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January 14, 2015

Robert Weisenmiller, Chair
 California Energy Commission
 1516 Ninth Street
 Sacramento, CA 95814

California Energy Commission DOCKETED 14-RPS-01
TN # 74333 JAN 20 2015

Dear Chairman Weisenmiller,

Silicon Valley Leadership Group urges the CEC to recategorize Renewable Energy Credits (RECs) associated with Distributed Generation energy as “Bucket One” for purposes of publicly owned utility (POU) compliance with California’s Renewables Portfolio Standard (RPS).

The Silicon Valley Leadership Group, founded in 1978 by David Packard of Hewlett-Packard, represents more than 390 of Silicon Valley’s most respected employers on issues, programs and campaigns that affect the economic health and quality of life in Silicon Valley, including energy, transportation, education, housing, health care, tax policies, economic vitality and the environment.

Under the RPS, the state’s POU’s are required to meet a minimum of 33% of their retail sales using renewable energy by 2020. State policy currently divides the compliance instruments with which utilities can meet their RPS goals into three Portfolio Content Categories, or buckets. Bucket One includes renewable energy generation systems that are directly connected to a California Balancing Authority, directly connected to a distribution network that serves California end-use customers, or renewable resources that are scheduled directly into a California Balancing Authority. Bucket Two includes incremental deliveries of “firmed and shaped” renewable energy scheduled into a California Balancing Authority. Bucket Three is all other renewable resources that do not qualify for Buckets One or Two.

Statute dictates that only a small portion of a utility’s compliance obligation can be met by Bucket Three resources. In contrast, the large majority of a utility’s compliance has to be from Bucket One resources. As a result, Bucket Three resources are of substantially less value than Bucket One resources in the RPS compliance market. Additionally, a number of cities have indicated this policy prevents them from pursuing promising and otherwise viable local renewable energy projects because they are unable to count these projects toward their RPS goals.

CEC regulation currently designates RECs generated by behind-the-meter distributed generation facilities, like rooftop solar, as a Bucket Three resource. Given that the underlying systems meet all of the requirements to be considered a Bucket One resource, we believe the CEC has the opportunity to revisit that decision and treat the RECs associated with customer side of the meter DG facilities as Bucket One resources. We encourage the Commission to do so for the following reasons:

- 1) This would reduce the cost of compliance for utilities and ratepayers by increasing the supply of available compliance tools within the program;

- 2) This would help California achieve the Governor's goal of 12,000 MW distributed generation as well as facilitate his recently announced target of 50% renewable generation by 2030;
- 3) It would align California with other states and jurisdictions – only in California does renewable energy generated on a rooftop to serve onsite load not receive equal treatment to renewable energy generated by a utility scale project for RPS compliance purposes.

We urge the CEC to take this action at your earliest possible convenience. Please do not hesitate to reach out to me for any questions you may have about this issue.

Best regards,



Tim McRae
Senior Energy Director

Cc: Governor Jerry Brown
Commissioner David Hochschild
Commissioner Karen Douglas
Commissioner Janea Scott
Commissioner Andrew McAllister
Cliff Rechtschaffen, Office of Gov. Brown
Martha Guzman-Aceves, Office of Gov. Brown