

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

In the matter of:)
)
Developing Regulations and Guidelines) Docket No. 11-RPS-01
For the 33 Percent Renewables) and
Portfolio Standard) 02-REN-1038

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND
POWER TO THE CALIFORNIA ENERGY COMMISSION'S NOTICE TO
CONSIDER ADOPTION OF REVISIONS TO THE RENEWABLES PORTFOLIO
STANDARD ELIGIBILITY GUIDEBOOK AND OVERALL GUIDEBOOK FOR
THE RENEWABLE ENERGY PROGRAM**

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Dated July 3, 2012

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Pursuant to the procedures established by the California Energy Commission (Energy Commission, or CEC), the Los Angeles Department of Water and Power (LADWP) respectfully submits these comments on the CEC's Rulemaking (11-RPS-01) to consider adoption of revisions to the Renewables Portfolio Standard (RPS) Eligibility Guidebook (Guidebook) and the Overall Program Guidebook for the Renewable Energy Program.

I. INTRODUCTION

The City of Los Angeles is a municipal corporation and charter city organized under the provisions of the California Constitution. LADWP is a proprietary department of the City of Los Angeles, pursuant to the Los Angeles City Charter, whose governing structure includes the Mayor, 15-member City Council and five-member Board of Water and Power Commissioners. As the third largest electric utility in the state and the nation's largest municipal utility serving a population of over four million people, LADWP is a vertically integrated utility,

both owning and operating the majority of its generation, transmission, and distribution systems.

As a result of combined regulatory mandates for increased renewable energy, emissions performance standard on fossil fuel generation, energy efficiency, solar rooftops, reduction in greenhouse gas (GHG) emissions, and the elimination of once-through cooling (OTC) for coastal power plants, LADWP is undertaking a utility-wide transformation and making billions of dollars in investments on behalf of its ratepayers to replace about 70% of the energy resources over the next 17 years that it has relied upon for the last 50 years. To name just a few of its long-term goals, LADWP is making investments to contribute to clean air, end its reliance on coal, and stop the use of OTC. Nonetheless, it must do so in a responsible and coordinated manner to ensure continued grid reliability and to minimize unnecessary rate impacts to its customer-owners.

II. General Comments

California's most recent legislation for its RPS Program [Senate Bill (SB) 2 (1X)] requires "each local publicly owned electric utility [to] adopt and implement a renewable energy resource procurement plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources."¹ Since LADWP is a local publicly owned electric utility (POU), it is required to comply with SB 2 1X.

The LADWP would like to take this opportunity to thank the CEC staff for making several key revisions to its RPS Guidebook. Specifically, the clarifications

¹ Public Utilities Code, Section 399.30(a).

made to the type of documentation required (if applicable) for small hydroelectric generation units up to 40 MW in capacity that are operated as part of a water supply or conveyance system and the re-certification approach of aggregated units.

LADWP would also like to thank the CEC staff and Commissioners for their outreach efforts seeking stakeholders' feedback on various important outstanding RPS issues, and for taking the appropriate steps to ensure its Guidebook meets the provisions set forth in SB 2 (1X). However, there are several changes that still need to be made to the revised guidebooks to respect those investments made by utilities in renewable technologies prior to the enactment of SB 2 (1X).

LADWP's comment (or lack of comment) on a particular question should not be interpreted to mean that LADWP is agreeing to CEC's position on any given issue.

III. Clarification on Documentation Request for Small Hydro

The LADWP has a minor concern with the updated language on Page 26, **Section 6 – Other Permits** of the Guidebook, which requests that

*"If no FERC hydroelectric project licenses, permits, or exemptions were issued for the facility, the applicant **must submit documentation explaining** why the FERC project licenses, permits, or exemptions are not applicable to the facility."*

As currently written, it is unclear what documentation the CEC is requesting to satisfy this requirement if the requirement does not apply. The LADWP recommends that the CEC request an explanation rather than documentation with a change in the language from "*must submit documentation*

explaining” to “*must explain*;” With the phrase then reading “... facility, the applicant must explain why the FERC project licenses... are not applicable to the facility.” This comment also applies to Page 28, Bullet 2.

