DOCKETED

Docket Number:	16-OIR-05
Project Title:	Power Source Disclosure - AB 1110 Implementation Rulemaking
TN #:	220707
Document Title:	NCPA Comments on AB 1110 Implementation Proposal Staff Paper and Workshop
Description:	N/A
Filer:	System
Organization:	Northern California Power Agency (NCPA)/Susie Berlin
Submitter Role:	Public Agency
Submission Date:	8/11/2017 4:27:12 PM
Docketed Date:	8/11/2017

Comment Received From: Susie Berlin
Submitted On: 8/11/2017
Docket Number: 16-OIR-05

NCPA Comments on AB 1110 Implementation Proposal Staff Paper and Workshop

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of: **AB 1110 Implementation Rulemaking**	**Docket No. 16-OIR-05**

COMMENTS OF THE NORTHERN CALIFORNIA POWER AGENCY ON THE ASSEMBLY BILL 1110 IMPLEMENTATION PROPOSAL FOR POWER SOURCE DISCLOSURE PROGRAM STAFF PAPER AND WORKSHOP

The Northern California Power Agency[1] (NCPA) submits these comments to the California Energy Commission (CEC or Commission) on the *Assembly Bill 1110 Implementation Proposal for Power Source Disclosure Draft Staff Paper* (Staff Paper) and the July 14, 2017 pre-rulemaking workshop hosted by Commission staff. The Staff Paper is intended to set forth a proposal for amendments to the current Power Source Disclosure (PSD) program to implement the mandates Assembly Bill (AB) 1110.

I. INTRODUCTION

As a general matter, NCPA supports the guiding principles and considerations upon which the Staff Paper is based.[2] As it relates to the Power Content Label itself, it is of paramount importance to NCPA and its members that the information that is annually provided to customers reflects an accurate snapshot of a utility's resource mix in a manner that is consistent and easy to understand. As the Power Content Label and the PSD program expand to incorporate a utility-specific greenhouse gas emissions factor for each utility's resource mix, NCPA agrees that the Commission should: 1) rely on the most recent verified greenhouse gas (GHG) emissions data in developing GHG emissions intensity factors for specified and unspecified sources of power, while ensuring that these factors are made available to retail

[1] NCPA is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

[2] See Staff Paper, p. 4.

suppliers with sufficient notice to permit timely reporting under PSD, 2) ensure there is no double-counting of GHG emissions or environmental attributes, 3) minimize the reporting burden on retail suppliers, and 4) align with other state energy and GHG emissions programs.

NCPA understands that the Staff Paper represents an initial effort to develop the rules necessary to implement AB 1110, and that the final product will be developed based on this initial proposal, as well as feedback from stakeholders. For that reason, in these comments, NCPA identifies and focuses on areas where the Staff Paper does not align with or meet the objectives set forth above. In particular, NCPA is concerned that the proposal set forth in the Staff Paper will lead to considerable consumer confusion, and that the treatment of renewable energy credits (RECs) and unbundled RECs is inconsistent with long-standing programs and the manner in which the renewable energy markets operate.

II. THE PSD AND THE POWER CONTENT LABEL MUST BE DESIGNED IN A MANNER TO MINIMIZE CONSUMER CONFUSION.

NCPA has long supported efforts to revise and refine the PSD so that the information included therein provides electricity customers with an accurate description of the sources of energy used to provide electricity services.[3] The electricity sector, and in particular publicly owned utilities (POUs) and retail sellers, must provide safe, reliable, and reasonably priced electricity to their customers while complying with a myriad of programs and measures that impact the manner in which they must do so. These programs and measures includes the state's GHG emission programs, the cap-and-trade program, resource adequacy requirements, emissions performance standard, and the critically important renewable portfolio standard, to name a few. Utility plans for procuring electricity are carefully tailored to ensure compliance with this panoply of mandates and regulations. Doing so, however, is complex and the manner in which electrons are tracked and electricity is reported in the state's complex power markets is not effortlessly translated into a label that is easy for consumers to understand.

