

SACRAMENTO MUNICIPAL UTILITY DISTRICT
PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978
AS AMENDED BY THE ENERGY INDEPENDENCE AND
SECURITY ACT OF 2007

Staff Report and Proposed Board Determination on the Integrated Resource
Planning Standard

Summary

The Sacramento Municipal Utility District's (SMUD) Board of Directors has made its determination on the Integrated Resource Planning Standard set forth in section 111(d)(16) of the Public Utility Regulatory Policies Act of 1978 (PURPA), as amended by the Energy Independence and Security Act of 2007 (EISAct). The Board considered the Integrated Resource Planning Standard on the basis of its effect on conservation of energy, efficient use of facilities and resources, and equity among electrical consumers, and the objective and requirements of the Municipal Utility District Act (Cal. Pub. Util. Code, § 11501 et seq.).

Statement of Facts

The EISAct was enacted on December 19, 2007, adding several new obligations under Title 1 of PURPA. Among the new obligations, EISAct amended Section 111(d) of PURPA to require each non-regulated utility to consider a new proposed regulatory standard relating to integrating cost effective energy efficiency into resource planning and establishing energy efficiency as a priority resource. SMUD is a covered utility for the purposes of PURPA.

SMUD commenced consideration of the Standard on August 7, 2008, through Board Resolution No. 08-08-04. On Tuesday, November 17, 2009, the Staff Report and Findings on the Integrated Resource Planning Standard was presented and discussed at a public hearing conducted by the SMUD Board at the Policy Committee. Advertising providing notification of the hearing and standards being considered was placed in a local newspaper of general circulation. Data, views, and comments were requested from the public as to the need and desire for SMUD to adopt the Integrated Resource Planning Standard. The Staff Report and Findings were also made available to the public on SMUD's website at <http://www.smud.org> prior to the hearing. The public had an opportunity to comment on Staff findings. Copies of verbatim transcripts of the public hearings and written materials submitted are available for public inspection.

Determination

The SMUD Board of Directors has considered the information contained in the report and the adoption of the Integrated Resource Planning Standard. The Board has determined that its consideration of the Integrated Resource Planning Standard, and the determinations made with respect thereto, are in accord with the provisions of the Municipal Utility District Act and the Public Utility Regulatory Policies Act of 1978, as amended by the EPISAct. The Integrated Resource Planning Standard has been considered in light of the record developed during the proceedings on the standard. The Board recognizes the importance of and concurs in the purpose of conservation of electrical energy, efficiency in the use of facilities and resources, and equitable rates as described in PURPA. These purposes were considered in reaching the determination below.

The Board's determination follows.

I. Standard Under Consideration:

THE INTEGRATED RESOURCE PLANNING STANDARD.

“Section 111(d)(16). Each electric utility shall—

“(A) integrate energy efficiency resources into utility, State and regional plans; and

“(B) adopt policies establishing cost-effective energy efficiency as a priority resource.”

II. Findings:

1. SMUD has adopted Resource Planning Strategic Directive 9 (SD-9) which adopts an integrated resource planning approach and adopts energy efficiency as the first priority for providing its customers with a sustainable power supply.

2. In addition to specifying cost-effective, reliable and feasible energy efficiency and demand reduction resources as a priority resource, the Board of Directors has also adopted annual targets for reducing energy consumption by 15 percent by 2018. The targets are reviewed and revised every three years as necessary.

3. SD-9 was first adopted in May 2004 and was last amended in December 2008. The Board of Directors is expected to adopt additional changes to SD-9 at the November 19, 2009 Board of Directors meeting. (Copy of the proposed new SD-9 is attached.)

4. California Public Utilities Code Section 9615 establishes energy efficiency and demand reduction as a priority resource and requires that each publicly owned utility: (a) establish targets to reduce energy consumption by 10 percent by 2018; (b) reconsider the targets every three years; and (c) report annually to its customers and California Energy Commission on progress in achieving the goals.

5. As adopted by the SMUD Board, SD-9 meets or exceeds the requirements in Section 91615 and is consistent with the Integrated Resource Planning Standard.

III. Determination by the SMUD Board:

The Standard is appropriate for use by SMUD at the present.

Attachment

SMUD BOARD POLICY

Category: Strategic Direction	Title: Resource Planning
	Policy Number: SD-9
Adoption Date: May 6, 2004	Resolution No. 04-05-11
Revision: May 6, 2004	Resolution No. 04-05-12
Revision: September 15, 2004	Resolution No. 04-09-11
Revision: May 17, 2007	Resolution No. 07-05-10
Revision: December 18, 2008	Resolution No. 08-12-15
Revision: November 19, 2009	Resolution No. 09-11-08

It is a core value of SMUD to provide its customer-owners with a sustainable power supply through the use of an integrated resource planning process. A sustainable power supply is defined as one that reduces SMUD’s net long-term greenhouse gas emissions to serve customer load to 350,000 tonnes (10% of its 1990 carbon dioxide emission levels) by 2050, while assuring reliability of the system, minimizing environmental impacts on land, habitat, water quality, and air quality, and maintaining a competitive position relative to other California electricity providers.

To guide SMUD in its resource evaluation and investment, the Board sets the following interim goals:¹

Year	Net Greenhouse Gas Emissions (metric tonnes)
2012	2,608,000
2020	2,318,000

In keeping with this policy, SMUD shall also achieve the following:

- a) Acquire cost-effective, reliable and feasible energy efficiency and demand reduction resources (e.g. distributed storage, direct load management, and time-of-use pricing). Set a goal of reducing energy consumption by 15% by 2018 and

¹ Note: These goals do not take into account the potential impacts of the electrification of transportation.

meet the following milestones (targets shall be reviewed and revised every three years):

<u>Year</u>	<u>Gigawatt Hours</u>	<u>Megawatts</u>
2008	107	28
2009	145	40
2010	175	51
2011	180	53
2012	192	54
2013	195	55
2014	197	55
2015	199	57
2016	206	59
2017	208	59
Total	1804	511

- b) Provide dependable renewable resources to meet 20% of SMUD's load by 2010, and 33% of its load by 2020, excluding additional renewable energy acquired for certain customer programs. In acquiring renewable resources, SMUD shall emphasize local and regional environmental benefits.
- c) Promote cost effective, clean distributed generation through SMUD programs. As part of this policy, SMUD shall continue to be a leader in solar power.

Monitoring Method: GM Report
Frequency: Annual