



## Staff Report Item 10

**TO:** East Bay Community Energy Board of Directors

**FROM:** Howard Chang, Chief Operating Officer

**SUBJECT:** Approve Filing of Integrated Resource Plan with California Public Utilities Commission

**DATE:** July 18, 2018

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### Recommendation

Delegate to EBCE Staff authority to make necessary revisions to attached Draft Integrated Resource Plan to ensure Plan meets at CPUC compliance requirements and authorize the CEO or his designee to file the EBCE Integrated Resource Plan with the CPUC on or before the deadline.

### Background and Discussion

EBCE staff proposed to the Board of Directors on June 20, 2018 the intent to file a CPUC-compliant IRP, which is conforming to the CPUC requirements. Working closely with E3 as our primary consultant, staff has prepared the attached IRP document, which exceeds the CPUC's minimum renewable standards and is consistent with the current EBCE Board-approved products and energy portfolio mix.

Summary of IRP background and requirements:

- CPUC recommends a statewide Reference System Portfolio, which targets 42 million metric tons of carbon (MMT), which represents a 50% reduction in GHG from the 2015 levels by 2030.
- All LSEs must submit a conforming portfolio that is consistent with the Reference System Portfolio and consistent with IEPR's load forecast through 2030.
- The IEPR forecast includes assumptions related to local program penetration such as Energy Efficiency, Behind-the meter-PV, and Electric Vehicle Penetration
- LSEs may submit a non-conforming preferred portfolio in addition to the conforming portfolio detailing any changes to the standard assumptions for consideration.
- Each LSE must comply by being at or below a provided LSE-specific GHG emissions benchmark, which is based on a proportion of load. EBCE's provided GHG emissions benchmark is 1.09MMT by 2030.
- As part of the IRP planning process, CPUC issued a GHG accounting methodology referred to as Clean Net Short

- As part of the filing, LSEs must also submit with the IRP details on all existing and forecasted resources
- IRPs must be board approved prior to filing to the CPUC

#### EBCE key assumptions and IRP summary:

- EBCE intends to submit a conforming portfolio and a modified preferred portfolio, which adjusts the load forecasting based off of updates related to phasing, opt-out rates, and customer eligibility.
- Utilizing certain IEPR forecast assumptions, the net load projections result in an annual load reduction of 0.4% after accounting for energy efficiency, behind-the-meter PV and electric vehicle penetration through 2030.
- EBCE is targeting a 6-8% increase to the RPS mandated renewable energy targets with between 85-90% of carbon-free resources
- A mix of short-term REC procurements and medium to long-term renewable energy PPAs is assumed to meet EBCE's renewables target. The proportion of short to long-term contracts is based on an initial ramp-up period during EBCE's initial service years and risk management targets to ensure EBCE is able to address any load migration
- EBCE is explicit in this IRP, that the procurement projections to not represent a commitment on EBCE's part to procure in this fashion. Additional changes may occur based on updated to the IRP and discussions with the board.

#### Timeline of major IRP-related milestones:

- 2/8/18: CPUC final decision on IRP, with templates, but without clarity on GHG accounting
- 2/16/18: CEC final 2017 IEPR load forecasts for CCAs
- 4/3/18: initial CPUC ruling on GHG accounting and GHG targets, with corresponding GHG calculator
- 4/20-4/30: comments and reply comments on CPUC GHG ruling
- 5/14/18: CPUC scoping ruling
- 5/25/18: CPUC to publish Reference Guide
- 5/28/18: second CPUC ruling on GHG accounting and GHG benchmarks + updated templates
- June-July: IRP drafting in progress
- 8/1/2018: compliance filings are due to the CPUC
- Early August 2018: IRP presentations at CPUC workshop
- 9/12/18: stakeholder comments on IRPs due
- 9/26/18 stakeholder responses to comments due
- October: CPUC ruling addressing further proceeding process
- TBD: CPUC to aggregate all of the filings and analyze for GHG and reliability implications
- TBD: potential evidentiary hearings

Due to the compressed nature of this filing timeframe and the early stage of EBCE's current long-term procurement planning, EBCE will propose additional updates to the CPUC-compliant IRP in the ensuing months. EBCE will consult further with the board, CAC, and community and update the IRP with additional details related to renewables procurement targets, GHG emissions, local development, and other goals and priorities related to long-term procurement. Further analysis and review of the OCEI and CA Renewable Energy RFPs will also further assist in this update.

EBCE staff has provided a draft version of the CPUC-compliant IRP filing and intends to continue to edit and revise this version prior to submission on August 1, 2018. Based on formal updates that the CPUC provided through the end of May, staff was engaged with the CPUC and other CCAs in June to fully understand requirements for this first IRP. Staff is requesting the board to approve the provided draft of the IRP submission and allow staff to continue to make updates to the filing to meet all of the CPUC requirements.

### **Fiscal Impact**

EBCE's long-term power procurement plans may have a significant impact to its financial position. The CPUC-compliant IRP is modeled to be consistent with the current projected financials that have been approved by the board, allowing for continued building of reserves and competitive rates. As the IRP is updated, comprehensive financial modeling will be completed to evaluate the financial impacts of any planning decisions.

### **Attachments**

- Attachment A: EBCE Draft IRP
- Attachment B: CPUC IRP Final Decision
- Attachment C: Attachment B Guide to Production Cost Modeling in the IRP Proceeding
- Attachment D: IRP Rulemaking\_16-02-007\_5.25.18
- Attachment E: IRP Rulemaking\_16-02-007\_2.13.18
- Attachment F: 2018 Local Capacity Technical Analysis Final Report and Study Results
- Attachment G: RESOLVE\_CPUC\_IRP\_Inputs\_Assumptions\_2017-05-15
- Attachment H: IEPR Forecast