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CALIFORNIA ENERGY COMMISSION

In the Matter of:

Power Source Disclosure -	)	Docket No. 16-OIR-05
AB 1110 Implementation	)	
Rulemaking	)	

Staff Pre-Rulemaking Workshop on Updates to Power Source Disclosure (Rescheduled Date)

CALIFORNIA ENERGY COMMISSION

FIRST FLOOR - ROSENFELD HEARING ROOM

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, FEBRUARY 1, 2018

1:00 P.M.

Reported by:

Peter Petty

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PUBLIC COMMENT

Steve Uhler

Tim Tutt, SMUD

Spencer Olinek, Pacific Gas and Electric

Adam Smith, Southern California Edison

Jedediah Gibson, Ellison, Schneider, Harris and Donlan for American Wind Energy Association California Caucus

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PUBLIC COMMENT

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Alex Klonick (via WebEx)

Marcie Milner (via WebEx)

Cynthia Clark (written comment via WebEx)

AGENDA

P R O C E E D I N G S

1:07 P.M.

SACRAMENTO, CALIFORNIA, THURSDAY, FEBRUARY 1, 2018

MR. SCAVO: Hello. My name is Jordan Scavo. I'm the Lead Staff for AB 1110 implementation. We are holding this workshop as part of our pre-rulemaking for updating the Power Source Disclosure Regulation.

I'd like to thank our stakeholders for attending, both in person and remotely. We're also joined by Brieanne Aguila and Ryan Schauland from the California Air Resources Board. And I'd like to extend the Energy Commission's thanks for their attendance today and collaboration on these efforts thus far.

First up, a bit of housekeeping.

For those of you not familiar with the building, the closest restrooms are located across the hall. There's a snack bar on the second floor. And emergency exits are located straight out the door to the left, and to the right and back.

In the event of an emergency, we will

reconvene at Roosevelt Park which is located diagonally across the street from this building that way. Please proceed calmly and quickly. And again, follow the employees with whom you are meeting to safely exit the building. Thank you.

Copies of this workshop agenda and the AB 1110 implementation proposal are available on the desk at the entrance, as well as online.

Written comments should be submitted by 5:00 p.m. on Friday, February 23rd. Written comments may also be e-filed through our website, and a link is provided on this slide. Note that we are providing three weeks from today for the submission of written comments. And we're providing this lengthy period of time up front, so please be advised that we don't anticipate providing an extension to the comment period down the road.

I'll start by briefly running through this workshops agenda. We'll begin with some background information, then explain the amended AB 1110 implementation proposal, focusing on the changes from the previous draft. After that, I'll walk folks through the proposed annual reporting template so stakeholders get a sense of how the new reporting requirements will be incorporated and how the GHG data will be displayed on the power content label. Then I'll open the floor to public comments, and finally outline our next steps before concluding this workshop.

Let me touch briefly on our rulemaking process.

The Energy Commission's required to implement AB 1110 through a formal rulemaking in accordance with the rules laid out by the Office of Administrative Law. Right now we're in the pre-rulemaking phase, and informal step that can be used before a formal rulemaking to carry out preliminary activities.

As part of our pre-rulemaking activities, we held a scoping workshop in February of 2017, and held another workshop in July of 2017 to present our implementation proposal for AB 1110. A public comment period has followed each workshop. At this workshop, we'll introduce a revised version of the implementation proposal developed with consideration of the public comments received to date.

Staff plans to publish draft regulatory

language and to initiate a formal rulemaking process in accordance with the Administrative Procedures Act in late 2018, and to complete the regulation and present it for adoption in 2019. Throughout this process, workshops, hearings and public comments periods are built in to ensure stakeholders are able to participate. All oral and written comments are saved as part of the official rulemaking record.

Our timeline is intended to ensure that regulatory guidance will be available well in advance of the June 2020 start date for GHG emissions reporting under Power Source Disclosure.

To ensure everyone here has an understanding of our starting point, I'll provide an overview of the program and the changes required under AB 1110.

The Power Source Disclosure was established in 1998 and was designed to provide clear and accurate information about the sources of a consumer's electricity. Load serving entities are required to report their generation sources, their wholesale sales and their retail sales annual. This data is reported -- this data reporting is used to construct individual power mixes for each electric service products and for California as a whole. The Energy Commission uses data submitted in annual power source filings, as well as other sources, to construct California's total system power mix. LSEs then disclose to their customers a power content label which displays the power mix of the customers electric service product, alongside that of the state's total system power mix.

Assembly Bill 1110, authored by Assembly Member Phil Ting, was signed into law in the fall of 2016. The new law makes a number of changes to Power Source Disclosure. It requires LSEs to disclose the greenhouse gas emissions intensity factor associated with each electric service product. A GHG emissions intensity is a rate, a mass quantity of emissions per unit of electricity. To determine these overall GHG emissions intensities, AB 1110 requires the Energy Commission, in consultation with the Air Resources Board, to develop a method for calculating facility-level GHG emissions intensities and overall GHG emissions intensities for each electric service product and for California as a whole.

In addition, AB 1110 contains a provision requiring that all marketing claims pertaining to an LSE's GHG emissions intensity should be consistent with the methodology adopted by the Energy Commission through this proceeding.

AB 1110 also requires the disclosure of an LSE's unbundled Renewable Energy Credits, which are RECs that have been disassociated from the electric with which they were generated. AB 1110 provides the Energy Commission with the discretion to determine the appropriate method for an LSE to report and publicly disclose its unbundled RECs.

The implementation of AB 1110 is guided by a number of principles detailed in the statute. The power content label serves the general public, so the Energy Commission needs to develop rules that will result in LSEs providing simple, easy to understanding information to consumers.

The Energy Commission is required to minimize the reporting burden on LSEs. And the reported data must be accurate, which means we need to design rules that ensure GHGs and energy resources are only counted once. To provide accurate information to consumers, the Energy Commission needs to have verified data.

The Energy Commission staff aims to develop a GHG emissions intensity method that is consistent, to the extent practicable, with CARB-administered programs, including the regulation for the mandatory reporting of greenhouse gas emissions, also known as MRR, and the Cap-and-Trade Program. We found that alignment with the Air Resources Board's method provides a path to meeting the statutory principles described in the previous slide.

Moreover, alignment with CARB practices provides consistent program and consumer information. Our aim is for the power content label to reflect CARB's emissions accounting, and therefore to reflect the metric used to measure California's electric sector emissions reductions' targets required by SB 350 which underpin the state's overall efforts.

This presentation discusses the major topics of the revised AB 1110 implementation proposal. Please note that the staff implementation proposal also includes topics that are not addressed in this presentation, such as definitions, data sources and minor programmatic changes. But, of course, public comment is welcome on all sections of the staff proposal.

We've received a lot of feedback in response to our proposal last summer. First, I'd like to stress that we took that feedback seriously. We spent months evaluating alternatives and we concluded that our proposed treatment of RECs for emissions accounting meets the program needs of Power Source Disclosure. Still, I'd like to take a moment to articulate the rationale that informed out proposal.

First, we've heard from stakeholders that RECs are an established, verifiable currency for tracking emissions. However, the arguments in favor of using RECs to track or reduce emissions presupposes that displaced emissions will be attributable to utilities in other regulatory jurisdictions. To avoid double counting and under counting of emissions, Energy Commission staff has concluded that using RECs to reduce emissions would result in displaced emissions that could be unaccounted for in other regulatory jurisdictions.

Second, Power Source staff agrees with the findings by the CPUC and CARB that RECs do not confer emissions reductions and cannot be used to impact emissions accounting. RECs do contain the avoided emissions attribute of renewable energy, but the emissions accounting method we proposed doesn’t track avoidable or hypothetical emissions. The presence of renewables does not reduce existing emissions on the grid.

