

BEFORE THE CALIFORNIA ENERGY COMMISSION**In the matter of:****Preparation of the 2011 INTEGRATED ENERGY
POLICY REPORT (2011 IEPR).****Docket No. 11-IEP-1A****COMMENTS OF THE NORTHERN CALIFORNIA POWER AGENCY
ON THE LEAD COMMISSIONER DRAFT
2011 INTEGRATED ENERGY POLICY REPORT**

The Northern California Power Agency¹ (NCPA) offers the following comments to the California Energy Commission (CEC or Commission) on the *Lead Commissioner Draft 2011 Integrated Energy Policy Report* (Draft IEPR), released on December 6, 2011. Given the wide range of issues addressed in the draft report, these comments focus on two core areas:² the ongoing request for more information and additional metrics regarding energy efficiency, and the integration of bioenergy into a comprehensive renewable energy program analysis.

I. COMMENTS ON THE DRAFT IERP**A. POU Energy Efficiency Reporting**

The Draft IEPR includes several references to the need for “more” and “additional” information in order to assess the effectiveness of POU programs, as required of the CEC by Section 9615 of the Public Utilities Code (Draft IEPR, pp. 53, 55, 57). NCPA disagrees with this

¹ NCPA members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, and the Truckee Donner Public Utility District. NCPA’s Associate Members are the Plumas-Sierra Rural Electric Cooperative and Placer County Water Agency.

² NCPA supports the comments of the California Municipal Utilities Association, in particular, the section regarding the need for the current and future IEPRs to include a robust evaluation of the impacts of new and existing regulations on electric utilities and the need for greater inter-agency interaction between this Commission and other regulatory agencies in implementing the state’s energy policies.

conclusion and maintains that the statutory objectives of SB 1037 (Kehoe, Chapter 366, Statutes of 2005), Assembly Bill (AB) 2021 (Levine, Chapter 734, Statutes of 2006), and AB 758 (Skinner, Chapter 470, Statutes of 2009) continue to be satisfied – including the CEC’s review process – utilizing the extensive amount of data and materials that are already regularly provided to the agency by approximately 40 publicly owned utilities (POUs). Since 2006, NCPA and its public power partners have gone to great lengths to provide a wide range of data related to these programs, including a continuing dialogue with CEC staff regarding content and metrics. This commitment continues today. The CEC has responded positively to these efforts, noting great progress with the breadth of information provided by the public power community. To NCPA, it has not been articulated in any capacity why additional information is needed from the POUs at this juncture to enable the agency to evaluate statewide progress toward meeting the energy efficiency policy objectives set forth by the state legislature in the above mentioned statutes.

Despite the extensive amount of information provided to the CEC from the public power community, in the context of energy efficiency, for example, the Draft IEPR calls for “additional” and “more” information. NCPA does not dispute or negate the CEC’s need for information from the POUs to carry out its statutory requirements³ and appreciates the CEC’s acknowledgement of the need to modify or adjust the E3 tool in order to provide aggregated data and protect POU customer confidentiality (Draft IEPR, p. 55). However, the disclosure of even more detailed information is not necessary to affect the review required under the various statutory provisions.

³ Indeed, NCPA has led the effort to provide a single, comprehensive AB 2021 report to the CEC, recognizing the importance of providing relevant data in a useful format.

Beyond the narrow issue regarding energy efficiency reporting, NCPA has great concerns about the cumulative impacts the variety of energy reporting requirements will have on the ability of utilities across the state to cost-effectively operate their respective programs. Without question, unnecessary reporting requirements place considerable burdens on the strained budgets of public power utilities, not to mention the state agencies that are charged with evaluating the information that is provided. POU's provide the CEC with myriad reports and data annually. However, each year, additional reports are provided to the California Air Resources Board, the California Independent System Operator, as well as other state and federal agencies. Furthermore, with the implementation of Senate Bill (SB) X1-2, the POU's will be called upon to provide even more data and reports in the coming years. While POU's do not object to providing necessary and relevant information to the CEC and other regulatory agencies, it is important to recognize the opportunity cost associated with generating reports that add little value to the development of state energy policies. Rather, NCPA encourages the CEC, in its IEPR, to include a goal of consolidating the reporting between the myriad state agencies in order to achieve greater reporting efficiency. Considerable information that is provided to the various state agencies is already duplicative, adding significant compliance costs to reporting entities and requiring considerably resources from the state agencies charged with analyzing the data. As the Governor recently recognized within the context of State agency reports to the Legislature, it is important to ensure that all information requested and provided is relevant and necessary.⁴

⁴ On December 12, 2011, Governor Brown issued Executive Order B-14-11, aimed at reducing the total number of reports that state agencies provide to the Legislature. NCPA believes that the discussion set forth in EO B-14-11 is parallel to the submission of reports by POU's to the CEC, and as articulated in the EO, the following factors should be taken into account when determining whether the information currently sought is necessary: "Whether the report is the result of a specific budget bill and the required information is no longer timely or relevant; Whether the report is still relevant or necessary given a change in law or circumstances; Whether other sources of information or other reports provide the same or similar information; and Whether interested stakeholders continue to rely on the report, or whether there are other public interests in continuing to prepare the report."

