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Comments on the Preliminary Scoping Questions on Power Source Disclosure Regulations 16-OIR-05

Additional submitted attachment is included below.

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VIA ELECTRONIC SUBMISSION AND MAIL

March 15, 2017

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Liberty Utilities (CalPeco Electric) LLC Comments on the Preliminary Scoping Questions on Power Source Disclosure Regulations 16-OIR-05

Liberty Utilities (CalPeco Electric) LLC ("Liberty CalPeco") hereby submits these comments on the California Energy Commission ("CEC") Preliminary Scoping Questions on proposed changes to the Power Source Disclosure ("PSD") program regulations required by Assembly Bill 1110. Liberty CalPeco appreciates this opportunity to comment.

Liberty CalPeco is an investor-owned electric utility that serves approximately 49,000 customers in the Lake Tahoe area of California. Liberty CalPeco has limited electrical connections with the rest of California and is not a part of the electrical grid controlled by the California Independent System Operator Corporation ("CAISO"). Instead, Liberty CalPeco is part of NV Energy's multi-state balancing authority area ("NV Energy Balancing Authority"). Liberty CalPeco has procured essentially all of its electrical energy, including its renewable energy, from NV Energy. Beginning in February 2017, Liberty CalPeco began procuring a substantial portion of its energy and satisfying its Renewable Portfolio Standard ("RPS") requirements by the generation provided by its 50 MW Luning solar Project ("Luning Project").[1] Furthermore, California Public Utilities Code Section 399.17 exempts Liberty CalPeco's RPS procurement from the Portfolio Content Categories ("PCC") requirements enumerated in Section 399.16.[2]

Liberty CalPeco has a relatively small customer base when compared to California's largest investor-owned utilities ("IOUs"). Thus, the intricacies of various regulatory programs and the associated compliance, reporting and verification requirements, result in a disproportionately larger administrative burden on a per-customer basis than is realized by California's largest IOUs. As a result, the Legislature, in adopting regulatory requirements, and the CEC and the CPUC in implementing regulatory requirements, have recognized these differences.[3] The CEC should continue to recognize the different requirements that apply to Liberty CalPeco based on its unique characteristics, as well as minimize the disproportionate impacts it bears due to various regulatory programs.

[1] *See* D.16-01-021.
[2] *See* D.11-12-052, mimeo at 63.
[3] *See* e.g., RPS program.

Liberty CalPeco comments on the Preliminary Scoping Questions below. However, in general, Liberty CalPeco requests that the CEC collaborate with the California Public Utilities Commission ("CPUC") and the Air Resources Board ("ARB") when updating the PSD program to ensure consistency across regulatory agencies and procurement programs. Providing such consistency will lessen administrative burdens, simplify reporting for load serving entities ("LSEs") and streamline verification efforts by regulatory agencies.

I. Responses to Preliminary Scoping Questions

<u>Annual Sales</u>

1. *What should be the programmatic definition of "annual sales"?*

The programmatic definition of "annual sales" should be the retail load of electric generation directly served to end-use, ultimate customers by an LSE for the year for residential, commercial, and industrial end-use purposes. The definition should exclude wholesale electricity sales to other LSEs.

2. *What should be the programmatic definition of "electricity portfolio"?*

The programmatic definition of "electricity portfolio" should include the assortment of procurement from different sources used by an LSE to make its "annual sales" (i.e., to serve its retail load).

3. *What should be the programmatic definition of "electricity offering"?*

The programmatic definition of "electricity offering" should include the portfolio of procurement used to serve a specific category of customers.

<u>RECs</u>

1. *Should retail suppliers be required to report the purchase of eligible renewable energy resources based on the year that the renewable electricity was generated or based on the year that the REC is retired, if the two years differ?*

The PSD report submitted by retail suppliers should reflect actual procurement for the year, and the actual year the REC is retired. In order for a REC to be counted towards the RPS program, the REC must be retired by the LSE claiming the REC. However, RPS requirements provide flexibility to LSEs with respect to retirement timing, allowing RECs to be retired up to 36 months after the RECs are generated. Accordingly, RPS compliance reporting reflects REC retirement data. Similarly, to the extent that an LSE claims an RPS Adjustment under the ARB's Cap-and-Trade program, that adjustment is based on REC retirement data.

The PSD report (or Power Content Labels) may differ from RPS compliance reports. This could make reporting at various agencies (e.g., CPUC, CEC, and ARB) more complicated. Liberty CalPeco would like to encourage consistency across all agencies to ensure that RPS reporting at the CEC and CPUC does not conflict with GHG reporting at the ARB. Thus, any regulations the CEC develops should recognize the nuances of the various other regulatory programs and reporting obligations. Therefore, to provide consistency between the CPUC, ARB, and CEC, and between the RPS, GHG, and PSD programs, the PSD program should be updated to align with the RPS and GHG programs and reflect REC retirement data. Not only will this approach provide consistency between programs and agencies, but it will also make reporting by LSEs, and review and verification by regulatory agencies, administratively simpler and more straightforward.