Third, AB 1110 requires the disclosure of emissions associated with the electricity used to serve California customers. In the case of firmed and shaped imports, electricity from the renewable generator is not imported into a California balancing authority; substitute power is imported. That isn’t the case for other specified transactions, whether its Bucket 1 renewables, large hydro from the northwest, or fossil fuel generation, or any other specified transaction under Power Source Disclosure, those transactions are directly delivered. With that in mind, we’ve concluded that firmed and shaped imports have a qualitative difference from directly delivered renewables, and as such it is appropriate to reflect that under our proposed emissions accounting.

Firming and shaping was designed to facilitate renewable claims under RPS and it will continue to do so under Power Source. But for emissions accounting, our proposed method is to track direct deliveries of electricity used to serve retail load to California customers.

And finally, Energy Commission staff believes it is appropriate for the treatment of firmed and shaped imports under Power Source to be consistent with emissions accounting at CARB. CARB is the lead agency for GHG emissions accounting in California. CARB implements the state's Cap-and-Trade Program. And CARB also set -- CARB will also set the emissions reductions targets for the electricity sector as required by SB 350. Consequently, Energy Commission staff has concluded that California's power content labels should reflect the same performance metrics used by the state to establish and measure its progress towards emissions reduction goals.

As required by AB 1110, LSEs will

disclose the GHG emissions intensity of each electric service product. As detailed in the revised proposal, Power Source Disclosure will calculate generator-specific emissions using MRR and EIA data sources. The Power Source Disclosure annual reporting form will then be used to calculate the overall emissions intensity of the electricity sources used to serve retail sales. This overall emissions intensity will be expressed in kilograms of carbon dioxide equivalent per megawatt hour.

The table displayed here provides a general overview of the reporting of procurement for both the power mix and GHG emissions intensity calculations required under Power Source Disclosure. As I'll discuss in the following slides, our proposed power mix and GHG emissions intensity methods differ because the power mix uses RECs to classify eligible renewable procurements, whereas RECs are not used to reduce emissions under the GHG emissions intensity calculations.

Power mix accounting will largely unchanged. Program definitions are reporting -- the program definitions and reporting forms will be updated. Bundled transactions for directly delivered and firmed and shaped electricity products from generators certified under California's RPS will be counted as eligible renewable resources on the power content label. Null power, meaning the electricity from a renewable generator that has been disassociated from its RECs, will be counted as unspecified power.

Importantly, because unbundled RECs do not represent actual electricity, Staff proposes that unbundled RECs should not factor into the calculations for the power mix or GHG emissions intensity. Rather, LSEs will report their unbundled RECs and disclose them separately on the power content label as a footnote. Our proposal does call for unbundled to be reported according to the year in which they retired rather than generated. This is to ensure unbundled RECs will not be double counted since unbundled RECs can be resold, unlike RECs bundled through directly delivered and firmed and shaped transactions.

Our GHG emissions accounting will be based on delivered electricity. As I'll go on to discuss, this method differs from power mix accounting, in particular with respect to firmed and shaped imports which have the renewable attributes of the associated RECs but are paired with substitute electricity that is delivered to a California balancing authority. Our proposed emissions accounting -- our proposed emissions accounting method is designed to align with CARB practices and thus reflects the emissions accounting and reduction activities led by CARB.

We've clarified the distinction between directly delivered and firmed and shaped specified procurements. Under the revised proposal, directly delivered specified procurements must have a first point of interconnection with a California balancing authority, or be delivered into a California balancing authority. This applies to both power mix and GHG emissions accounting. As defined in statute, electricity must be transacted with RECs in order to be counted as an eligible renewable resource under Power Source Disclosure.

Consistent with MRR, null power will be assigned the emissions intensity factor of the generator. This means that null power may convey zero GHG emissions characteristics for the purposes of emissions accounting. For the power mix, however, null power will continue to be -- will continue to be classified as unspecified.

We've added a clarification that specified resources -- specified sources must be directly delivered to a California balancing authority rather than to the LSEs particular balancing authority area in order to claim the emissions profile of the specified generator. This change addresses concerns about unclear guidance pertaining to certain in-state renewable resources under the initial proposal.

Stakeholders raised concerns about how to claim GHG-free generation that was delivered to a California balancing authority area but not delivered specifically to the LSE's own balancing authority. This may have affected in-state renewables in which the generation was sold into a spot market rather than physically transmitted to the procuring LSE. Under the revised proposal, only one LSE may make specified claims on directly delivered generation.

On the other hand, if the LSE retains the RECs and sells the null power as a specified transaction to another LSE in a bilateral contract rather than dumping electricity into the ISO or another market, that null power will retain the GHG emissions characteristics of the renewable generator, which means that the owner of the RECs may not claim the energy associated with those RECs as zero GHG. What this change aims to do, in other words, is ensure that directly delivered renewables keep their fuel type and emissions characteristics intact to avoid the possibility of double counting zero GHG generation.

For firmed and shaped imports, our proposed treatment has not changed since the last version of the proposal. Firmed and shaped imports will be reported under the fuel type of the REC, but the calculation of GHG emissions intensities will be done based on the GHG emissions associated with the substitute power. If an LSE can identify a specified of the substitute power, the LSE may claim the emissions factor of that substitute power. Otherwise, substitute power for firmed and shaped imports will be classified as unspecified and will be assigned CARB’s default emissions factor for unspecified power, 0.428 metric tons of CO_2e per megawatt hour.

We've included a revision that allows LSEs to claim the resource mix of an asset-controlling supplier for specified purchases of system power from the asset-controlling supplier. This means, for example, that if a LSE bought a specified resource mix from Powerex that was 95 percent large hydro and 5 percent natural gas, the LSE will be able to report that breakdown in its Power Source Disclosure annual filing. To facilitate this change, Power Source Disclosure staff is exploring how to leverage existing asset-controlling supplier reporting under MRR.

Staff proposes that specified deliveries of null power will convey the GHG emissions intensity of the specified generator. For the power mix, null power will continue to be classified as unspecified.

In addition, as stated in a previous slide, null power that has been sold into a spot market will not be allowed to be claimed as zero GHG generation. All purchases from spot markets must be classified as unspecified for the power mix -- must be classified as unspecified for the power mix and will be assigned the default emissions factor for unspecified power.

Staff proposes that unspecified electricity, including any electricity that has been transacted through the EIM, will be assigned CARB's default emission factor. CARB and the California ISO are currently performing analysis of EIM to evaluate GHG emissions attributable to EIM transactions. If the results of this analysis yield a method for more accurately reflecting GHG emissions attributed to transactions, Energy Commission staff will consider incorporating that method under Power Source Disclosure through a public process.

The updated proposal includes a change to the treatment of an LSE's self-consumption and grid losses from transmission, distribution, power wheeling and transmission interconnected energy storage. AB 1110 requires power mix and GHG accounting to be based on retail sales, but retail sales doesn't include self-consumption and grid losses.

To reconcile this disparity, Staff proposes that self-consumption and grid losses will be proportionately attributed to nonrenewable sources. This proposal reflects existing practices around the disposition of delivered electricity sources and is consistent with current practice under Power Source Disclosure.

Another change in the current proposal pertains to the accounting of line loss adjustments for imports. The updated proposal does not include a line loss adjustment factor for imported electricity, meaning electricity losses that occur before delivery to a California -- meaning electricity losses that occur before delivery to a California balancing authority area. This change was made to address stakeholder feedback regarding the complexity and impact of accounting for emissions that are upstream of retail sales.

The revised proposal allows a POU to apply for emissions adjustment credits on historic eligible generation that occurs on after January 1st of 2017, the date AB 1110 took effect. Staff proposes a qualifying POU to annually generate emissions credits denominated in megawatt hours equal to the quantity of eligible GHG-free generation in excess of its retail sales and wholesale sales of specified sources for a given year multiplied by the default emissions factor for a specified power. These emissions can be applied by the POU to reduce a POU's current or future reported annual GHG emissions and thereby reduce or eliminate the GHG emissions intensity of its electricity offerings on the power content label for a reporting year. Each emissions credit can be applied only once.

