

**DOCKETED**

<b>Docket Number:</b>	16-OIR-05
<b>Project Title:</b>	Power Source Disclosure - AB 1110 Implementation Rulemaking
<b>TN #:</b>	225094
<b>Document Title:</b>	Turlock Irrigation District Comments TID Comments on AB 1110 Staff Proposal (3rd version), issued October 9, 2018
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Dan B. Severson, Turlock Irrigation District
<b>Submitter Role:</b>	Public Agency
<b>Submission Date:</b>	10/25/2018 3:56:27 PM
<b>Docketed Date:</b>	10/25/2018

*Comment Received From: Dan B. Severson, Turlock Irrigation District*  
*Submitted On: 10/25/2018*  
*Docket Number: 16-OIR-05*

**TID Comments on AB 1110 Staff Proposal (3rd version), issued October 9, 2018**

*Additional submitted attachment is included below.*

October 25, 2018

Jordan Scavo  
California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 16-OIR-05  
1516 Ninth Street  
Sacramento CA, 95814-5512

***Filed Electronically***

*RE: TID Comments on AB 1110 Staff Proposal (3<sup>rd</sup> version), issued October 9, 2018.*

Dear Mr. Scavo,

Turlock Irrigation District (“TID”) submits the following comments and responses on the California Energy Commission’s (“CEC”) staff Proposal for implementing AB 1110 (the “Staff Proposal”) on October 9th. In summary, TID has concerns regarding the Staff Proposal, and believes that, if adopted, will confuse customers and unfairly penalize entities that made long term, early procurement investments in resources that satisfied RPS requirements in place at that time.

**TID Background**

TID was organized as the first Irrigation District in California on June 6, 1887 and is in its 131st year of operation. TID currently serves a retail electric customer base of just over 100,000 customers and provides irrigation water to over 5,800 growers and nearly 150,000 acres of farmland. Of the 11 communities that TID serves, 7 are classified as Disadvantaged Communities, and a majority of our service territory is in the top 20% of Cal EnviroScreen 3.0 impacted communities.

TID’s mission is to provide stable, reliable, and affordable water and power to its customer owners, be good stewards of our resources, and provide a high level of customer satisfaction.

TID is one of eight Balancing Authorities in California, tasked with balancing retail demand, generation, and wholesale purchases and sales while providing adequate reserve capacity to maintain reliability.

TID has a long history of environmental stewardship, beginning when the District was formed, as we acquired some of the oldest water rights on the Tuolumne River. TID has a great track record of caring for natural resources. TID is the majority owner and project manager of the Don Pedro Dam and powerhouse, providing irrigation water and 203 MW or on average

approximately 400,000 megawatt-hours of emissions free energy to our customers, while providing flood control and environmental benefits for the region.

TID has acquired the resources to meet the 33% by 2020 Renewable Portfolio Standard (RPS), having built the 136 MW Tuolumne Wind Project (TWP) in 2009 in advance of the RPS mandate on POU's, as well as recently completing a 20-year power purchase agreement for 54 MW of newly constructed in-state utility scale solar. TID's RPS obligation, due to these early and significant investments, is currently projected to be satisfied through 2024. TID is also making investments to ensure that it does its part to meet the State's long-term GHG targets. TID has a technological and geographically diverse portfolio of RPS eligible resources, including wind, small hydro, geothermal, and solar. TID remains committed to working towards the State's climate and clean energy goals while providing reliable, low cost electricity to our ratepayers.

## **DISCUSSION**

### **1. There is no "transition period" for TID when it comes to the Tuolumne Wind Project. TID owns the project, and it is expected to be in the TID Power Portfolio through 2030 at a minimum.**

