

**SMUD****SACRAMENTO MUNICIPAL UTILITY DISTRICT**
The Power To Do More.™*P.O. Box 15830, Sacramento, CA 95852-1830; 1-888-742-SMUD (7683)***DOCKET****09-IEP-1B**

August 21, 2009

To: Docket 09-IEP-1B

DATE 8/21/2009RECD. 8/24/2009**RE: Comments on CEC Staffs Assessment of Resource Adequacy And Resource Plans of Publicly Owned Utilities In California**

Thank you for the opportunity to provide comments on the California Energy Commission's workshop regarding publicly owned utility resource adequacy and resource plans. SMUD appreciates the work of CEC staff in analyzing the overall resource adequacy of California's publicly owned utilities and the relative success the POUs have achieved in achieving their renewable goals, thereby leading the way towards achieving the state's renewable and climate change goals. SMUD's comments below speak to three general issues with the POU resource adequacy presentation made at the workshop:

- 1) Clarification and correction of the differences between IOU and POU definitions of RPS eligible resources and how these definitions were used in the workshop and may be used in a POU resource adequacy report. SMUD believes that CEC staff should clearly distinguish between definitions, and believes that CEC staff has incorrectly calculated the amount of Energy Commission eligible renewables procured by POUs.
- 2) Clarification and correction of some of the CEC staff information regarding SMUD's resource adequacy and renewable targets and status. In particular, SMUD notes that our successful green pricing program – Greenergy -- should be clearly described and noted as different than our RPS program.
- 3) Clarification and correction of the relative success of POUs and IOUs in increasing the amount of renewables in resource mixes. SMUD contends that POUs have increased procurement of eligible renewables more significantly than the IOUs, and that this difference is expected to continue.

SMUD understands that the State's publicly owned utilities are not required to use the same definition of renewable resources as required in the investor-owned utility (IOU) renewable portfolio standard (RPS). Nevertheless, SMUD's policy is to use the state's definition of eligible renewable in its adopted RPS program. In addition, SMUD has a separate green pricing program – Greenergy, which follows this definition with the

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exception of counting unbundled RECs that are certified by the leading renewable certification program – Green-E. SMUD mentions this here because the workshop would have been more clear if the charts and discussion always indicated whether the state IOU RPS definition or separate POU specific definition is being used, as well as separating clearly the RPS and green pricing efforts of the POUs. As indicated below, SMUD believes that there are some discrepancies among the slides that are related to the differences among RPS eligibility definitions and the cataloguing of renewable resources to those definitions by CEC staff.

Slide 6 includes a listing for Solano wind additions *since 2004* totaling 101 MW in June 2006. SMUD believes that the correct number should be 87 MW in slide 6. We believe that the 101 number includes Solano installations from 2004 and earlier.

Slide 7 in the presentation discusses planned POU capacity additions, and indicates that they are mostly renewable. The slide should clarify that the renewable energy additions represented on the slide are all eligible by the current state RPS definition for IOUs, or indicate through a footnote where a particular resource is deemed renewable via a POU-specific definition. Similarly, slide 8 has slices of resources that include 'renewable contracts' and 'utility renewables', and there should be clarity as to which definition of renewables is being used in these slices, or clarify 'utility renewables' as 'utility owned renewables' if that is the correct meaning. Slide 12 should also have this distinction, including, if possible, for the additional category entitled 'Generic Renewables'. Finally, slide 13 should also make this distinction clear.

In addition, slide 13 contains some slight inaccuracies and would benefit from additional explanation. SMUD notes that its 2008 percentage of renewable resources is actually 19.5%, not 19.7%, and that SMUD's adopted RPS target is 20% by 2010, not 2011. SMUD notes that the numbers on slide 13 reflect SMUD's RPS program, not including its Greenergy program, and would appreciate the inclusion of a footnote indicating that SMUD's 2010 target is actually 23% renewable, with 3% attributed to the Greenergy program. We would like this footnote to properly characterize SMUD's renewable supply since the majority of Greenergy projects are bundled energy & RECs, and are fully eligible for the California RPS.

SMUD believes that slide 14, showing planned growth over time in the 'Energy Commission eligible' renewable resources and 'POU qualifying' renewable resources reflects an inaccurate distinction between the two categories. It is SMUD's understanding that nearly all of the planned growth in POU renewable resources is 'Energy Commission eligible', and SMUD would expect that this category of resources would track the growth in 'POU qualifying' resources rather than growing significantly slower as shown on slide 14. This expectation appears to be reflected on slides 16 and 17, which show little, if any, growth in the category of resources entitled 'POU qualifying' on the charts. In addition, SMUD notes that the planned renewable additions listed on slide 7 appear to be all 'Energy Commission eligible' resources. Finally, SMUD takes

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note of the December 2008 CEC commissioned report entitled: "The Progress of California's Publicly Owned Utilities In Implementing Renewables Portfolio Standards". This report states that recent POU solicitations for new renewable resources "... have focused exclusively on Energy Commission-eligible resource types." (page 17).

On slide 15, SMUD understands that the biomass in fossil referenced for LADWP and Glendale is actually biogas resources, and believes that the CEC should clarify that, in contrast to the impression left by the slide, state RPS rules allow entities to count as renewable energy the portion of electricity from a natural gas fired power plant which is derived from biogas, where that plant has been 'nominated' to use pipeline-quality biogas injected into natural gas pipelines. SMUD has biogas resources that follow this convention, using our Cosumnes Power Plant, and believes that these transactions are fully eligible under the state's RPS definition. In addition, slide 15 suggests that SMUD includes RECs as eligible in its definition of 'qualifying renewable resources'. While SMUD's Greenergy program accepts and uses Green-E certified RECs, SMUD does not include unbundled RECs in the renewable resources that qualify for its RPS. SMUD requests that SMUD's RPS eligibility definition be clarified -- SMUD in fact has an RPS eligibility definition that is the same as that of the state's IOUs, and should not be represented in a chart that implies a difference in definitions.

SMUD believes that Slides 16 and 17 are intended to reflect the same overall renewable definition and pattern of growth, but with different categories making up slices in the charts. However, it appears that there is a discrepancy between the two charts in at least 2008, which should be explored and either fixed or explained.

Finally, SMUD notes that slide 18 suffers from the same apparent confusion about the growth of "Energy Commission-eligible" resources as slide 14. With the growth in these POU resources corrected, SMUD believes that the chart would show that POUs overall plan to continue to procure RPS resources at a faster pace than the IOUs overall.

Historically, SMUD notes that from 2003 to 2008, POUs increased the percentage of their load from RPS eligible resources by over 3% (from 4.8% to 8%), while the IOU portion of sales derived from renewable resources decreased by nearly 2% (from 14% to 12.3%). SMUD suggests that the actual record of POU and IOU renewable procurement is not that the past and future planned procurement is 'on par', but rather that POUs have increased their dependence on eligible renewable resources considerably faster than the IOUs, and plan to continue to do so.

Once again, SMUD appreciates the opportunity to comment on POU resource adequacy and resource plans.

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