IV. Distributed Generation

LADWP’s Solar Incentive Program (SIP) provides ratepayer-funded incentives for residential and commercial customers to install solar photovoltaic systems on their facilities. The SIP has been in existence for over 10 years, is in full compliance with SB 1 guidelines, and has successfully promoted the installation of over 5,000 solar photovoltaic systems, totaling over 51 Megawatts (MW) of generation capacity.

a. Grandfathering of Existing Meter Installations

As currently written, the RPS Guidebook requires POUs to use the Western Renewable Energy Generation Information System (WREGIS) to track and report, on a monthly basis, the energy generated by RPS-eligible facilities for Renewable Energy Credit (REC) purposes. The current WREGIS Operating Rules² require all original metered data sources for reporting to come from the output of a revenue-quality meter.

To align with this requirement, the LADWP would have to rewire, add meter sockets, reconfigure conduits at about 800 locations to install performance meters where none exists, and finally install approximately 4,000 performance meters so that they are revenue-grade and readable. The cost to meter, record,

² WREGIS Operating Rules, Page 38, Section 9.3.3 Classes H-J. Dated December 2010. Western Renewable Energy Generation Information System. Available at: <http://www.wregis.org/uploads/files/851/WREGIS%20Operating%20Rules%20v%2012%209%2010.pdf>

and report monthly energy production for systems smaller than 10 kilowatts (kW) would rise substantially and is an un-wise expenditure of ratepayer funds for accounting purposes.

LADWP understands that due to late data submittals, this issue was delayed and will be taken into consideration at a later CEC Business Meeting. As such, LADWP wants to re-iterate its full support of grandfathering existing meter installations using performance grade meters and requiring revenue-grade meters for future installations.

V. Limited Certification Process

The CEC proposed a “limited certification process” for Pre-June 1, 2010 contracts on Page 61, as follows:

*“A facility using renewable energy resources that was under contract with, or owned by, a retail seller or POU with the contract or ownership agreement having been originally executed prior to June 1, 2010, and not meeting the eligibility requirements of the current RPS guidebook, may receive a limited certification of the facility so that the electricity procured under that contract or ownership agreement **may be counted** for the RPS if all the following conditions are met:*

- a. The facility was eligible for the RPS under the rules in the RPS Guidebook as of the date when the contract was executed.*
- b. For an electrical corporation, the contract has been approved by the CPUC, even if that approval occurs after June 1, 2010.*
- c. Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.*

A facility meeting the above requirements, but failing to meet the eligibility requirements of the current RPS guidebook, may apply for a limited certification on the CEC-RPS-1 form. A facility receiving a limited certification will be eligible for the RPS only for the duration of the contract or ownership agreement originally executed prior to June 1, 2010;”

The ‘limited certification’ process proposed by the CEC does not align with the provisions and legislative intent set forth in SB 2 (1X) for POU’s. PUC Section

399.16 (d)(1) requires that “the renewable energy resources was eligible under the *rules in place* as of the date when the contract was executed” (emphasis added). For contracts executed by POU’s prior to June 1, 2010, the ‘rules in place’ are the POU’s adopted RPS Policy at the time the contract was executed, not the CEC’s RPS Eligibility Guidebook. As stated above, the Energy Commission’s interpretation of this provision would penalize POU’s that were historically not required to comply with the CEC Certification process.

The Legislature intended to respect those historical procurement decisions made by POU governing boards prior to SB 2 (1X). Further, there is no provision in SB 2 (1X) that provides for an alternate limited certification process for Pre-June 1, 2010 contracts. Had the legislature intended for all existing POU RPS resources to be certified in accordance with the most current edition for the Eligibility Guidebook or be certified through the proposed “limited certification” process, it would have stated it outright, or at minimum, would have never included the language in Section 399.12 (e)(1)(C).

The LADWP recommends that the CEC amend this portion of the RPS Eligibility Guidebook in order to align with the legislative language and intent of SB 2 (1X), which allows for eligibility of Pre-June 1, 2010 resources if such resources were approved by the POU’s governing board.

VI. Conclusion

The LADWP appreciates the opportunity to submit these comments and again reiterates its gratitude to the CEC staff in making several revisions to the Eligibility Guidebook that LADWP raised as a concern in its previous set of comments. The LADWP recommends that the CEC adopt the proposed changes suggested by staff under the premise that more significant changes are taken into consideration in future editions of this guidebook, as this document is fungible. LADWP looks forward to cooperating with the Energy Commission in this proceeding.

Dated: July 3, 2012

Respectfully submitted,

By:



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