

DOCKETED

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SMUD Comments Proposed Pre-Rulemaking Amendments to Enforcement Procedures for Renewables Portfolio Standard

SMUD Comments on Proposed Pre-Rulemaking Amendments to the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities

Additional submitted attachment is included below.

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

In the matter of:)	Docket No. 16-RPS-03
)	
Amendments to Regulations)	SMUD Comments Re:
Specifying Enforcement Procedures)	Proposed Pre-Rulemaking Amendments
for the Renewables Portfolio Standard)	to Enforcement Procedures for the
for Local Publicly Owned Electric)	Renewables Portfolio Standard for Local
Utilities)	Publicly Owned Electric Utilities
)	

January 9, 2020

**Initial Comments of SACRAMENTO MUNICIPAL UTILITIES DISTRICT
on Proposed Pre-Rulemaking Amendments to the Enforcement
Procedures for the Renewables Portfolio Standard for Local Publicly
Owned Electric Utilities**

The Sacramento Municipal Utility District (SMUD) respectfully submits these initial comments to the California Energy Commission (CEC) regarding the proposed Pre-Rulemaking Amendments to *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* (“Enforcement Regulations”). The proposed Enforcement Regulations fulfill the requirement of Public Utilities Code §399.30(o) directing the CEC to adopt regulations specifying procedures for the enforcement of the renewables portfolio standard (RPS) on publicly owned electric utilities (POUs) under Article 16 (commencing with §399.11) of Chapter 2.3 of Part I of Public Utilities Code. The proposed Enforcement Regulations identify the procedures that the CEC will use to determine whether a POU's renewable procurement actions comply with the RPS requirements in the law.

SMUD was an early adopter of the RPS and strongly supports the State's efforts to reduce greenhouse gas emissions (GHG) and increased development of renewable resources. SMUD's integrated resource plan that was approved by the CEC in December 2019, sets a net-zero GHG target by 2040 that identifies the need for a significant amount of additional renewable resources.

SMUD is a member of the California Municipal Utilities Association (CMUA) and supports the initial comments submitted by the Joint Publicly Owned Utilities (CMUA, Northern California Power Agency, and Southern California Public Power Authority). SMUD provides these additional comments to help inform the January 10, 2020, workshop on the proposed Enforcement Regulations.

Green Pricing Program – §3204(b) Exemptions and Adjustments

The proposed Enforcement Regulations provide for an exemption from retail sales for eligible renewable energy resources that are credited to a participating customer pursuant to voluntary

green pricing and shared renewable programs (collectively referenced as “voluntary renewable programs” for these comments) for the purpose of determining a POU’s RPS obligation.

Section 3204(b)(9)(c) of the proposed Enforcement Regulation inappropriately substitutes the terms “**subtract, subtracted, subtraction, subtracting**” (collectively referenced as “**subtract**” throughout remainder of these comments) in place of the terms “**exclude, excluded, exclusion**” (collectively referenced as “**exclude**” throughout remainder of these comments) which are used in public utilities code (PUC) section 399.30(c)(4). In this context, the term “**subtract**” can be misleading and problematic for POUs like SMUD who strongly support the goals of SB 100 and participate in multiple programs that promote renewable energy resources, including the California Air Resources Board’s Voluntary Renewable Electricity Program (VREP). While seemingly minor, this change can result in undesired interpretations of how renewable energy credits (RECs) retired for voluntary renewable programs (and only for this purpose) are being used, and specifically whether RECs are used for multiple programs. Many of these voluntary programs prohibit using RECs for multiple programs, and providing documentation or WREGIS reports to various agencies to help substantiate voluntary program claims should not be interpreted as having retired these RECs for those programs (i.e., RPS, VREP, etc.).

The terms “**exclude**” and “**subtract**” have slightly different meaning, and while we agree that the mechanism/calculation by which the appropriate retail sales are mathematically determined is accomplished by subtracting the “qualifying” voluntary renewable program loads from total retail sales, the “**exclude**” term that is used multiple times in PUC 399.30(c)(4) should be retained in the Enforcement Regulation to ensure that the proper interpretation of this language is not lost.

Voluntary renewable programs can play an important role in meeting the state’s SB 100 goals by promoting renewable energy. For the past three years, SMUD has achieved the second highest participation rate of all utility green pricing programs in the nation. In 2018, SMUD’s voluntary renewable programs served more than one million MWh of load using a combination of portfolio content category (PCC) 1 and PCC 3 RECs. Promotion and expansion of voluntary renewable programs result in greater procurement of renewable resources than would otherwise be procured to simply meet RPS obligations.

SMUD respectfully requests that references to “**subtract**” in §3204(b)(9)(c) be amended to read “**exclude**,” except in any cases that reference the mechanics (formulas) to implement the exclusion.

Treatment of Pre-June 2010 Procurement

The proposed Enforcement Regulation suggests classifying pre-June 2010 procurement based on the length of the original contract, while PCC 0 and historic carryover will be considered long-term regardless of contract length. These contracts are essentially the equivalent of a PCC 0 resource, with the exception that rules were not in place prior to June 2010, allowing them to be certified as an eligible RPS resource. While these resources are technically classified as a PCC 1, 2, or 3, they are treated in the same fashion as a PCC 0 (count-in-full) in the RPS calculations. For example, a pre-June 2010, PCC 3 REC does not count toward the PCC 3 maximum allowance in the portfolio balance requirement (PBR). The resources that fall into the pre-June

2010 category are limited, and a piecemeal approach to classifying this procurement will introduce inconsistency and an unnecessary level of complexity into the LTR program. This approach is further supported by the fact that any remaining contracts under this category will already be 10-plus years in length by the time revised regulations are likely adopted.

SMUD believes that consistency is vital as the RPS program evolves and matures. To that end, pre-June 2010 procurement should also be considered as long-term, similar to treatment of PCC 0 and historic carryover.

CONCLUSION

As always, SMUD appreciates the CEC and their staff's hard work on this matter, and thanks the CEC for this opportunity to provide initial comments on the proposed RPS Enforcement Regulations.

/s/

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