2. *How should firmed and shaped electricity products be categorized for the power-mix percentage calculations? Specifically, should these products be categorized based on the fuel-type of their REC or the fuel-type of their substitute electricity?*

Liberty Utilities declines to comment on this question as it does not and cannot procure PCC 2 products because Liberty CalPeco is not located within a California Balancing Authority.

3. *How should greenhouse gas emissions intensities be calculated for firmed and shaped electricity products? Specifically, should the greenhouse gas emissions intensity for these products be calculated based on the emissions profile associated with the generation source of their REC or based on the emissions profile of their substitute electricity?*

See response to Question 2.

4. *Should unbundled RECs (PCC 3) be reflected in the power mix or disclosed separately on the Power Content Label? What factors should be considered in making this determination?*

For the sake of regulatory consistency, unbundled RECs should be reflected in the LSE's power mix. As a Section 399.17 utility, Liberty CalPeco can satisfy its entire RPS obligations with unbundled RECs. Given that the Power Content Label is meant to reflect a LSE's procurement, Liberty CalPeco's procurement of any unbundled RECs in fulfilment of its RPS obligations should be recognized.

Furthermore, it is important that the CEC recognize that not all products that fall under PCC 3 are appropriately characterized as unbundled RECs. Liberty Utilities procures bundled renewable energy from NV Energy and receives bundled renewable energy from the Luning Project. However, because this bundled renewable energy is not delivered into a California balancing authority (it is both generated and delivered with the NV Energy balancing authority), the Commission considers these products to fall under PCC 3. Thus, no matter what the CEC chooses to do with the disclosure of unbundled RECs, it is important that the power mix disclosure on the Power Content Label should not eliminate the disclosure of any PCC 3 procurement by a LSE.

5. *How should null power be categorized for the power-mix percentage calculations? How should the greenhouse gas intensity of null power be calculated?*

Null power is generally associated with firmed and shaped products. Please see Liberty CalPeco's response to Question 2.

GHG Intensity Factor Data and Calculations

1. *AB 1110 defines "greenhouse gas emissions intensity" as the "sum of all annual emissions of greenhouse gases associated with a generation source divided by the annual production of electricity from the generation source." Are there any reasons to consider calculating GHG emissions intensities using greenhouse gases other than those accounted for in both MRR and the EPA's Greenhouse Gas Reporting Program?*

Any methodology developed for calculating GHG emissions intensities should follow and be consistent with the ARB's existing approach.

2. *What are the concerns, limitations, and benefits of relying on GHG emissions reported to the MRR program for the development of GHG emissions intensities for in-state and out-of-state facilities?*

Relying upon GHG emissions data that is already reported to the MRR program will reduce administrative burdens for LSEs and regulatory agencies. However, the ARB regulations include all GHG emissions attributable to the importer's activities (i.e., both wholesale and retail). The PSD regulations should be structured to only account for retail load related GHG emissions, so any MRR emissions associated with an LSE's wholesale activities should be excluded from the PSD program.

3. *Should GHG emissions classified as non-covered or exempt under the Cap and Trade Program be included in PSD greenhouse gas intensity calculations?*

For sake of regulatory consistency, non-covered or exempt emissions (e.g., biomass, geothermal, etc.) under the Cap-and-Trade program should retain that same designation in the CEC PSD regulations.

4. *Should the Power Disclosure Program adopt ARB's default factor as the greenhouse gas intensity for unspecified power?*

The PSD program should retain consistency with whatever default emissions factor is used (and may be updated from time to time) by the ARB. The PSD program should conform to the ARB default value each time it is updated. Using a static value may not reflect potential changes in power plant efficiency, changes in natural gas prices, and other possible changes in the generation fleet if not updated. A more accurate estimate of emissions from the electric sector would require a better understanding of the unspecified power to both reduce the percentage reported in California and develop a process to regularly (e.g., annually) develop appropriate emissions factors for this power.

5. *Energy procured through the Energy Imbalance Market (EIM) is reported under the MRR program as specified electricity. What greenhouse gas intensity factor should be assigned to electricity procured through the Energy Imbalance Market (EIM)?*

Liberty CalPeco does not currently and does not expect to procure energy through the Energy Imbalance Market. Accordingly, Liberty CalPeco does not comment on this question.

<u>POU GHG Intensity Adjustment</u>

1. What quantities of electricity have been generated in previous years that stakeholders believe would qualify for this adjustment?

Liberty CalPeco does not comment on this question as the contemplated GHG intensity adjustment is inapplicable to investor-owned utilities.

II. Conclusion

Thank you very much for the opportunity to comment. We would be happy to supply any other supporting or clarifying information that would be helpful.

Respectfully submitted,

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