



**Pacific Gas and
Electric Company**



SOUTHERN CALIFORNIA
EDISON

An EDISON INTERNATIONAL Company



A Sempra Energy utility

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**VIA E-MAIL DOCKET@ENERGY.
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California Energy Commission
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1516 Ninth Street,
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California Energy Commission

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**Re: Joint Utility Comments on the California Energy Commission's Power Source
Disclosure Program Pre-Rulemaking Draft Regulations**

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E), collectively referred to as the investor-owned utilities (IOUs), welcome this opportunity to provide input on the California Energy Commission's (CEC) proposed changes to its Power Source Disclosure Program (PSDP) Regulations (Draft Regulations).¹

I. SUMMARY OF RECOMMENDATIONS

The IOUs strongly support the CEC's effort to update the PSDP Regulations on Electricity Source Generation Disclosure (ESGD) and encourage the CEC to give this issue the highest priority. The IOUs view the Power Content Label as a highly valuable piece of information for electricity customers, particularly when it is used to compare the resource mixes of different retail suppliers. Updating the PSDP regulations to provide *standardization* and *reliability* in the Power Content Label will allow the PSDP to accomplish its purpose of enabling customers to make informed decisions about their energy purchases.

The IOUs offer the following recommendations in order to drive consistent Power Content Label disclosures, as discussed in greater detail in Sections II and III:

1. Limit Renewable Energy Credit Only (REC Only) purchases in the Power Content Label to RECs retired and counted for Renewable Portfolio Standard (RPS) compliance during the previous calendar year;
2. Include all purchases made in the previous calendar year;
3. Set the annual reporting deadline at June 1;
4. Require an independent audit of every retail supplier's Power Source Disclosure report by September 1 of each year;

¹ California Code of Regulations, Title 20, Sections 1390-1394.

5. Specify that energy storage resources should not be included in the Power Source Disclosure reports;
6. Use the term “specified power” rather than “specified purchases” because some energy is generated by resources owned by the retail supplier;
7. Revise references to “certificate number of any WREGIS Certificates” to “WREGIS GU ID;” and
8. Allow flexibility in the wording of email notifications to customers that provide access to the Power Content Label;
9. Include a footnote to address rounding.

II. OVERVIEW

The IOUs’ comments and recommendations are guided by these principles:

1. **Standardization:** Consumer choice should be based on the resource eligibility standards that are applicable to all retail suppliers.
2. **Reliability:** Each retail supplier’s Power Content Label should be a reliable source of information for consumers to make energy choices.

These principles align with the overall purpose of the Power Content Label – to enable consumers to make informed decisions regarding their retail supplier based on standardized, reliable comparisons of resource mixes from the different retail suppliers in California.

Our recommendations provide the customer with multiple benefits and empower informed decision making by:

- Ensuring that data is accurately categorized and summarized;
- Maintaining consistency with State law and policy on the definition of what qualifies for RPS compliance; and
- Reducing potential customer confusion.

The Power Content Label is used not only to inform a consumer about their existing resource mix, but also, in some instances, to help consumers decide which retail supplier they would prefer to provide their energy service. Given this, it is vital that the CEC’s regulations provide clear and complete guidance to retail suppliers so that every supplier publishes a Power Content Label based upon the same methodology for determining its resource mix and the same formula for presenting this information to consumers.

Due to public concerns over greenhouse gas emissions, a key takeaway from the Power Content Label is the percentage of renewable energy resources in each retail supplier’s resource mix. The well-established RPS program is California’s mandatory program for renewable energy procurement by load serving entities (i.e., retail electricity suppliers). The RPS eligibility

requirements are the result of California's strategy for using various categories of renewable resources to reduce GHG emissions. Members of the public reasonably expect that the disclosure of procurement required by state law would follow the state's procurement rules. Thus, the statement of renewable energy resources on the Power Content Label should be consistent with the rules by which renewable energy credits (RECs), in-state deliveries, and out-of-state deliveries count towards RPS goals. Unless every retail supplier's Power Content Label is prepared in accordance with RPS eligibility rules, consumers will not know how their choice of retail suppliers would promote renewable energy in terms of California's renewable energy goals.

III. SPECIFIC RECOMMENDATIONS

1. REC Only Purchases In The Power Content Label Should Be Limited To RECs Retired And Allowed To Be Counted for RPS Compliance During the Previous Calendar Year.

The Draft Regulations propose to include REC Only purchases, which are often referred to as "unbundled RECs", in the Power Content Label. While unbundled RECs are not electricity purchases, they are often used by retail suppliers for RPS compliance purposes. The IOUs recommend that if REC Only purchases are included in the Power Content Label, their inclusion must be consistent with RPS program limitations on the use of RECs for RPS compliance. Inclusion of REC Only purchases beyond what is allowed under RPS compliance would be in direct conflict with California policy on the use of RECs.

Due to the lack of clear guidance in the PSDP Regulations on this issue, it has been challenging for retail suppliers to determine whether to include the purchase of unbundled RECs and how those purchases impact the resource mix represented on the Power Content Label. The IOUs appreciate the CEC's attention to this issue and make several recommendations for modifications to the Draft Regulations in order to align the PSDP with state policy on the use of unbundled RECs for RPS compliance.