The revised proposal also includes a change to the proposed treatment of biogenic CO2. The proposal states that biogenic CO2 still will not be included in the GHG emissions intensities of electric service products. However, an emissions rate that includes biogenic CO2 for the electric service product and for the state will be disclosed in a footnote on the power content label. This change will provide further transparency to consumers and is meant to better reflect how biogenic CO2 is treated under CARB's MRR and GHG emission inventory.

In addition, the revised AB 1110 implementation proposal contains a number of minor programmatic changes intended to clarify existing requirements or streamline reporting. For example, Staff proposes to eliminate the existing Schedules 3 and 4 of the annual reporting template as these sheets are only applicable to power pools and have not been used for several years.

Staff also plans to propose updated reporting schedules and will establish a due date for public agencies to submit final Board approval of Power Source filings since the current regulation does not specify a due date.

So now I will be moving on to the second event, second agenda topic of the day. I will display the proposed annual report form and provide a very general demonstration of how to complete the updated forms, so stakeholders get a sense of how the new requirements will translate to actual reporting. I'll also display the proposed power content label to show Staff's proposal for how GHG data will be displayed. Following this demonstration, we will open up the floor to clarifying questions and public comments. At the end of the public comment section, I'll discuss next steps and we'll conclude the workshop.

Okay, so this is our draft for the revised reporting forms. A lot of this will look familiar. It’s based on the existing template.

In Schedule 1, you’ll provide line item entries for your generation procurements. You’ll enter retail sales and resources, separated by a couple of category types. Fields in gray auto-populate. And fields in white require data input.

A couple of things to note with the revised Schedule 1 is that it does a lot of the work for you. We constructed these in a way that, we hope, minimizes reporting requirements to the extent that it may not be any more work going forward than it is for current Power Source reporting.

Reporters will enter the fuel type in a drop-down menu,and enter the EIA number. That drop-down menu will pull the data into Schedule 4 so that it will do all the math for you to make the power mix breakdown. Entering EIA numbers with each generator will pull the GHG emissions intensities and populate them here, and it will pull from the set of emissions factors that we will publish annually and incorporate into the reporting forms.

So this version that I put in the docket for now just has sample random facilities, these aren't real, but you can use these to explore the reporting form and see how it would actually work. If you enter a facility and put in a given EIA number, it will pull the appropriate emissions intensity factor.

Schedule 2 will be used to report unbundled RECs. And then the data from Schedules 1 and 2 gets pulled through Schedules 3 and 4 to complete everything from that point. Schedule 3 calculates biogenic CO2. And Schedule 4 aggregates everything that you'll need to construct your power content labels. It calculates the power mix, the emissions intensity, the biogenic CO2 emissions intensity, and the percentage of retail sales covered by unbundled RECs.

One more thing I should add. On Schedule 1, LSEs will report their gross megawatt hours procured and the megawatt hours resold. The next column calculates the net procured megawatt hours. The one after that is adjusted net. For these renewables, it doesn't do anything, but down here it will display reductions that make the adjustments for grid losses and self-consumption.

If you'll look here you'll see an entry for null power, so in this case it's some wind facility in which the electricity has been sold as a specified transaction to some other LSE. It will get reported as null power in the drop-down menu for fuel type, but on Schedule 4, it will pull this into the aggregated total for unspecified power.

And down here I have an example of what it looks like to report procurement from the specified mix from an asset-controlling supplier, so this has large hydro and natural gas from the Powerex system mix with certain quantities. This could be calculated using the ACS procurement calculator that's built into this template. So each year we'll pull ACS emissions factors and power mix data and incorporate it on this form, so if you enter the total amount of generation procured by the ACS the form will calculate for you how much you should enter for each resource type, as well as the emissions factor that should be used for each line item.

So there's four reporting schedules. Only two of them require data entry, that's Schedule 1 and Schedule 2. Schedule 4 will be used to construct the power content label. For your information, there will be the list of factors that will be used to auto-populate in Schedule 1. There's the procurement calculate for ACS power and the out-of-station.

The power content label looks pretty familiar. We displayed something like this in the last implementation proposal. So we'll have templates for an electric service product that is just the default, or for LSEs that have multiple electric service products, they'll be displayed on a single label. LSEs will enter the power mix values for each of their electric service products and enter the GHG emissions intensity for the service products. This graph generates automatically, so if you enter something different it will change the display.

There's a footnote here where the LSE will enter its adjusted emissions intensity that includes biogenic CO2; that's Footnote 1. And in Footnote 4, they'll report their quantity of unbundled RECs or retired as percentage of retail sales.

MS. LEE: Jordan, before we move into public comment, we're going to take just a brief break, let people stretch their legs, and we're going to move the podium in for your convenience in making a comment. Okay?

MR. SCAVO: Okay.

MS. LEE: Okay. All right, so we'll take a quick break.

(Off the record at 1:40 p.m.)

(On the record at 1:44 p.m.)

MS. LEE: For those folks providing public comment in the room, we're going to ask you to step up to this microphone where I'm standing. We'll have to have you turn your heads a little bit. Sorry about that. Okay.

So first, let me introduce myself. My name is Natalee Lee. I'm the Acting Deputy Director of the Renewable Energy Division here at the Energy Commission. And again, we are joined by Brieanne and Ryan from the Air Resources Board. And we're not here really for a Q and A, to provide Q and A, but we do want to be available in case something should come up that we can address for you, but we are very interested, of course, in hearing your comment here in the room. And then we will open it up for comment from our WebEx participants. And again, all comments made here will be a part of the public record, but we, of course, encourage you to support your comments here by providing written comment to the docket.

So with that, I will stay here. And let's -- do we have a first victim?

MR. UHLER: I filled out a card.

MS. LEE: All right. Thank you.

MR. UHLER: My name is Steve Uhler, U-H-L-E-R.

MS. LEE: Oh, Steve, pardon me. Pardon me. Steve, I apologize. Jordan -- I do believe Jordan had just a few requests of our public speakers for some time limitations.

MR. UHLER: There was five minutes on the --

MS. LEE: Yeah.

MR. UHLER: So is -- I'll try to stay under five.

I'm concerned that the bureaucratic weight of this system will limit the timeliness which, apparently, you've left out of the note, that the statute says timely information is valuable.

Let's see. Also, I'd like to have an enhancement of some sort so the public knows how to -- when a load-supporting entity does not send them a power content label, how they can assuredly see that they always will. I'd like to see that.

Also, I'd like to see something that would limit what I call posers. Those would be folks who would give you a power content label and it turns out to be null power. They'll give you a sticker, a sticker that you can stick in your window that says you're solar powered, but it turns out to be null power, so the regulation really needs to deal with this issue. I'm holding probably a couple thousand dollars' worth of expense on my part that turned out to allow a load-supporting entity to then consume four times that kilowatt hour in fossil-fuel generated electricity. That's the large reason why I'm here. And I'm waiting for the Energy Commission to tell me, where did this power go?

And also for the folks who certify this kind of stuff, like Center for Resource

Solutions, I would like to see controls on those folks within this system, that those folks, when they certify, they take into account this kind of stuff. You guys need to work together on that to make sure there's no double counting. I own this. If anybody else is taking this, you've double counted because you can't make a REC which is a coupon to burn fossil fuel. Okay?

No banking of any kind of emissions. You've left out the word prospective customer when the label's got to be presented. Nobody should be able to tell somebody what they did up to two years ago and expect that they're going to be delivered that. If a particular generation type has a reliability issue, such as hydroelectric, and not being able to deliver consistently, then the public needs to know. Maybe they would rather go fishing and boating on that water instead of using it to generate electricity. So no banking at all. That misleads.

