking on what renewable resources are eligible for RPS compliance have evolved over a number of years. The CEC's administrative committee issued a proposed decision on January 5, 2017, in which the committee determined that the renewable energy that LADWP procured from its BC Hydro contracts would not be counted towards LADWP's RPS targets. This committee's tentative decision, if it becomes final, would undermine the RPS policy adopted by the Board of Water and Power Commissioners, elected officials of the City of Los Angeles, and be inconsistent with the Legislature's intent to grandfather renewable procurements through SB X1-2 that were made by POUs previously.

Disallowing the inclusion of these hydropower contracts would cost Los Angeles ratepayers upwards of \$22 million in addition to the cost of the BC Hydro renewable energy procured. Similarly, it would punish Los Angeles for being an early adopter of the RPS. We urge the CEC to reconsider the tentative decision and award LADWP full credit for its BC Hydro procurement.

LADWP views itself in partnership with the Governor, the Legislature, and the CEC, in achieving the renewable energy goals. The renewable energy investments made by the City of Los Angeles and its ratepayers, prior to the POU mandates under SB X1-2, should be counted in full under the RPS rules established by LADWP's regulatory bodies. Renewable resources procured after the effective date of SB X1-2 are required to meet the standards under the applicable CEC RPS Eligibility Guidebook. California is at the vanguard of renewable energy in our country and we all have a strong interest in seeing California's RPS Program succeed.

We thank the CEC for their work thus far to ensure that LADWP's past renewable investments receive the full credit they deserve under the law.

Thank you in advance for your consideration.

Sincerely,



RAUL BOCANEGR
Assemblymember, 39th District