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COMMENTS FROM LADWP TO THE CEC RPS ENFORCEMENT PROCEDURES

Additional submitted attachment is included below.

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

In the matter of:	)	Docket No. 16-RPS-03
	)	
Renewable Portfolio Standard Enforcement	)	Proposed Pre-Rulemaking
Procedures for Local Publicly Owned Utilities	)	Amendments
_____	)	RE: Enforcement Procedures

**COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER TO THE
CALIFORNIA ENERGY COMMISSION ON PROPOSED PRE-RULEMAKING AMENDMENTS TO
ENFORCEMENT PROCEDURES FOR THE RENEWABLE PORTFOLIO STANDARD FOR LOCAL
PUBLICLY OWNED UTILITIES**

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Dated: January 17, 2020

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

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INTRODUCTION

Los Angeles Department of Water and Power (LADWP) appreciates the opportunity to provide comments to the California Energy Commission (Commission) in follow up to the January 10, 2020 Lead Commissioner Workshop on Proposed Pre-Rulemaking Amendments to Enforcement Procedures for the Renewable Portfolio Standard (RPS) for Local Publicly Owned Electric Utilities (POU). The LADWP also acknowledges and supports California Municipal Utilities Association's (CMUA's) Joint POU Comments.

The City of Los Angeles (City of LA) 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 LA, pursuant to the Los Angeles City Charter, whose governing structure includes a mayor, a fifteen-member City Council, and a five-member Board of Water and Power Commissioners (Board). LADWP is the third largest electric 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 within a 465 square mile service territory that covers the City of Los Angeles and portions of the Owens Valley. LADWP's mission is to provide clean, reliable water and power in a safe, environmentally responsible, and cost-effective manner.

SPECIFIC COMMENTS

LADWP organized each section by topic to match with the Key Topics for Lead Commissioner Workshop on Proposed Pre-Rulemaking Amendments to Enforcement Procedures for the RPS for POU.

I. LONG-TERM PROCUREMENT REQUIREMENT

a. Implementation [Section 3204 (d)(1)]

LADWP supports the independent compliance implementation of the long-term procurement requirement (LTR). However, all applicable optional compliance measures should be available for all RPS obligations, including the LTR. Specifically, Delay of Timely Compliance as an optional compliance measure should be available to a POU who incurs an LTR shortfall. Long-term procurement is subject to the same challenges as those stipulated in the Delay of Timely Compliance measure including inadequate transmission and permitting or interconnection constraints.

b. Definition of Long-Term Contract [Section 3204 (d)(2)(A)]

Contracts vary depending on the developer and the utility, and the requirements for procuring renewable energy are increasing, so it is crucial that the Commission remains flexible to best fit the interest of the state's RPS goals. LADWP requests that Commission staff consider that replacement energy be classified as part and parcel of the LTR contract. Replacement energy is a concept in renewable energy contracts that allows the facility to procure renewable energy from other facilities if it is unable to deliver due to the underperformance of the renewable resource and deliver that as replacement energy to the buyer. For example, if a long-term wind contract has targets, such as guaranteed energy that a developer must deliver annually, and the facility cannot meet these targets due to extenuating circumstances, such as much less wind than forecasted, some contracts allow the facility to procure renewable energy from other facilities and deliver that as replacement energy to the buyer along with their associated environmental attributes. Even though the replacement energy was a market purchase and the corresponding attributes may not be coming from the contracted facility, the energy received by the buyer is received within the umbrella of the contract for which such purchase was made. This type of provision is allowed in contracts to provide flexibility to developers in a time of need where their facility or transmission to point of delivery is unable to deliver energy to the buyer. Consequently, the Renewable Energy Certificates (RECs) for replacement energy should be categorized under the terms of the underlying contract.

c. Amendments and Assignments [Section 3204 (d)(2)(A), (d)(2)(F)]

LADWP requests that the Energy Commission remains flexible in its treatment of contract amendments where the intent is to enhance that agreement without impacting the long-term nature of that contract. LADWP proposes that amendments to long-term contracts that result in increases in nameplate capacity or expected quantities or allocations of annual generation should not be treated as new agreements. An increase in nameplate capacity or expected quantities or allocations of annual generation may be due to upgrades by the developer to account for generator degradation or failures, and would serve to preserve the long-term commitment of the contract. This usually would not affect the expected annual generation but may allow the developer to meet their minimum guaranteed generation, which would have been impacted by unforeseen equipment limitations or degradation.

Similarly, LADWP recommends that assignment changes should not affect the classification of contracts regardless of an increase in expected quantities of generation. The assignment of a long-term joint or sole contract would provide the same long-term planning stability of the original contract. Treating an assignment that changes quantities or allocations of generation as a new agreement would discourage POUs from assuming the contract if the energy were to be treated as short-term. This will limit the developer's options of finding a new off-taker for the contract and thus affecting their financial security. LADWP suggests that an increase in energy quantities or allocations due to an assignment should not negatively impact the off-taker and incremental procurement should inherit the long-term treatment of the original contract. Dividing the total procurement into both long-term and short-term classifications would lead to unnecessary reporting burden and complexity.