Plant IDs. You're going to use EIA? Then you should do with any plant ID you have within the system, QFER, renewable, it needs to be one plant ID. Even with your own staff, you come up with different IDs for the same thing, and leave off IDs. Do you have a quality system, like ISO 9000? If you did you would already have one number that you would use, like a Social Security number.

So let's see. The wording in your system, you've left -- that statute says one thing that the public should expect to get, like timeliness, a label sent to them. You need to go back over the statute and put in all those rights that this legislation has given us and not leave it out because somebody says, oh, that's a burden, I can't calculate that. I'd like to see you take -- and you have a medallion, I guess, here, you tweeted it the other day, that you're 100 percent renewable powered, with a picture of a windmill. Load the power content label if you already haven't had it, and show us exactly where that gets -- how that power gets to you, where it comes from and how it's delivered.

How am I on time?

MS. LEE: Pretty close. I'm sorry, I walked over here, so I don't have an exact, but you're at five minutes. We're right in the five-minute range, so are there some other points you'd like to raise?

MR. UHLER: Okay. So I must stress, once again, I want you guys to tell me and want some public adviser to tell me how I can find out where this stuff is because no posers -- this regulation needs to get rid of this posing activity of presenting what looks like a power content label that turns out to be null power, turns out to be the use of the RECs to burn fossil fuel. I'm here to reduce carbon, and this regulation is useless if you do not prevent posers and see whether or not your medallion is a poser.

Thank you.

MS. LEE: Thank you.

Is there anyone else who would like to speak?

(Off mike colloquy.)

MS. LEE: Actually, Tim, why don't we do this, why don't we have you step up with Jordan. We're sure that microphone works well. I apologize, little challenges in the room today, but it's okay. We'll have you come up with Jordan. That will avoid people's necks having to turn. Thank you.

MR. TUTT: Good afternoon. Tim Tutt from SMUD. Thank you for the opportunity to comment here today.

I think the first thing I would like to say is that it would be actually, in my mind, much more productive to have a roundtable forum, rather than stakeholders getting up five minutes at a time and talking about a particular issue or a particular comment. This is a very complex area and it needs that kind of party-to-party discussion to be resolved in such a way that everyone's going to be happy with it, I think, or at least not too unpleased with it. So I would request that you have some kind of roundtable discussion as part of the process.

Second, I appreciate the clarification on the specified or directly delivered power and the fact that that power not only is the renewable -- has the renewable nature, but also carries with it a zero GHG signature. Even if it's not directly delivered all the way to one's own balancing authority or service area, I still worry that the null power issue might end up with some people double counting and considering that even though they're -- they don't have a REC for the power, they might be thought of as getting zero GHG power because you've talked about specified null power having the emissions signature of the generator.

Now when we engage in those transaction, when we buy the power and the RECs and then sell the power wholesale, that power gets scheduled by a scheduling coordinator. And if we're a scheduling coordinator for that power, we probably have the ability to control a little about how that power is then interpreted or presented in the marketplace. But if somebody else is the scheduling coordinator, we don't really know whether or not they may be referring to that power as maybe not necessarily emissions free, but saying you get the resource adequacy benefits of this generator and it's pointing to a wind generator.

If the power is coming from out of state, you can trace it back to the generator with an e-Tag, in addition to tracing it back through the REGIS system. So the REGIS system is where, I think, your focus should be in terms of tracing. And these tracings, other tracings through the electricity generation system, via e-Tags or scheduling coordinator, things of that sort, that shouldn't happen.

And then I'd like to talk briefly about you made a good change in clarifying that resources need to be certified as eligible under the Commission's RPS program. And what concerns me is last I looked, unbundled RECs are eligible under the Commission's RPS program. They come from a specified resource tats intensity the WECC. It's identified. It's certified by the Energy Commission. And it's verified as only being counted once as renewable in REGIS for us to use it for the RPS.

So I guess what I'm -- the question I might have is: Do you really want us to say to one branch of the Energy Commission, here's how we're complying with the RPS, with the, you know, unbundled RECs we're allowed to, and then say to our consumers, we don't have any renewable energy that's associated with that? It's something else that the Energy Commission has defined as not really renewable somehow. And to some extent, you know, we have even resources within our service territory that the Energy Commission has called unbundled in the RPS context, so how do we handle those in our label?

I think that we need to continue thinking about this. There's other issues. I don't want to go into all of them right now in the five minutes that I have. Again, I want to talk about having some kind of roundtable with stakeholders.

Thank you.

MS. LEE: Thank you, Tim. Thanks for stepping up to the podium there.

MR. OLINEK: This is a different way to look at this room. I'm Spencer Olinek from PG&E. I appreciate your hard work on this the last year, and the opportunity to comment on this revised proposal.

I'd like to express our continued support for the treatment of unbundled RECs, but I must also express our disappointment at the lack of a clear and accurate methodology for calculating an LSEs GHG emissions intensity.

You may have seen, we proposed keeping that short in hourly accounting methodology in our comments last July, and have since had subsequently conversations with Staff. We feel this proposal most accurately captures GHG emissions associated with serving an LSEs load, rather than the existing annual netting method. Because in reality, the over-generation of a GHG-free resource in a given hour does not displace the use of an energy-emitting resource in a different hour. If we're going to talk about customer clarity, I think that that is decidedly confusing to a layperson paying their bill.

We understand that this requires significantly more data to do hourly accounting. We would like to work with CEC, LSEs and, honestly, other state agencies that might have the answers to some of these data hang-ups or what are seen as roadblocks to doing easy and accessible calculations for all affected LSEs. And I think in thinking about minimizing the LSEs' accounting burden, it is worth remembering that this is something new. This is a new, you know, accounting methodology that was directed by the legislature and there is inherently going to be a degree of work involved in that.

I think Tim stole my point. I was already going to throw him under the bus from his suggestion last year that we all get together. It's more meetings, it's more trips to Sacramento, but I think that working on this together, not in one-offs with staff, not in five-minute chunks, behooves all of us and gets us to, hopefully, a point of agreement. I think Tim said that he won’t object too much to what we present in that setting. And I think this worked very well with the CEC on the Title 20 reg, which was also a non-trivial lift.

And in thinking about consistency, the PUC elected to use this clean net short methodology in their recent IRP proposed decision. We’ll hopefully have further clarity around where that lands as soon as next week. And this proposal was supported by the IOUs, CalWEA, Friends of the Earth, the California Association of Small and Multijurisdictional Utilities, and the Alliance for Regional Energy Markets, among others. We think that continuing that consistency between the IRP, AB 1110, power content label and ARB’s existing programs, again, it helps all of us and hopefully helps customers as well.

So with that, I hope that we can talk about this more and at greater length. And you’ll hear more from us in writing.

Thanks.

MS. LEE: Thank you, Spencer.

MR. SMITH: Hi there. Adam Smith, Manager of Climate Policy with Southern California Edison.

I kind of want to just lend an echo to the idea that having a kind of maybe, you know, targeted set of workshops, maybe one big day, could be pretty useful, kind of divided up into kind of topical chunks. I have a tendency to agree, I think that like, you know, interacting in this forum, even though the public comment process is -- you know, gives us a chance to really air out in detail some of our ideas, it's really useful to have that kind of back and forth in real time instead of having to wait a few weeks to see people's comments and then responding back and trying to, you know, pick Tim out or, you know, my friends from MPCA or somebody else. So I would really support taking that up.

I also want to kind of echo PG&E's comments about the clean net short methodology. I think we really applaud them for taking -- belaboring more and thinking through some of those details. And to be totally honest with you, some of the responses I've heard from folks in the crowd are just -- generally have been concerns about maybe the complexity of that, but not necessarily its fairness or its additional granularity and how that could be useful to consumers.