NCPA is concerned that the proposed changes to the PSD will result in a Power Content Label that will create confusion among consumers seeking to understand the relationship between a utility's resource mix and the carbon footprint of that resource, leading to inaccurate

[3] NCPA was the sponsor of Assembly Bill 162 (Ruskin-2009), working closely with the author's office and CEC staff to ensure that the label better reflected a utility's resource mix, including the creation of the Unspecified Resources category while moving away from the "Net System Power" concept.

conclusions about the nature of a utility's electricity supply. Even before the mandates of AB 1110, ensuring an accurate reflection of a utility's energy profile was challenging; this effort has become even more difficult now that the PSD will soon cover multiple programs and multiple objectives. Because of the interplay between the various programs, the information provided to consumers in the PSD will not be easily understood, and could lead customers to believe that their energy providers may be out of compliance with some mandates or providing lower GHG energy than they have otherwise contracted for. For that reason, it is essential that changes to the PSD that allow for the inclusion of clarifications and explanations necessary to edify customers about the source of their electricity – including the attendant GHG emissions – without causing undue confusion. Otherwise, the typical consumer will be left without the appropriate context needed to understand the extent to which its own utility is actually complying with state energy and environmental policies.

III. TREATMENT OF GHG EMISSIONS, DATA SOURCES, AND GHG EMISSIONS INTENSITIES SHOULD ALIGN WITH, AND RECOGNIZE THE ROLE OF OTHER STATE AGENCIES.

NCPA supports the list of included GHG emissions in the Staff Paper. As the proposal notes, these are the same GHG emissions that are already reported under the California Air Resources Board (CARB) mandatory reporting regulation (MRR), and the federal Environmental Protection Program's Greenhouse Gas Reporting Program.[4] However, the data provided by the utility that is responsible for completing the PSD is not always going to align with the data submitted by the reporting entity under the MRR.

Unlike the covered emissions under the cap-and-trade program, under the proposal set forth in the Staff Paper, the PSD would require retail suppliers to "report and disclose fugitive GHG emissions from geothermal generators in their Power Content Labels, but not CO_2 emitted from electricity generators burning biogenic fuels. CH_4 and N_2O from biogenic fuels, however, would be included in a generator's emissions intensity. This treatment would be consistent with electricity sector GHG accounting practices used by CARB's GHG Emission Inventory and IPCC guidance."[5] Under the proposal, fugitive emissions would be reflected in the total GHG

[4] Staff Paper, p. 7.

[5] Staff Paper, p. 8.

emissions intensity calculations but would not affect a utility's power mix, as biomass, eligible biomethane, and geothermal electricity generators would still be categorized as eligible renewable energy resources. This different treatment of emissions from the same source by state agencies does not help to give consumers a better understanding of the source of their electricity supply.

NCPA agrees that the state should use a uniform GHG accounting metric to the greatest extent possible. Utilizing the data reported under the MRR provides a sound basis for that accounting. However, to the extent that the MRR and the PSD serve significantly different purposes, alignment can be problematic. For one thing, the time period covered by the two reports is not necessarily going to be the same. Nor, as noted above, does the information that electricity providers report under the MRR align with the power used by electric utilities to serve their own customers. Since the MRR and the PSD serve such diverse purposes, it is difficult to reconcile the reported data, and especially when trying to do so in a manner that is easy for consumers to understand. To that end, NCPA recommends that any resource that is a considered a zero-carbon resource in the cap-and-trade program should be considered a zero-carbon resource for purposes of calculating GHG emission factors under the PSD.

IV. TREATMENT OF FIRMED AND SHAPED RESOURCES UNDERMINES THE VALUE OF RENEWABLE ENERGY CONTRACTS AND UTILITY INVESTMENTS.

NCPA is concerned with the manner in which firmed and shaped resources are treated under the current Staff Paper. While RECs do not convey a GHG emissions value under the cap-and-trade program, they do reflect the procurement of renewable energy, including zero emission energy. The zero-emissions value of the underlying renewable resource is not properly excluded from the GHG profile; while the renewable portfolio standard (RPS) and GHG accounting programs are distinct, they are interrelated, and it is inappropriate for the value of these renewable resources to not be reflected in the PSD. Dismissing the nature of the renewable product in these transactions provides a disserve to the purchasing utility, will lead to consumer confusion about the utility's compliance with the RPS program, and creates the potential for entities that purchased null power – with no environmental attributes and without paying the premium for renewable power – to report generation with zero GHG emissions. It would also be

inconsistent with the statutory recognition of the nature of energy transactions, particularly with regard to those firmed and shaped resources that are categorized as PCC 0.

While it is imperative that the PSD regulations "ensure there is not double-counting of GHG emissions or environmental attributes," it is just as important that the GHG emissions and environmental attributes are correctly attributed.