Amendments that seek to expand existing projects should also inherit the long-term treatment of the original contract. Developers may seek to leverage existing land and infrastructure to expand existing renewable projects, providing significant cost savings and benefits to both the developer and POU. Imposing a regulation that could potentially treat the expansion of a project as a less-desirable short-term contract would discourage further renewable development. Additionally, this proposed treatment could lead to separate portions of the same facility having different long-term/short-term treatments. The accounting of the incremental energy associated with the expansion may be over-burdensome or even infeasible due to technical feasibility or equipment arrangement challenges.

d. PCC0 and Historic Carryover [Section 3204 (d)(2)(D)]

LADWP supports the Commission’s proposal to characterize PCC0 procurement and historic carryover as long-term and counting in full toward LTR.

II. RETAIL SALES AND EXEMPTIONS – VOLUNTARY GREEN PRICING PROGRAM

LADWP believes that the term “reasonable proximity” is not clearly defined in statute and each POU faces unique challenges associated with their geographic location. LADWP supports CMUA’s proposal to allow a POU’s governing board to have discretion in determining “reasonable proximity”.

III. OPTIONAL COMPLIANCE MEASURES

a. Banked PCC2 Excess Procurement [Section 3206 (a)(1)(F)(1)]

POUs previously banked PCC2 RECs with the understanding that those RECs could be applied to any future compliance period, as allowed in the current regulations. To allow POUs the time necessary to align with the proposed change, LADWP supports the proposal to allow banked PCC2 RECs to be applied towards future Compliance Periods 4 and 5, as mentioned by other stakeholders in the Pre-Rulemaking Workshop.

b. Delay of Timely Compliance [Section 3206 (a)(2)]

In regards to transportation electrification, the language listed in this section does match with Public Utilities Code 399.15, but it is unclear what the term “unanticipated retail sales due to transportation electrification” entails. LADWP recommends that discretion be given to a POU’s governing board to determine how to quantify an unanticipated increase in transportation electrification load. POUs differ significantly in size, population density, and prevalence of disadvantage communities. In addition, POUs may have different requirements for metering electric vehicle charging, which may present a challenge to directly measuring load attributed to transportation electrification. Therefore, it is prudent that the Commission allow the governing board of each POU to determine the most relevant baseline for transportation electrification forecasts and means for estimating the actual impact of transportation electrification on retail sales. Potential sources the POUs may elect to estimate impacts may include, but are not limited to, data submitted as part of the CARB Low Carbon Fuel Standard, reports to other Commission programs, or results of load models. Also, allowing each POU to determine the impacts to its load would allow flexibility in advancing progressive policies to encourage EV adoption. For example, a POU that wants to encourage EV adoption in disadvantaged communities could reduce its electric rates in multi-unit apartment buildings and not necessarily require separate meters for EVs or provide an inexpensive flat rate for the EV user so as to avoid charging based on actual metered use.

Additionally, transportation is not the only sector that needs to reduce greenhouse gas emissions. According to Assembly Bill 3232, approximately half of all energy used in buildings in California is in the form of on-site combustion of fossil fuels. To reduce greenhouse gas emissions from building sectors, legislation is also driving building electrification. That is, buildings will convert their consumption to only electricity instead of gas, which could lead to an unanticipated amount of retail sales. As stated in the Commission's Integrated Energy Policy Report latest Draft in Docket 19-IEPR-01, rapid electrification poses significant challenges in the distribution infrastructure. Although Senate Bill 1477 and Assembly Bill 3232 mandates for creating deep energy efficiency in buildings, high demands in electricity are inevitable due to the amount of GHG emission reductions. LADWP recommend that the Commission consider electrification across all sectors, such as building electrification, when determining what scenarios could lead to unanticipated load growth.

IV. COMPLIANCE REPORTING FOR POUs

a. Reporting Deadlines [Section 3207]

Pursuant to the discussions in the Pre-Rulemaking Workshop regarding the proposed deadline for POUs to respond to the Commission's draft Verification Results, LADWP supports the Commission staff's proposal of revising the deadline from 60 days to 90 days. In addition, LADWP appreciates the proposed change to allow a POU to request an extension for a report not submitted by the deadline, as provided for in Section 3207(p).

b. Clarification to Reporting Requirements [Section 3207(m)]

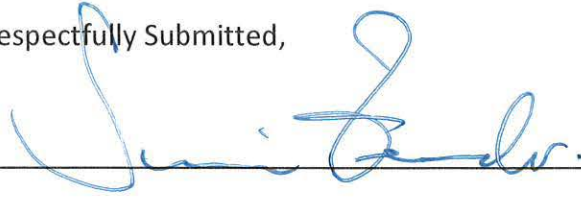
Section 3207(m)(5) refers to the term "zero carbon generation resource." If this section is referring to the legislative term from SB 100, "zero carbon resources", the term should not be defined without considering input from all affected stakeholders.

CONCLUSION

LADWP is grateful for the opportunity to participate in the pre-rulemaking process and looks forward to continue working with California Energy Commission to help shape effective regulations that will benefit the health, safety, and security of all California residents. If you have any questions, please contact myself at (213) 367-2525, or Mr. Scott Hirashima at (213) 367-0852.

Dated: January 17, 2020

Respectfully Submitted,



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