And so I think that SCE has actually maybe done a little thinking on top of what PG&E has done, and our public comments will probably try to lay out a few ideas of ways we think we can maybe make that a little easier, especially for smaller, you know, publicly-owned utilities or utilities who don't really have the capacity to do that kind of number crunching.

So I think that's kind of a second, you know, kind of clear support for a more granular hourly approach for us. I think it's just a truer and better way to talk to consumers about the GHG intensity of the electricity that is delivered to them.

I think probably the last thing, and it's maybe more of a question, I don't know, it seems like I've been doing a lot of advocating there, but I do have a question, and that's about the treatment of resources that are used to support system reliability. It seems to our guys taking a look at the proposal you've got right here that the operators or the owners of those facilities would be tagged with the GHG kind of emissions from those, you know, those units running, where those units are often, as you guys know, optimized by CAISO, dispatched, not really our call. I mean, there's a few instances where we are self-scheduling so we can, you know, do testing or operations minutes, make sure things worked out well. But for the most part those things are getting dispatched outside of our authority.

And I'm kind of, you know, wondering maybe to hear from you guys, if those -- that electricity, you know, supports system reliability, not necessarily even, you know, delivered to SCE customers, maybe not even supporting, you know, our load? How would those emissions -- would they still kind of go directly to the operator? I can see how that would work in a cap-and-trade setting, for instance, where because of just administrative ease we've decided to kind of saddle the compliance obligation, the real compliance obligation with utilities, because it makes no sense for me as, you know, Johnny or Jill Ratepayer to kind of have a compliance obligation. But it seems, if we're really focused on trying to, you know, directly show consumers what the GHG emissions intensity of their delivered electricity, those kinds of, you know, supporting roles of some of our peaking units, for instance, it doesn't seem to me like that is, you know, GHG emissions that should be -- should kind of show up on the intensity they see on our PCL.

So I guess the question -- sorry, I may be longwinded when I'm trying to tease out some of the, you know, the kind of components we see, but any thoughts on peakers, system reliability resources?

MS. LEE: I don't think that we would want to speak to an answer kind of offhandedly without really talking --

MR. SMITH: Yeah.

MS. LEE: -- to you a little more about what you would consider an approach --

MR. SMITH: Yeah.

MS. LEE: -- a viable approach. Definitely something we can continue to talk to you about.

Which might transition to me asking a question of you --

MR. SMITH: Yeah.

MS. LEE: -- or a request of you. If we were to entertain trying to hold some roundtable discussions or some focused workshops, I think one of the issues would be how to structure that.

MR. SMITH: Yeah.

MS. LEE: Where do you see the issues, kind of import, where we need to bring folks around a table? So if you could equally kind of provide some suggestions as to topic areas of focus --

MR. SMITH: Yeah.

MS. LEE: -- we can look at what our opportunity is. And within that realm or another opportunity, we can respond to your question --

MR. SMITH: Great. Yeah.

MS. LEE: -- of us.

MR. SMITH: I mean, yeah, I've probably highlighted a couple of my ideas. I'm sure there's other folks who could highlight some of theirs. But at least in our kind of public or, you know, the written comments we respond back, I think we'd love to highlight a list of the items, the way we think we could maybe break up a day or a session, so thanks.

MS. LEE: Yes. We would welcome that from everyone.

Thanks, Mike.

MR. GIBSON: Good afternoon. Jed Gibson on behalf of the American Wind Energy Association California Caucus.

We recognize the importance of informing customers of their power content. And we appreciate the Commission's efforts to implement the AB 1110 changes to the PSD program. We did have some concerns with the proposal -- the proposed treatment of firmed and shaped products. A purchase of a firm and shaped product is acquiring a bundled product; it's the underlying energy from the renewable facility coupled with the REC associated with that energy. And that REC also includes the emissions attributes from the renewable facility.

So we're concerned that the proposal's treatment of firmed and shaped products in assigning a GHG emissions factor that's different from the renewable facility itself doesn't make sense, and it also doesn't align with other policies, namely the ARB's MRR.

Under the MRR there's an RPS adjustment. So as part of the overall emissions accounting, an LSE is -- the procurement of a firmed and shaped product is recognized in that emissions accounting, whereas the proposed PSD program would -- there's no recognition of that procurement of that renewable product that is a bundled product, as I was discussing.

So our concern is that in light of the goals to align the various programs at the state and to kind of avoid a disconnect in state policy, we really think that the proposed treatment of firmed and shaped products needs to be changed under the PSD proposal. And we'll follow up with written comments as well.

Thank you.

MS. AGUILA: This is Brieanna Aguila with the Air Resources Board. I just wanted to make a quick clarification, that the RPS adjustment is a cap-and-trade mechanism to recognize purchases of renewable electricity from out-of-state resources. But under MRR specifically, we are accounting for the emissions from the electricity, so it's not technically an MRR mechanism, it's a cap-and-trade mechanism. So it is not taken into account when we account for the electricity of -- electricity emissions in California.

MS. RADER: Hi there. Good afternoon. My name is Nancy Rader with the California Wind Energy Association.

We support some aspects of the Energy Commission's staff proposal which -- but I guess we urge you to reconsider PG&E's proposal, the clean net short proposal, which soon may be the PUC's proposal for actually accounting for greenhouse gas emissions.

Our perspective is a broad one, which is that for California to really serve as a leader in demonstrating how an economy can achieve greenhouse gas emissions, it can't rely on paper accounting. It has to demonstrate how it will actually serve load with greenhouse gas-free resources. And so each LSE needs to procure resources that serve its load as closely as possible.

Now this may favor larger entities with larger loads because they will better be able to assemble a diverse portfolio. For the same reason, there is danger in allowing multiple, small LSEs to assemble portfolios that are mismatched to their loads because the sum of such portfolios can promote system over-generation and curtailment and/or dumping of exports on neighboring states, while California's loads are actually served with system power with greater greenhouse gas emissions. It could also lead to the need for more storage, making it more expensive to achieve our greenhouse gas goals.

We think the power content label should inform consumers about how they are actually being supplied with power on an hourly basis. RPS rules and requirements are a separate matter from product content disclosure.

And we would also support the roundtable discussions that have been suggested to iron all these issues out.

Thank you.

MR. CABALLERO: Hi. I'm Martin Caballero with the Modesto Irrigation District. And I just wanted to provide a few comments. We appreciate your presentation today and the opportunity to comment.

My first comment was on RPS adjustment which, I know, you've already heard about, but I wanted to kind of refine the comment a little bit.

So in the case of MID, the firmed and shaped renewables that we have in our portfolio were actually resources that were procured before any of these environmental regulations were approved. And so our concern is that, basically, we don't have the ability to claim the benefit for something that was procured well in advance of these rules. And we just want to make sure that our customers see the benefit for the resources that we actually procured in the past.

We're also concerned that it creates confusion. So not allowing for benefit of firmed and shaped creates confusion between the energy accounting in the PSD, and also if anybody's comparing to the compliance obligation for an entity.

And so for MID a large portion of our renewables are currently firmed and shaped. About 60 percent of our renewable mix is firmed and shaped. And so there would be a clear disconnect between the different information that would be out there for customers to look at and what they would be seeing here.

I also wanted to comment on the in-state generation of renewables that's delivered to the state but not directly to the buying entity. I do appreciate that it looks like there's some accounting mechanism that would allow for the buying entity to get some of the benefit, to show the benefit of that procurement, but I'm not totally sure that I understand exactly how it flows through within the spreadsheet. So I would appreciate maybe a more detailed example of how that would work specifically.

And also wanted to just mention that these kind of purchases are a necessary mechanism for compliance for smaller utilities, such as ourselves, that can't really feasibly build the kind of renewables that we're asking -- being asked to procure and still reliably meet our load.

