

July 21, 2015

California Energy Commission
Docket No. 14-RPS-01
Docket Unit
1516 Ninth Street, MS-4
Sacramento, CA 95814-5004

California Energy Commission

DOCKETED

14-RPS-01

TN # 76066

JUL 21 2015

Re: Docket No. 14-RPS-01
PG&E's Comments on Modification of Regulations Establishing Enforcement
Procedures for the Renewables Portfolio Standard for Local Publicly Owned Utilities

Pacific Gas and Electric Company ("PG&E") respectfully submits its Comments on the "15-day Language" in response to the

**Notice of Changes to Proposed Regulations, Notice of Hearing, and Notice of 15-Day
Comment Period Regarding Modification of Regulations
Establishing Enforcement Procedures for the Renewables Portfolio Standard
for Local Publicly Owned Electric Utilities**

of the California Energy Commission's ("CEC" or "Energy Commission") dated July 6, 2015.

The purpose of this proceeding is twofold – to implement Senate Bill ("SB") 591 and to clarify existing provisions in the RPS regulations. PG&E commented on the Express Terms during the CEC's April 9, 2015 workshop and submitted comments on April 30, 2015 which focused on three primary issues.

PG&E's overarching interest in the CEC's renewables portfolio standard ("RPS") enforcement procedures for Publicly Owned Utilities ("POUs") is to ensure that the Enforcement Procedures are consistent with law and provide a level playing field for RPS compliance by both POU and Investor-Owned Utilities ("IOUs"). PG&E has stated its concerns consistently throughout this proceeding because deviations from the RPS statute and differences between POU and IOU compliance requirements may result in unintended consequences on the services and customers of POUs and IOUs.

PG&E has reviewed the 15 Day Language and notes two outstanding concerns:

- (1) Section 3201- Definitions (e) "Bundled" should be revised.

The following sentence converts the renewable energy credits (“RECs”) produced by a POU-owned resource located behind the customer’s meter into a Portfolio Content Classification (“PCC”) 1 resource.

For example, if the POU claiming an electricity product owns the associated eligible renewable energy resource, then all electricity products, including those associated with electricity consumed onsite, may be considered bundled electricity products.

A POU is required to adopt procurement requirements consistent with Section 399.16 (Public Utilities Code Section 399.30(c)(3). A PCC1 resource is a “bundled” resource consisting of energy from an eligible renewable resource delivered into California and its associated RECs, as opposed to an unbundled REC, which is a PCC3 resource. (Pub. Util. Code Sec. 399.16(b).) PCC1 resources have higher compliance values than PCC3 resources. (Pub. Util. Code Sec. 399.16(c).) By allowing POUs to convert RECs from behind the meter energy that is consumed by the POU customer, rather than delivered into the California grid, this definition of “bundled” gives POUs an advantage over IOUs that is unsupported by the law.

This foregoing sentence should be stricken from the final definition of “Bundled” prior to enactment.

(2) The regulations pursuant to Public Utilities Code Section 399.30(k) concerning “qualifying hydroelectric generation” should be revised.

The regulations must be consistent with SB 591, which requires that in order to qualify for the counting exemption, Modesto Irrigation District (“MID”) must (1) actually receive the generation from its facility, and (2) demonstrate that it has served 50% or more of its sales with its large hydro facility during each compliance period, if not every year. PG&E incorporates its previous recommendation on this issue by this reference.

- a. MID must apply the generation from its hydroelectric facility toward its own load for each period in which it seeks an exemption for its Renewables Procurement Balance.
- b. MID must serve at least 50% of its load with NED generation during each compliance period in which it seeks exemption from its RPB.

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PG&E appreciates the CEC staff's dedication to the fair and consistent implementation of the renewables portfolio standard. The final regulations should incorporate PG&E's recommendations, as provided here and at the CEC's NOPA workshop, to ensure fidelity to the RPS statutes and consistent treatment of the IOUs and POUs responsible for carrying out the state's renewables mandate.

Sincerely,

/s/

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