V. UNBUNDLED RECS REFLECT ZERO-EMISSION RESOURCES AND SHOULD BE TREATED AS SUCH IN THE PCL.

As noted above, the state's different energy mandates and regulatory requirements impact how utilities' meet their resource needs. Long-standing state policies regarding the state's RPS program and the use of renewable energy credits have played a significant role in shaping the menu of energy options that utilities provide to their customers, including the recognition of the fact that RECs represent the procurement/generation of zero-emissions energy. The Staff Paper proposal "that unbundled RECs should not be included in the power mix or GHG emissions intensity calculations," directly conflicts with those programs.[6] Unbundled RECs count as renewable resources for RPS purposes, and should be treated the same in the PSD. According to industry-standard accounting protocols,[7] unbundled RECs represent all of the environmental attributes – including the emissions profile – of the underlying resource that produced them, and are acquired at a premium for that reason. Because it is simply impossible to track electrons on the grid, RECs are used as the contractual instrument for tracking the delivery and consumption of the power.[8]

The Staff Paper's proposal for unbundled RECs, and assigning to null power the emissions profile of the generator, is in conflict with Western Renewable Energy Generation

---

[6] Staff Paper, p. 14.

[7] *See*, The Climate Registry as well as The GHG Protocol, a joint initiative of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

[8] NCPA supports the further explanation of this issue set forth in the comments submitted by the Center for Resource Solutions, July 28, 2017; "RECs are used as a uniform contractual instrument for renewable power to facilitate transactions, tracking and compliance. They represent the generation attributes, including the emissions profile, of the generation precisely to differentiate renewable power so that suppliers can deliver it and customers can consume it. Whether bundled or unbundled, RECs do not distort some 'actual' delivery of specified power or emissions."; p. 2; http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-05/TN220437_20170728T091728_Todd_Jones_Comments_CRS_comment_on_July_14_Workshop_and_June_27.pdf

Information System (WREGIS)[9] policy: In April 2017, WREGIS issued a memo that addressed the treatment of RECs, and noted that "In the case of carbon being claimed by a buyer of the energy, the REC would need to be retired in WREGIS as one or more defined attributes would be used by the buyer."[10] Furthermore, as noted above, the PSD and MRR do not serve identical purposes or align completely with regard to reporting and responsible entities; the MRR is a production-based accounting system and the PSD is a consumption-based accounting system. Therefore, there is no reason to preclude treating unbundled RECs differently in the MRR than in the PSD, and indeed, the proposal should be revised to reflect these very important distinctions and considerations.

VI. THE PSD REGULATIONS SHOULD REFLECT THE LEGISLATIVE INTENT BEHIND THE ADOPTION OF AB 1110.

The proposal set forth in the Staff Paper would constrain the treatment of unbundled RECs and firmed and shaped resources in a manner that is neither required by the statutory provisions of AB 1110, nor consistent with the legislative intent reflected in the final iteration of the legislation. As more fully set forth in the comments submitted by the California Municipal Utilities Association (CMUA), the final statutory language reflects several rounds of revisions to the original bill; these changes intentionally altered the original proposal to better align the requested information with the practicalities of the electricity markets. In its comments, CMUA closely tracks the legislative history and intent behind the version of AB 1110 that was signed into law. NCPA supports the comments of CMUA and urges the Commission to continue working with stakeholders on implementing AB 1110 and drafting amendments to the PSD that are consistent with the statutory directive and legislative intent.

VII. CONCLUSION

NCPA looks forward to a robust discussion with the Commission and interested stakeholders in the coming months as this proceeding moves forward, and as the final rules for implementing AB 1110 and revising the PSD are developed. We appreciate the opportunity to

[9] WREGIS is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC). WREGIS tracks renewable energy generation from units that register in the system by using verifiable data and creating RECs for this generation.

[10] *See* https://www.wecc.biz/Administrative/WREGIS%20EIM%20Memo%2020170419.pdf.

provide initial feedback in advance of a formal submittal of a regulatory amendments package. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com with any questions.

Dated this 11th day of August, 2017.

Respectfully submitted,

C. Susie Berlin
LAW OFFICES OF SUSIE BERLIN
1346 The Alameda, Suite 7, #141
San Jose, CA 95126
Phone: 408-778-8478
E-mail: berlin@susieberlinlaw.com

Attorneys for the:
Northern California Power Agency