And the last comment I wanted to provide was on the in-state unspecified accounting. I know in the proposal, you're proposing to apply the same default emission factor that is being applied to imports from out of state. It seems that in state, with the amount of renewables going -- being constructed in state, that there should be some lower emission factor that should flow to that. And I'll point to the data that the ISO recently published where they published an accounting of the ISO's emission factor over the last couple of years, and it appears that their figures are quite a bit lower than the default emission factor, so I would encourage you to look at that.

And I would just echo what you've already heard before about kind of a roundtable discussion in the future.

Thank you.

MS. PARSONS: Hi. Cindy Parson with the Los Angeles Department of Water and Power.

I'd also like to talk about the disconnect between programs, and specifically the disconnect between the RPS percentage that we, as a load-serving entity, are expected to meet, versus the information that will be given to our customers which shows the percent renewable of our power mix, which is not going to match the percent RPS that we're expected to meet by law.

And part of the problem with that is the exclusion of the unbundled RECs from the power mix. And in the written comments we had submitted back in August, we had suggested a -- made a recommendation that the CEC add a sixth category to the renewable section of the power content label in the power mix called unbundled RECs and report the unbundled RECs in that sixth category, but yet that sixth category would be part of the renewable percentage, even though there are no emissions because there’s no electricity. But at least that way you try to maintain consistency between the renewable percentage reflected on the power content label and the renewable percentage that we’re required to meet for the RPS program.

So if you can try to at least maintain consistency between the percentages, that, I think, will avoid a lot of confusion for the customers. Because the customers -- the power content label is our primary means of communicating to our customers. They don’t see our RPS compliance report. What they see is the power content label. And when we did a calculation, if the unbundled RECs were excluded from the power mix and the renewable percentage, it would result in a three percent reduction. So it would appear that we, as a utility, are not meeting the RPS mandate. And we certainly don't want to communicate that to our customers. That's sending the wrong message.

So if you can add a sixth category for unbundled RECs and include that in the roll-up for the renewable percentage, that, I think, will go a long ways towards avoiding confusion.

As far as the wind report, the unbundled RECs, you have a requirement that the unbundled RECs would only be reported on the power content label after they've been retired. And I wanted to point out that that will result in some lumpiness, so lumps in your batter, if you can look at it that way, because the RECs are not necessarily retired every single year. The RPS compliance is a three-year compliance period. And you won't know until your retail sales is final how many RECs you actually need to retire.

So there really needs to be some thought put into reporting the unbundled RECs as a percentage of the annual retail sales because if you have three years' worth of RECs that are retired and reported on a single power content label, some of those RECs belong to the previous years, so it just doesn't make sense to do it that way.

We also have concerns about the firmed and shaped electricity that we pay a good price for because it is -- we're buying renewable energy in the first place. And really all it is, is an energy exchange for delivery purposes. We are procuring renewable energy at the source. But because delivery is a challenge and costly, we choose to deliver it via a firming and shaping or an energy exchange manner.

So if the power content label is supposed to be focused on what you're procuring to serve your load, it seems like assigning emissions to firmed and shaped electricity is focusing on the delivery mechanism, rather than the procurement, and you've got a conflict there. So to me, procurement takes precedence over delivery, so firmed and shaped energy really should reflect the zero-emission attribute of the original energy that was procured to serve the customers.

Let's see, what else? And then I did have a couple of questions.

Oh, on the timeline, Jordan mentioned

that you're updating the timeline for reporting.

MS. LEE: Um-hmm.

MS. PARSONS: Can you please elaborate as far as what those updates are?

MS. LEE: We don't have those final at this point. We've discussed it briefly in the proposal. We will firm up exactly -- we're going to work with our folks in Energy Assessments to make sure the reporting time frames meet their need for power mix accounting, but also reflect your need for having time and some continuity in your reporting time frames in other programs, to the greatest degree possible.

MS. PARSONS: Um-hmm.

MS. LEE: So we have a lot of folks that use these sources of information we're trying to reconcile, but you will have an opportunity to see that, you know, well in advance during the public process here.

MS. PARSONS: Okay.

MS. LEE: Yeah.

MS. PARSONS: And the last question has to do with the self-consumption and the grid losses. So is that simply the difference between your net generation and your retail sales that will be calculated automatically, or is that a number that we actually need to input into the reporting form?

MS. LEE: I'll let Jordan speak to that technically, but it is not a number you have to enter.

But, Jordan, would you like to address that really quickly?

MR. SCAVO: It's automatic.

MS. PARSONS: Automatic?

MS. LEE: Well, that wasn't -- thanks.

MS. PARSONS: Okay. All right. Thank you.

MS. LEE: Okay.

MR. TOMASHEFSKY: Good afternoon. Scott Tomashefsky with Northern California Power Agency.

We've been using this label for about 20 years now and it's gone through a lot of iterations over the time, over the years. One of the challenges we've had with it has been the art of perfection on what that number really represents. And we've been doing that to try and account for how we deal with retail sales. We didn't have a definition of retail sales for a long time. We've dealt with how the -- how the label is normalized to 100 percent. And we've kind of decided that, well, we're not going to touch renewables, we'll just deal with nonrenewables, and that's okay. And you can kind of look at how that's done and sometimes you kind of wonder why that's done.

But keeping the integrity of the renewable number so that we can look at it for purposes of how we're doing generally with RPS compliance, now we get into how to deal with greenhouse gas emissions. And when this whole thing started with AB 1110, I mean, part of it is really an exercise of making sure that there's clear expectations from customers in terms of where their utility sits in the California footprint, vis-a-vis the statewide level, and then also to do a comparison with other utilities. And I think that's still something that we largely need to address.

But at the same time, we start to, as we look at that, we start to try to tinker with making that number perfect, and so what you end up with is a null set, not null power but a null set in terms of how you try to come up with a solution that will work for everyone. So that kind of puts you into a situation where, again, the roundtable comment, extremely important, because you could sit here and have weekly, biweekly, monthly meetings. You could do this over the course of a year and kind of come to a real understanding about what you're trying to do and then what your expectations are, and we all have our opinions on that.

From the standpoint of what we're looking at, as a good example, the unbundled REC construct of not including that, well, if you look at it from the RPS program, you'll think on its face, well, it's just ten percent, not a big deal. But I think Cindy had mentioned, in any given year, you might decide to catch all your RECs, your unbundled RECs in one year. And if that's, you know, roughly one-third of your load, now you're not including that, you're misleading, at least in terms of what your footprint might be in any given year, so you have to sort of account for those things. And if you account for those things with some sort of default factor, whether the factor gets revisited or not, at least it's a proxy that gives you the ability to make some comparisons.

From a customer perspective, I can tell you that there's probably not many people outside of this room or within this building or within our respective utilities that really understand what pounds of CO_2 per megawatt hour of CO_2 equivalent is. And if you look at that on a label, I don't think you're really going to understand that, necessarily. The average consumer is not going to know that.

So it becomes almost more important to make sure you understand a comparative, no different than an index. You can try and calculate what that number is, but ultimately if you're off by five percent or so it really doesn't matter. What's more important is that you're able to make those comparisons, so I can say, well, my utility is better or worse than the statewide average and other utilities. That becomes the most important proxy for what we're trying to accomplish here.

So as we start to go down this path, you don't want to -- you don't want to go down the rabbit hole of trying to get to that last piece of emissions. It just becomes impossible to get to and we spend an exorbitant amount of time trying to figure that out. So not to say that we shouldn't start to see how far you go, but to try and figure out that last molecule, it just becomes impossible. And it will drive everyone one of us crazy. So comparative numbers is important.

The other thing that's kind of important is that the state actually created a financial trading program to do the things that they want utilities and communities to do, which is basically invest in clean energy. And so when you ignore that and then you don't explain that to your customers, or at least have that included in the calculation, you're actually doing a disservice.