Only unbundled RECs that are ultimately used for RPS compliance should be in the power source disclosure reporting. In particular, this is consistent with representing REC Only purchases as a *sub-category* of the eligible renewable category as proposed in Section 1393(c)(1)(B). This will avoid the appearance of renewables procurement when the procured item is not recognized as counting toward the reporting entity's renewables obligation under state law.² The Draft Regulations regarding REC Only purchases must be modified to align with established rules for the counting of unbundled RECs for RPS compliance.

a. RECs Should Be Reported In The Year They Are Retired to Count Toward RPS Compliance.

Unbundled RECs may be purchased in one year (e.g., 2015), retired the next year (e.g., 2016), but designated for the prior reporting year for the purpose of RPS compliance.³ The IOUs

² Public Utilities Code (PUC) Section 399.16 limits the use of unbundled RECs to 25 percent for the compliance period ending December 31, 2013, 15 percent for the compliance period ending December 31, 2016, and 10 percent thereafter.

³ PUC Section 399.21(a)(6).

recommend that REC Only purchases be included in the power source disclosure in the year the retired REC is designated for RPS compliance purposes. This should create an audit trail so that RECs are not sold after being included in the Power Content Label and thus potentially double counted by another retail supplier.

The following amendments and additions to the Draft Regulations are needed to reflect these recommendations:

Amend Section 1393(c)(1) to state:

(1) The fuel type attribute of the specific electricity product procured during the previous calendar year ***and the REC Only retirements designated for the previous calendar year for the purpose of RPS compliance as allowed under PUC Section 399.16.***

Add the following sub-section in 1393(c)(1) (between the currently proposed sub-sections F and G):

(G) Information included in the Power Content Label from subdivision (c)(1)(B)(7) of this section shall be based on REC Only retirements designated for the previous calendar year and shall be limited to those retirements made for the purpose of RPS compliance as allowed under PUC Section 399.16.

Amend Appendix A Section (f)(4) to state:

(4) The last footnote shall be included at the bottom of the box containing the Power Content Label, which shall appear as: “The REC Only ~~energy resource~~ ***subcategory*** refers to Renewable Energy Credits that were ~~purchased~~ ***retired*** by a retail seller and does not represent actual ~~generated electricity~~ ***delivery to or consumption in California.***”

b. REC Only Purchases Should Not Distort The Reporting Of Procurement Of Energy From Eligible Renewable Resources.

The second concern that the IOUs have with the draft language pertaining to REC Only purchases is the proposed method by which REC Only purchases “replace” other sources of power in the Power Content Label. The IOUs recommend that the REC Only resources replace unspecified sources of power, natural gas, and coal in that order. This is a reasonable order to use when replacing power generation with REC Only purchases as it represents the least to most emission-intensive carbon-emitting resource categories included in the power content label. The IOUs also recommend that the adjustment to account for net purchases exceeding retail sales be made only to specific resources that are not “eligible renewable” to ensure that eligible renewable purchases reflect RPS compliance as closely as possible. This is necessary because RPS compliance targets reflect a percentage of total retail sales, not total energy purchases and generation. The following amendment to the regulations reflects these recommendations:

Amend Section 1393(c)(1)(C) to state:

(C) Purchases of unspecified sources of power, natural gas, and coal, in that order, shall be reduced by the REC Only retirements. Following this adjustment, for each electricity product, the percentage of each fuel type category or subcategory that is specified shall be calculated by dividing net purchases of each fuel type by total retail sales. If total net purchases differ from total retail sales, a ratio for the difference

between total net purchases and total retail sales *less net eligible renewable and unspecified purchases* shall be applied to *each non-renewable-eligible and unspecified* fuel type category or subcategory, then the product divided by total retail sales, as shown in the following formula:
$$\frac{[(\text{total retail sales} - \text{eligible renewable net and unspecified purchases}) / (\text{total net purchases} - \text{eligible renewable net and unspecified purchases})] (\text{purchases for specific non-eligible renewable fuel type category})}{(\text{total retail sales})}$$

2. The PSDP Regulations Should Require The Reporting Of All Purchases Made In the Previous Calendar Year.

While the Draft Regulations are clear that all reported purchases, specified or unspecified, must be from the previous calendar year, the regulations do not clearly require the *inclusion* of all purchases, specified or unspecified, made in the previous calendar year.

The following sub-section text should be added between the currently proposed sub-sections (c) and (d) of section 1393 for clarification:

(d) Each retail supplier shall disclose all purchases made in the previous calendar year.

3. Energy Storage Resources Should Not Be Included In the Power Source Disclosure Reports.

The Draft Regulations do not address how storage resources should be treated for the purpose of power source disclosure reporting. For example, currently, PG&E categorizes the Helms pumped hydro plant as a “Large Hydro” resource and reports both the generation (i.e., discharge) and the consumption (i.e., pumping load served by the grid). Upon further consideration, the IOUs recommend that the CEC clarify that storage resources should not be included in the Power Source Disclosure report. The rationale behind this approach is that storage technologies are non-generating resources used to store energy for use later in the day, not to directly produce electricity for customer consumption.