As has been stated many times in comment, various filings, and face-to-face meetings with Commission Staff, TID *owns* the Tuolumne Wind Project. TID ratepayers have the obligation of paying off in excess of \$400 million of bonds issued to pay for the Project. The financing for this project extends well into the 2030's, and the project itself is projected to be in the TID portfolio until, at a minimum, 2030. For context, TWP delivers roughly 400,000 megawatt-hours (MWh) of renewable, carbon free generation to TID annually, and the Project represents approximately 25% of TID's retail load. TID acted in advance of state mandates to do so, and was very much an "Early Actor". In fact, of the RPS law clearly recognizes past investments, and has grandfathered language directing procurement to count in full against the requirements and obligations of the new law.<sup>1</sup> TWP is a fully grandfathered, PCC-0 resource. The Staff Proposal for a "sunset" provision of 2024 is arbitrarily set at the end of an RPS compliance period. The Staff Proposal indicates that the proposed sunset will "provid[e] a reasonable transition window for retail suppliers to consider adjustments to their procurement strategies." TID can appreciate that this may give some entities time to adjust their procurement. However, this provision will undermine the value of TID's investment in its owned resources. This provision is in direct conflict with State policy encouraging long term, incremental procurement of renewable resources and the recognition of early investments by POUs before there was any requirement to make such investments. TID supports the CMUA comments on this topic, and

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<sup>1</sup> See Pub. Util. Code Sec. 399.16(d).

highly recommends that the Commission consider the redline changes offered by CMUA in this regard. The CEC should remove the proposed sunset date and allow grandfathering indefinitely.

**2. The revised Power Content label will confuse electric customers.**

In the Proposal, Staff suggests adding a variety of footnotes “to support consumer transparency”<sup>2</sup>. Staff proposes footnoting “biogenic emissions”, but not use it in the calculation of the emissions intensity of electricity offerings. In the Proposal, Staff notes “[t]his is consistent with IPCC GHG inventory accounting that attributes biogenic CO<sub>2</sub> to the Agriculture, Forestry, and Other Land-Use sector; to avoid double-counting, IPCC guidance states that biogenic CO<sub>2</sub> should not be counted in the electricity sector GHG emissions accounting.”<sup>3</sup> If Staff agrees that biogenic emissions should not be counted in the electricity GHG accounting, then why add it as a footnote? The Cap & Trade and Mandatory Reporting Regulations properly exclude biogenic emissions for the calculated cap-and-trade compliance obligation associated with electricity generation and procurement. Adding these emissions as a footnote will confuse consumers.

Further, Staff recommends adding a footnote disclosing the use of Firming & Shaping products, expecting that retail customers understand what is meant by “nonrenewable electricity delivered under renewable contracts”. This topic is extremely complex and will again only add to confusing the consumer.

If the goal is to be a “truth in advertising”<sup>4</sup> program, then Staff should do all it can to avoid confusing customers. The revised label has 6 footnotes that should be revised to avoid this confusion.

**3. Renewable Generation Displaces Marginal Natural Gas Generation in the WECC, and Should Be Treated as Zero Emissions for the Purposes of AB 1110 Reporting.**

At the workshop in July staff indicated that they believe that the presence of renewables does not reduce existing emissions on the grid. TID disagrees, and the CEC’s own analysis confirms that as renewable generation increases, there is a reduction in marginal natural gas generation.<sup>5</sup> The RPS Program is consistently cited as a key measure in accomplishing the goals of AB 32 and SB 32, which in and of itself, is indicia that the RPS does reduce system GHG emissions. For this reason, it is appropriate to credit every megawatt hour of renewable generation as having a zero emissions profile. Doing otherwise, as laid out in the Proposal, is at odds with other State policy programs for reducing GHG emissions.

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<sup>2</sup> Revised Staff Proposal at p. 36.

<sup>3</sup> Revised Staff Proposal at p. 24.

<sup>4</sup> Revised Staff Proposal at p. 4.

<sup>5</sup> CEC Electricity Data: [http://www.energy.ca.gov/almanac/electricity\\_data/total\\_system\\_power.html](http://www.energy.ca.gov/almanac/electricity_data/total_system_power.html)



**Conclusion**

TID appreciates this opportunity to provide feedback on how the PSD program update can meet the goals of AB 1110 and ensure that customers receive accurate and easy to understand information concerning their investments in renewable resources, and the associated emissions intensity of the power that TID sources on their behalf. We look forward to working with CEC staff.

Sincerely,

/s/

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Dan B. Severson  
Turlock Irrigation District