I think it's reasonable to have a utility have the ability to make a financial contribution to perhaps some sort of clean energy investment they can't make at home, so they can't make a physical contribution so they go ahead and make that procurement somewhere else where the person that's selling that REC then makes an additional clean energy investment. And you can see what is submitted to the Air Resources Board when we talk about allowance proceeds. There’s a lot of investment that goes on by utilities above and beyond just to make the statutory requirements of a number and those things don’t necessarily get reflect, unless you start to consider the financial aspects of this.

So again, it doesn’t become an exact science, but it allows you to say as a state, I really don’t care what that individual number is outside of comparative purposes. I want people contributing. But ultimately, when you start to account for all these things, it all adds up to one at the end. That’s the objective. So the statewide number has to be kept pure.

But in terms of how those investments are made, it’s reasonable to accept that one utility might make an investment, one other utility might make the physical investment. And the two of those add up to a reduction in emissions, and that’s really the objective. So to the extent that you can use the label to do that, it adds value. And then the consumer doesn’t have to try to figure out all the details of what’s going on. They can actually look at the comparatives and generally understand what direction -- where the direction is in terms of greenhouse gas emissions.

It’s the same thing on the renewables side. They sort of understand what that number is, but they’re not going to understand that there’s a normalization that goes on if someone’s over-procuring or any of those things. It’s not exact. And we should never expect the average consumer to understand every facet of that, and therefore we shouldn’t have to strive to explain and do all of those things. We should make something that’s reflective and representative.

Anyway, just a thought. I’ll be happy to talk about this at our next roundtable.

Thanks.

MR. GONCALVES: Good afternoon. My name is Tony Gonzalez with SMUD.

And I just -- I did have, I think it was a clarifying question and then maybe a quick comment, since we kind of skipped over the clarifying question. And it goes back to a point here for the renewables that are, for an entity or POU like SMUD that doesn’t -- that isn’t in the CalISO, for the renewables that are delivered into the CalISO. And looking at the spreadsheet, and I'll admit, I haven't looked very closely at it, but it clearly has locations for you to enter the renewables that you buy in there, but it doesn't really -- I couldn't see a place for you to identify the fact that those renewables are dropped into the CalISO, basically sold as null -- as market power into the CalISO, so that you can back that number out of your total generation.

And the significance of that is that if you have a, you know, large amount of renewables in the CalISO in this situation, you end up having a generation number that could be significantly larger than what your retail sales numbers are. And I know there's a mechanism for prorating that number to the nonrenewables, but amongst the nonrenewables is large hydro which is a clean resource. And doing that could significantly change your large hydro number on your label, which is a resource that most utilities aren't selling. So in SMUD's case, we do get a lot of WAPA. And there are limitations on who can get that power and how you can resell it, so we wouldn't resell that for our own reasons. And we have our own hydro that we use internally. It's inexpensive and it's clean, so we're not going to sell that.

And so I do have a concern with either not having a mechanism there to show the sale and to back those numbers out of your generation, so you don't end up with this huge over-generation relative to your retail sales, or at least -- or finding a mechanism to not back out and prorate your large hydro. I looked at it this past year when we did our power content label and it, in a good hydro year, can be five to seven percentage points difference in the large hydro. So it's not an insignificant amount in our labels.

Then I had another comment, just back to firmed and shaped. And I appreciate the clarification Brieanne made, that this is -- that the RPS adjustment is a cap-and-trade, not an MRR mechanism, but just kind of going back to one of the early slides which identified that trying to be consistent with MRR and cap-and-trade. So allowing the RPS adjustment, allowing that mechanism, and allowing us to not -- to basically count those benefits is not inconsistent with cap-and-trade, which is one of the items that the statute says to be consistent with. Plus, it is much more consistent with the RPS to do that.

And then the only last comment I had was a little bit on the unbundled RECs and just a little bit on the timing. I know we had some comments on that. But the reporting as of now, unless you change it, is June 1st for the Power Source Disclosure. The RPS requirement isn't until July 1st. So there may be cases where you're asking us to identify how much we're retiring, but you haven't made that final decision, and so that does become problematic.

All right. Thank you.

MS. LEE: Thank you. And thank you for the specific reference. We do recognize the challenge in some of those dates, but also wanting to receive data in a timely manner to support other programs, so we're wrestling with that. And I think it is a topic for continued discussion of a timeline that's practical.

MS. KELTY: Hi. My name is Maya Kelty. I work with 3Degrees. I'm the Regulatory Affairs Manager. At 3Degrees, we work with a handful of California utilities on their Green Power programs, so that also gives us the opportunity to work with their customers, who are buying green programs. And we work with a number of corporate and institutional customers, including some in California, to help them meet their clean energy and carbon reduction goals.

We plan on submitting comments on the February 23rd deadline, but we appreciate this opportunity to provide comments in this context, as well.

We are supportive of many elements of the proposal, including providing specific Power Source Disclosure for different retail offerings, but we do have a couple items that we find troubling with the current proposal, particularly related to how we feel they might be confusing to the customers who are receiving them. So some of that has to do with some of the comments that have already been made related to the sort of different treatment of different types of RPS renewables in the product -- in the Power Source Disclosure that customers will be receiving. And we also find that this will be confusing for the LSEs, as well, who will have to treat RPS-eligible renewables differently in their Power Source Disclosure compared to their RPS reporting.

And so as was mentioned, it is confusing for customers who understand that there are mandates on their LSEs to provide them with renewable energy, to then receive a power content label that doesn't reflect the amount of renewable energy that's being provided to those customers, particularly because we aren't thinking of the full, you know, unbundled RECs anywhere in the country, we're thinking of unbundled RECs that are RPS eligible, meaning they are located in the WECC.

So additionally, we also find it will be confusing to customers that, under the proposed proposal, the RECs will not be able to deliver that greenhouse gas benefit to customers. So this goes against the definition of a REC in California, which is that it contains all of the environmental and generation attributes. And it also goes against these sort of internationally recognized protocols that are in place around greenhouse gas reporting. So customers who receive these disclosures, particularly larger customers who do engage in greenhouse gas reporting, are going to be viewing this as representative of the energy that's being delivered to them, the energy that they are consuming. And in that context, RECs do deliver the greenhouse gas emissions benefit in terms of being able to claim usage of renewable energy and of a zero-emissions resource.

So this would not have any bearing on RECs as they relate to the mandatory reporting requirement that CARB has in place. This is not to suggest that this would somehow allow reporting entities to count RECs to reduce their emissions in that sense, but it's just a claim for the customer to be using renewable energy. And so we feel this would lead to situations where customers are purchasing renewable energy that is RPS eligible, a 100-percent product, and then receiving a disclosure that doesn't align with that purchase they're making at all and would say that there are emissions associated with their renewable energy purchase. So we fear this would, rather than creating informed and engaged customers, which we think is part of the goal of Power Source Disclosure, it would likely create confused and frustrated customers.

So we are sensitive to all of the different things that are sort of reporting requirements that are on LSEs and that are being delivered to customers. And our main concern is just making sure that it's not confusing to customers and they're able to understand, you know, when they're buying renewable energy that they're getting renewable energy.

And, yeah, that's it.

Thank you.

MS. LEE: Thank you.

Do we have any other comments in the room? We may have some on WebEx. A couple more here in the room.

MR. JONES: Thank you. My name is Todd Jones. I'm the Director of Policy at the Center for Resource Solutions. And thank you for the opportunity to speak today.

We support power source and admissions disclosure to electricity customers. And we have deep expertise in fuel source and emissions accounting for retail customer claims. In fact, through Green e-Certification, we enforce Power Source Disclosure requirements on over 300 suppliers of certified voluntary renewable energy products across the country, including 11 retail electricity suppliers in California, including

IOUs, municipal utilities and CCAs.