4. All Retail Suppliers Should Be Required To Have An Independent Audit Completed On Their Power Source Disclosure Report By September 1 Of Each Year.

Public and non-public entities are not treated consistently with regards to auditing the Power Source Disclosure reports. The IOUs’ Power Source Disclosure reports must be independently audited on an annual basis, while those of public entities are not subject to any audit so long as its “board of directors approves at a public meeting the submission to the CEC of an attestation of the veracity of the annual report” (Section 1394(b)(2)). The IOUs recommend that all retail suppliers meet the same level of review and validation through an independent audit. For this reason, Section 1394(b)(2) should be removed from the Draft Regulations.

The IOUs also recommend that the deadline for submitting the audit identified in Section 1394(b)(1) be changed from October 1 to September 1. This will allow sufficient time to provide audited results in the annual disclosures by October 1 of each year as identified in Section 1393(b)(2).

5. The Reporting Deadline Should Be June 1.

The Draft Regulations propose an April 1 reporting deadline. Currently, reports are due to the CEC on June 1. It is important to retain this deadline so that retail suppliers have sufficient time to prepare the reports following the final receipt of metering data in mid-March.

The IOUs provide the following suggested amendment to the regulations to reflect this recommendation:

Amend Section 1394(a)(1)

(1) On or before ~~April 1~~ **June 1** of each year, each retail supplier shall provide a filing to the Energy Commission, providing the information identified in subdivision(a)(2)(A)-(E) below for each electricity product.

6. The Rules For Notifying Customers Of The Availability Of The Power Content Label Should Be More Flexible.

Section 1393(d)(3) would require any power source disclosure provided to consumers by electronic mail to specifically include introductory language containing the phrase "View (*utility name*)'s Power Content Label". For example, currently, PG&E customers are provided a link that reads "Click below to view the recent bill inserts including any legal and mandated notices. www.pge.com/billinserts". This link directs customers to a web page that contains the Power Content Label, among other bill inserts. The IOUs recommend that the Draft Regulations be amended as follows to remove the strict requirements on how the Power Content Labels are provided to consumers via electronic mail:

Amend Section 1393(d)(3)

(3) In any disclosure provided to consumers by electronic mail, the mail message shall contain the Power Content Label or a direct link to a Web page that contains the Power Content Label. ~~The link directing consumers to the Power Content Label shall be preceded by introductory language containing the phrase: "View (*utility name*)'s Power Content Label."~~ The link and introductory language shall appear in a type size no smaller than 10 point.

7. A Footnote Should Be Included In The Power Content Label To Address Rounding.

Appendix A Section (e)(4) notes that "[t]he fuel mix information shall be rounded to the nearest percentage, expressed using a percent sign. The final row of this column shall read '100%'." Given that rounding can lead to totals that do not equal 100 percent, the IOUs recommend the following language be added to allow for a footnote to the Power Content Label when such instances occur.

Amend Appendix A Section (e)(4) as shown:

(4) The second column shall display the fuel mix information for the previous calendar year for the electricity product being sold. The first row of the second column shall display a heading of the product name, bolded and in all capital letters. The subsequent

rows of the column shall display the fuel mix information for the electricity product being sold. The fuel mix information shall be rounded to the nearest percentage, expressed using a percent sign. The final row for this column shall read "100%." The percentages for the categories shall be aligned and displayed in bold, and the percentages for the eligible renewable subcategories, if any, shall be aligned to the right of the percentages for the categories. ***If the values do not sum to 100% due to rounding, a footnote should be included in the Power Content Label that states that "values do not sum to 100% due to rounding."***

8. The PSDP Regulations Should Use the Term Specified Power Rather Than Specified Purchases To Recognize That Some Resources Are Owned By The Retail Supplier.

The PSDP regulations use the term "specific purchase" to refer to power tied to specified generation resources. This term implies that all resources are purchased by the retail supplier and therefore does not account for resources owned by a retail supplier, such as utility-owned generation. The IOUs recommend that all references to "specific purchase" be revised to "specified power".

9. References To "certificate number of any WREGIS Certificates" Should Be Revised to "WREGIS GU ID".

The IOUs recommend that the WREGIS GU ID be reported in the Power Source Disclosure report rather than individual certificate numbers (i.e., serial numbers). Individual certificate numbers are tied to individual megawatt-hour REC units. Therefore, reporting in this manner would be overly burdensome. The IOUs recommend that all references to "certificate number of any WREGIS Certificates" be revised to "WREGIS GU ID" which is consistent with how suppliers have generally been reporting this information for this purpose.

IV. CONCLUSION

The IOUs thank the CEC for the opportunity to submit these comments on the proposed amendments to the PSDP regulations. CEC's extension for submitting comments on the Draft Regulations suggests that there is more interest among stakeholders than shown at the May 28 workshop. The IOUs recommend that following the receipt of all comments, the CEC should schedule a workshop to allow for full stakeholder participation. The IOUs look forward to continuing to work with the CEC to ensure the successful implementation of these regulations.

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Sincerely,

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