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California Energy Commission

**DOCKETED**

**14-RPS-01**

**TN # 75730**

**MAY 11 2015**

**Docket No.: 14-RPS-01 RPS Proceeding**

**Comments of the City and County of San Francisco's Public Utilities Commission (SFPUC) on Proposed Modification of Regulations Establishing Enforcement Procedures for the Renewables Portfolio Standard (RPS) for Local Publicly Owned Electric Utilities**

Dear Sir/Madam,

The SFPUC appreciates the opportunity to comment on the California Energy Commission's (CEC's) proposed revisions to the regulations governing California's publicly-owned utilities (POUs) compliance with the RPS requirements.

Our comments are limited to the following issues.

20-Year Averaging Period for Determining Section (j) Eligibility (Section 3204(a)(7)(C))

Under the SFPUC's alternative compliance obligation, provided that the SFPUC receives "greater than 67 percent of its electricity sources from hydroelectric generation" it is only required to "procure eligible renewable energy resources, including renewable energy credits, to meet only the electricity demands unsatisfied by its hydroelectric generation in any given year, in order to satisfy its renewable energy procurement requirements."<sup>1</sup>

In its regulations implementing this requirement, the CEC uses the seven year average of hydroelectric generation preceding the start of each compliance period to determine if the SFPUC met its 67% eligibility requirement.

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<sup>1</sup> Public Utilities Code Section 399.30(j)

In the proposed regulations, the CEC proposes to use the preceding twenty year average of hydroelectric generation to determine the SFPUC's 67% eligibility. As the CEC explains in its Initial Statement of Reasons (ISOR):

While seven years is not an inappropriate averaging period under Public Utilities Code section 399.30 (j), the better averaging period is twenty years, because it will capture more fluctuations in production from the facility as a result of drought years. As discussed below, the twenty year averaging period is consistent with the requirements in the Energy Commission's RPS Eligibility Guidebook for purposes of calculating incremental electricity generation from a hydroelectric generation facility. (ISOR, p. 7)

The SFPUC supports the use of the twenty-year average as it better aligns with the long-term historical average production from hydroelectric facilities taking into account not only drought conditions but also years of above-average precipitation.

The SFPUC proposes the following clarification to the justification contained in the ISOR.

While seven years is not an inappropriate averaging period under Public Utilities Code section 399.30 (j), the better averaging period is twenty years, because it *better reflects the long-term historical production by balancing out* ~~will capture more~~ fluctuations in production from the facility as a result of drought years *and years of above-average precipitation.*

The SFPUC also appreciates that the twenty-year eligibility requirement only applies prospectively, starting with the next RPS Compliance Period (2017-2020).

#### Definition of "Bundled" Electricity Product Section 3201(e)

The CEC is proposing clarifications to the definition of a "bundled" electricity product primarily to address the Portfolio Content Category (PCC or "Bucket classification") of distributed generation. The result of these clarifications is to classify significant amounts of local, primarily roof-top solar distributed generation as a lower-valued "unbundled" PCC3 electricity product. The PCC3 categorization puts distributed generation at a significant disadvantage relative to larger-scale utility-sized solar installations which may require a larger geographic footprint and extensive transmission upgrades, and which do not provide local economic benefits.

## SFPUC Comments on CEC Proposed POU RPS Rules

In previous filings before the CEC, the SFPUC has strongly supported rules to allow local distributed generation to be classified as PCC1 and fully-valued toward meeting California's RPS requirements.

The SFPUC does not support these proposed changes and supports the comments of the California Municipal Utilities Association (CMUA) on this issue.

### Conclusion

Thank you for the opportunity to comment. Please feel free to contact me at (415) 554-1526 for any additional information.

Sincerely,

/s/ James Hendry

James Hendry

Acting Manager, Regulatory & Legislative Affairs

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