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	)	
Portfolio Standard	)	

COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE CALIFORNIA ENERGY COMMISSION'S CONCEPT PAPER ON THE TREATMENT OF STATION SERVICE IN CALIFORNIA'S RENEWABLES PORTFOLIO STANDARD PROGRAM

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Dated: September 20, 2013

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Pursuant to the procedures established by the California Energy Commission (Energy Commission, or CEC) in the Notice of Staff Workshop on Station Service in the Renewables Portfolio Standard Program (Notice) dated August 16, 2013, the Los Angeles Department of Water and Power (LADWP) respectfully submits these comments in response to the CEC's concept paper on how to address electricity used for station service load in California's Renewables Portfolio Standard (RPS) program.

I. INTRODUCTION

The City of Los Angeles is a municipal corporation and charter city organized under the provisions set forth in 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, the fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board). LADWP is the third largest electricity utility in the state, one of five California Balancing Authorities, 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. LADWP has annual sales exceeding 23 million megawatt-hours (MWhs) and has a service territory that covers 465 square miles in the City and most of the Owens Valley. The transmission system serving the territory totals more than 3,600 miles transports power from the Pacific Northwest, Utah, Wyoming, Arizona, Nevada, and California to Los Angeles.

California's most recent legislation for its RPS Program requires:

> "each local publicly owned electric 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 Senate Bill (SB) 2 (1X).

II. LADWP REMAINS COMMITTED TO ITS REGULATORY OBLIGATIONS

As a result of combined regulatory mandates for increased renewable energy, an emissions performance standard on fossil fuel generation, energy efficiency, solar roofs, reduction in greenhouse gas (GHG) emissions, and the elimination of once-through cooling from coastal power plants, LADWP is facing a utility-wide transformation and making billions of dollars in investments on behalf of its ratepayers over the next 17 years to replace approximately 70 percent of the resources that it has relied upon for the last 50 years.

Per SB 2 (1X), LADWP has subsequently amended its RPS Policy to incorporate an Enforcement component[2] and has proactively acquired renewable energy resources such as wind, solar, and geothermal facilities that meet the requirements of the RPS

[1] Public Utilities Code, Section 399.30(a)
[2] As required by the Public Utilities Code §399.30(e)

Guidebooks established by the State of California. LADWP continues to implement renewable resources and is on track to meet the 33 percent renewables target by 2020.

III. COMMENTS

LADWP appreciates the opportunity to comment on the CEC's concept paper. In addition, LADWP supports the comments being filed concurrently by the Southern California Public Power Authority (SCPPA).

The concept paper works as a great resource for understanding the CEC's rationale on station service. However, LADWP is concerned that the CEC does not develop its own position on the definition of station service; the CEC defaults to the existing definition provided in the WREGIS Operating Rules, which states:

> **Station Service:** The electric supply for the ancillary equipment used to operate a generation station or substation.[3]

The applicability of station service is dependent on the interpretation of "ancillary equipment," which can easily encompass a broad array of devices. In the case of geothermal facilities, this definition entangles power utilized for compression and pumping of brine into geothermal wells, which is typically a significant portion of the facilities output.

Pumping and compression of brine at geothermal facilities is associated with the conveyance of thermal energy from the earth, as this operation is currently the only method of extracting power from geothermal resources. This operation is no different than the conveyance of fuel, such as pipeline biomethane, yet geothermal resources are being penalized for such operation.

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[3] WREGIS Operating Rules. Dated July 15, 2013. Available at: http://www.wecc.biz/WREGIS/Documents/WREGIS%20Operating%20Rules.pdf

a. CEC Should Define Station Service on its own

SCPPA has previously attempted to address the use of the broad definition through the Western Renewable Energy Generation Information System (WREGIS) solicitation of comments on their proposed revisions of their Operating Rules. In its comments, SCPPA states that:

> The currently proposed definition of "Station Service" differs from the definition used by the Federal Energy Regulatory Commission (FERC)… The current WREGIS definition of station service is broader than the FERC definition and thus limits the amount of RECs associated with a facility, specifically having a significant impact on geothermal facilities.

In response to SCPPAs comments, the Western Electricity Coordinating Council (WECC) states that:

> WREGIS is not under FERC jurisdiction but rather serves the needs of the "renewable energy' programs and program administrators that utilize WREGIS data and the generators that wish to participate in those programs. The definition that WECC uses is in line with the expressed needs and requirements of the programs that participate. No program has requested WECC to use the FERC definition of Station Service relative to that program's participation in WREGIS or the data available through WREGIS.[4]

WREGIS has already stated that the definition is written in the express interest of the participants, and will not modify the definition unless told to do so. As is, the WREGIS definition is not static: it can be changed, but through request by a participant. Further, WREGIS clearly states that the definitions are in-line with the express needs and requirements of the programs that participate. Therefore, WREGIS is not setting policy for itself but rather looks at its participants for feedback, the CEC being one such participant. So how can the CEC defer the definition of Station Service to WREGIS if at the same time, WREGIS is looking at its participants to set such definition for them?

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[4] WREGIS Operating Rules Comments. Available at: http://www.wecc.biz/WREGIS/Lists/News/Attachments/12/WREGIS%20Operating%20Rules%20Comments%20Matrix.pdf

LADWP recommends that the CEC define Station Service for itself and then provide such definition to WREGIS rather than working in reverse.

b. Consistency with existing definitions

As referenced in the concept paper, the current WREGIS definition of "Station Service" deviates from the definition already used by FERC. FERC has defined station service to be the:

> electrical energy used for the heating, lighting, air-conditioning, and office equipment needs of the building on a generating facility's site, and for operating the electric equipment that is on the generating facility's site.[5]

However, the concept paper does not further reference additional FERC documentation that specifically address station power considerations in geothermal facilities:

> Further, we define that neither pumping energy nor compression energy falls within our definition of station power, as articulated in recent PJM II order. In that order, we define station power as "the electric energy used for the heating, lighting, air conditioning, and office equipment needs of the buildings on a generating facility's site, and for operating the electric equipment that is on the generating facility's site.[6]

> In the April Order, the Commission recertified Ormesa's facility as a 15.22 MW net capacity small power production facility. The Commission found that, consistent with the decision in Geo East Mesa Limited Partnership, the power for the extraction and transportation of geothermal brine is not a necessary and integral part of the production process and, therefore, not auxiliary load.[7]

To ensure consistency in definitions across regulatory agencies, LADWP requests that the CEC either align its definition of station power with the FERC definition, or provide exclusion specifically for geothermal pumps from the definition of station power.

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[5] PJM Interconnection, LLC, 94 FERC 61,251 (2001)

[6] Norton Energy Storage, LLC, 95 FERC 61,476 (June 2001)

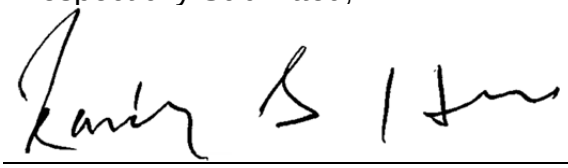
[7] Ormesa LLC, 108 FERC 61,200, Docket No. QF86-681-006 (September 2004)

IV. CONCLUSION

LADWP remains committed to transitioning to a greater usage of a renewable energy resource mix in a cost-effective manner while maintaining grid reliability. LADWP appreciates this opportunity to comment on the concept paper. LADWP looks forward to continue working with the CEC in this proceeding.

Dated: September 20, 2013

Respectfully Submitted,



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