



California Energy Commission

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April 8, 2015

California Energy Commission
Docket Office, MS-4
Docket No. 14-RPS-01
1516 Ninth Street
Sacramento, CA 95814

Submitted via email to: docket@energy.state.ca.us

Re: Docket No.14-RPS-01 – Modification Of Regulations Establishing Enforcement Procedures For The Renewables Portfolio Standard For Local Publicly Owned Utilities

Dear California Energy Commission:

The Large-scale Solar Association (“LSA”) appreciates the opportunity to provide the California Energy Commission (“Energy Commission”) with comments on the Modification Of Regulations Establishing Enforcement Procedures For The Renewables Portfolio Standard (“RPS”) For Local Publicly Owned Utilities (“POUs”) (the “Proposed Regulations”), which were noticed on March 27, 2015.

LSA regrettably opposes several of the changes in the Proposed Regulations. Principally, LSA is concerned with the proposed changes to the definition of a bundled product. This change is troubling as it begins to unwind the established counting regime of renewable energy credits (“RECs”). By focusing on ownership and disregarding how the RECs are counted and accounted for, the new definition fails to acknowledge that this approach will result in double counting of kWhs that are utilized to meet on-site load. This is because typically the on-site load served by on-site generation is not included in the utilities’ retail sales. By allowing this generation to qualify as a bundled product (or Product Content Category 1, “PCC 1”) the Commission will be double-counting this generation. LSA raised this concern in response to this proposal last year and is disappointed that the Proposed Regulations do not address or acknowledge either in the Proposed Regulations themselves, or in the Initial Statement of Reasons or Fiscal Impact Statement and Assessment the extent to which this change will impact the existing compliance structure and integrity of the REC market.

While LSA appreciates the POU’s desire to be credited for generation it owns, LSA cannot support changes that in addition to double counting set markedly different standards for POUs and investor owned utilities and for different types of onsite load. The 33 percent RPS program is already well into its second compliance period and the Proposed Regulations, instead of clarifying these rules, fundamentally alter them in a manner that is disruptive to the market and undermines existing RPS contracts. When this change was first proposed last year, LSA

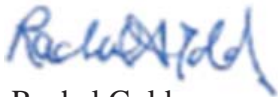
recommended the Commission take a different approach to help clarify this area of the regulations. Instead of focusing on ownership, LSA recommended the Energy Commission align the Proposed Regulations with the fundamental structure of SBX1-2, which is based on the utilities retail sales and the metering of the generation in question.¹ We reiterate that request here. However, should the Energy Commission move forward with this proposed change, it should require the POUs to add the on-site load served by these projects to its overall retail sales for the purposes of the RPS, in order to retain the integrity of REC accounting and of tracking real progress towards meeting the RPS goals.

LSA also has concerns with the proposed changes to the averaging of hydro generation. The Proposed Regulations appear to soften the regulations to ensure the same outcome despite changing conditions. California's extreme drought represents an important opportunity for POUs, who have in the past qualified for an exemption, to procure RPS eligible generation to replace the generation lost due to lack of hydro resources. However, the Proposed Regulations instead relax the standards by proposing to average hydro production on a 20-year rather than a seven-year basis – essentially giving these utilities a pass on the RPS Program.

LSA urges the Energy Commission to revisit and revise this proposal with the aim of focusing on how to best support robust POU procurement of renewables, consistent with other retail seller rules, in a way that encourages not only the development of sustainable, clean and cost-effective renewable energy, but real progress towards the state's overall GHG reduction goals.

LSA appreciates the opportunity to provide these comments on the Proposed Regulations and looks forward to working with the Energy Commission on these important issues.

Sincerely,



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cc: Chair Robert Weisenmiller
Commissioner Karen Douglas
Commissioner David Hochschild
Commissioner Andrew McAllister
Commissioner Janea Scott

¹ LSA Comments on the Pre-Rulemaking Draft Amendments to Regulations for Enforcement Procedures for the RPS for the Local POUs (July 28, 2014).