This same charge clearly applies to ongoing efforts to evaluate progress in the area of energy efficiency and the IEPR.

B. Bioenergy and its Role in the 33% RPS

The Draft IEPR discusses the Bioenergy Action Plan (Draft IEPR, p. 175) and provides suggestions for achieving the state's bioenergy objectives. Bioenergy will play a critical role in the ability of the state's electricity providers to reach the 33% renewable portfolio standard (RPS) mandated in SBX 1-2. Accordingly, it is important that the use of bioenergy – a legitimate renewable resource – not be excluded or unduly restricted when determining which fuels are included within the three portfolio content categories articulated in SBX1-2; these resources have a useful and important role in helping the state achieve its renewable energy goals. The renewable strategic plan that will be developed in 2012 as part of the 2012 IEPR Update⁵ is an ideal place for the CEC to include this integrated discussion, and the Draft IEPR should specifically state this.

NCPA urges the Commission to thoroughly review the applicability of these bioenergy resources (in their many forms) in the context of the state's overall greenhouse gas reduction (GHG) and renewable energy strategies and objectives. Electric generation fueled by pipeline biomethane, for example, is properly eligible to count towards the 33% RPS mandate, and should be included in a retail seller's or POU's portfolio content category one requirements. NCPA notes that the use of pipeline biomethane for RPS compliance is an issue that has garnered a great deal of attention over the last year and is currently before the Commission in the

⁵ NCPA supports the development of a comprehensive plan that addresses all facets of providing renewable energy, without focusing only on the 33% RPS mandate. (Draft IEPR, p. 22)

context of revising the CEC RPS Eligibility Guidebooks.⁶ The use of biomethane and biofuel resources provides value and benefits in several different respects, including the fact that they are cost-effective resources that can supplement and replace fossil-fuels in electric generation and do so by utilizing existing waste fuels and infrastructure. Accordingly, rather than be restricted by unrealistic notions of tracking actual molecules of gas, these resources should continue to be recognized as eligible, and additional development should be encouraged. Any revisions to the RPS Guidebooks that would exclude the ability of entities to count as procurement content category 1 electric generation resources that are derived from biomethane and biofuel combustion will adversely impact the state's renewable energy and GHG objectives.

The Draft IEPR lists five key objectives for accelerating the achievement of the state's bioenergy objectives and NCPA supports each of these recommendations:

- Encourage increased bioenergy production at existing facilities;
- Promote and expedite the construction of new bioenergy facilities;
- Promote and encourage the integration of bioenergy facilities;
- Fund research and development; and
- Remove statutory hurdles and streamline the regulatory process.⁷

While each objective is important, the removal of statutory hurdles and streamlining the regulatory process is critical to reaching the state's goals. This objective is also inexorably linked to the RPS in general and more specifically, to enabling retail sellers and POU's to meet the 33% RPS mandate. All viable renewable fuels sources should be considered, and especially those that can be achieved at a reasonable cost and provide ancillary benefits.⁸

⁶ This was evidenced by the number of comments and the amount of feedback the CEC received not only in response to the September 20, 2011 Biomethane Workshop, but during the October 21, 2011 RPS Guidebook Workshop as well.

⁷ Draft IEPR, pp. 176-178.

⁸ Although NCPA does not address *Chapter 1: IEPR Renewable Electricity Status and Issues* in these comments, it

II. CONCLUSION

The IEPR is an important tool for assessing both the current status of California's various energy actions, as well as proposed next steps in advancing the state's energy objectives. It is important that it rely on all pertinent information, without burdening both stakeholders and the Commission with additional review of unnecessary information. NCPA believes that incorporation of the comments set forth herein will go far towards helping to advance these objectives and looks forward to a continued dialogue on these issues. If you have any questions, please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com.

Dated this 22nd day of December, 2011.

Respectfully submitted,



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is important to note a key recommendation set forth in that section: to “*evaluate the cost of renewable energy projects beyond technology costs – including costs associated with integration, permitting, and interconnection – and their impact on retail electricity rates.*” (Draft IEPR, p. 49)