Power Source Disclosure is important, not just for customers. You know, this will be how the state allocates power and GHG emissions to customers. It will determine who can claim what about their electricity usage, so it directly affects the RPS, which is the only other state program that tracks and allocates specified power generation attributes to retail customers. It also directly affects corporate and other voluntary purchasers who are claiming use of specified renewable energy and its emissions. So where Power Source Disclosure does not align with the accounting used in RPS and voluntary markets for renewable energy, it can cause huge problems for those markets, which is what we believe this proposal would do.

This proposal is bad for both compliance and voluntary renewable energy markets, which is bad for renewable energy and emissions reductions overall. It would reduce -- it would remove voluntary and corporate purchasing options. It would shrink demand, make renewable energy more expensive, and push private investment out of the state. It would diminish the RPS as a tool to achieve emissions reductions in the state. It adopts an overall approach to emissions accounting for retail claims that may hamper growth of regional renewable power markets, which limits the development of end use of renewable energy in California and across the region. It conflicts with federal guidance and international best practice on RECs and GHG accounting for consumer claims. It infringes on the property rights of REC owners and undermines REC integrity. And in the end it produces less accurate, inconsistent and confusing disclosure to customers.

So here’s what we think you should do to avoid these problems.

First, require REC retirement for reporting renewable energy and the emissions associated with renewable energy that are delivered to retail customers. RECs convey the fuel type and GHG emissions profile of renewable generation for consumer claims.

Second, assign a residual mix emissions factor to null power and unspecified power.

And third, require that all purchases of RECs, bundled or unbundled, by suppliers for retail sales be reported in Power Source Disclosure. Unbundled REC purchases should be included in reported renewable energy deliveries and disclosure about unbundled RECs purchases by suppliers should be provided in a footnote.

So that is all you have to do. That's been done by other states, including Washington and all of the states in the North East and Mid-Atlantic that have all generation certificate tracking systems. It's what's done in the climate registry which was created by the State of California to track emissions. It is consistent with all other corporate GHG emissions inventories and international standards for GHG accounting for delivered electricity. This is the most accurate, verifiable and intellectually credible method for allocating attributes, including emissions, which is why it's used in every RPS across the country.

And finally, I want to be clear that this would not cause problems for the MRR or California's Cap-and-Trade Program. There's no conflict with the MRR. So earlier I said that Power Source Disclosure directly affects RPS and voluntary renewable energy markets and should align with those programs because it determines who can claim what about electricity usage. Well, it does not necessarily affect or need to align with the MRR which is a source-based emissions reporting methodology that is not intended to be used for retail consumer GHG claims, which is the purpose of AB 1110. The MRR does not address retail delivery of emissions or power. It does not provide a method for allocating generation emissions or attributes to suppliers or customers. And the MRR does not prohibit the use of RECs for tracking and allocating the emissions attributes of renewable generation to suppliers and customers.

I also want to be clear that this does not use RECs to reduce emissions based on avoided emissions or use RECs as offsets, or have anything to do with avoided emissions. We agree that RECs and renewable energy have no avoided emissions value under cap-and-trade, and we are not proposing that RECs be used as emission reductions credits. But this has no bearing on AB 1110 which has to do with who claims the emissions profile of renewable energy or, in Staff’s words, the GHG emissions characteristics of the electricity portfolio sold to retail customers. Direct emissions, the emissions factor of generation, and avoided emissions are two different attributes. Direct emissions of renewable energy are not affected by cap-and-trade.

So here’s the most important thing: RECs should be required to demonstrate delivery and consumption of electricity with the emissions profile, direct emissions, emissions factor, of renewable energy. This would be consistent with the existing state policy under the RPS and voluntary markets, and it would produce the most accurate accounting for customers. And it would not affect the MRR or cap-and-trade.

So the proposal includes a number of inaccuracies and inconsistencies. And I don’t have time in the five minutes to go through all of them. We’ve provided the CEC and ARB staff with multiple sets of written comments over the past two years that directly affect many of them which have nevertheless made their way into this proposal. And we will submit written comments that go through the detailed elements of this proposal, as well.

For the sake of these markets, the existing policies, renewable energy development and accurate customer disclosure, we strongly urge CEC and ARB staff to please reconsider this proposal. California has always been a leader. Please don't let us fall behind.

Thank you.

MR. HENDRY: Good afternoon. I'm James Hendry with the San Francisco Public Utilities Commission. Admittedly, that's a tough act to follow. But I think I want to just echo that general comment in just there seems to be a fundamental mismatch at the moment between the Power Source Disclosure reporting and the Renewable Energy Credit, the RPS program as set by the state. And I think a number of parties has raised this numerous times in comments and it still has not been reflected in changes to the Power Source Disclosure form. And I think this does reflect the changing paradigm and kind of undermines the paradigm that was set by the legislature in SBX1 2 and SB 350 which defined, you know, the Renewable Energy Credit RPS Program as a measure of measuring California's achievement of moving towards its greenhouse gas goals in the energy sector.

RECs, you know, under the state legislation, do include all the environmental attributes, which they include all the GHG emission attributes, as well. There are compliance measures for the RPS program. And they help California achieve its RPS goals.

This seems to be a kind of a mismatch between reporting and compliance as you go through the regulations. For purposes of the RECs, the proposal said they shouldn't count because they cite to a PUC decision saying, well, they may not be eligible as a compliance mechanism for GHG reductions, but they're eligible as a reporting mechanism. And when you come to Bucket 2 issues, though, then it becomes they don't count because they're reported but it's not a compliance, but it's a compliance measure if it's not a reporting measure, so it's kind of an inconsistent treatment between the two programs as to whether you're looking at compliance or reporting, which need to be looked at.

And the one area I think I disagree with Todd's expertise on is that RECs can be used for compliance purposes under the Cap-and-Trade Program for the Voluntary Renewable Energy Program. So the Air Resources Board has recognized there that the Renewable Energy Credit does carry over one-to-one to reduction in greenhouse gas emission reductions and retires the corresponding measurement, as well. So there is a measure there for that.

Finally, I wanted to briefly talk about the -- PG&E’s clean net short proposal and kind of related issue of matching load to resources. And the PG&E proposal basically says that in order to get credit, your greenhouse gas generation has to match when the load is actually occurring. And so this is inconsistent. PG&E mentions this in their comments that, well, the power content label requires that reporting be done on an annual basis and that load does not have to match up to generation in real time. So it’s kind of inconsistent how statutorily you could adopt such a proposal.

It also is fundamentally inconsistent with the renewable portfolio standard which says that, you know, the goal of the RPS program is to increase the amount of greenhouse gas generation or RPS-eligible generation that is provided to the California grid. There's no requirement that it matches up in real time. There's no requirement that it even shows up in the same NP-15 (phonetic), NESP-15 (phonetic) delivery area. So again, there's a fundamental mismatch between that.

Both PG&E and, I think, the Edison -- Adam Smith described -- said, no, we have a lot of support for the clean net short proposal and it's just the complexity issues that need to be worked out, and I think that's a fundamental disagreement. In the CPUC's IRP proceeding, a number of parties strongly opposed that concept, including the California Municipal Utilities Association, the Bay Area Municipal Utilities, the -- San Francisco, the California Community Choice Association representing all the California CCAs, and the Alliance of Retail Energy Markets which represents a lot of the direct access customers and somewhat related with the energy service providers, all of whom basically oppose this proposal. And it's not just the complexity of trying to do an 8,760-hour process to it, but it's the fundamental issue of who should get credit for excess generation.

Under their proposal, if you provide greenhouse gas-free generation to the grid than you consume at the time, you don't get credit for it. And who does get credit for it? It carries over and would reduce the overall system average profile for everybody else. So basically those who pay for the generation and provide it to the grid end up subsidizing by reducing the greenhouse gas emission profile of those who don't use that energy and could be out buying unspecified power or coal power or anything else, but those then get reflected in a lower greenhouse gas emission credit for them.

To carry it to its logical conclusion, I guess nobody could claim to be 100 percent greenhouse gas-free. I have rooftop solar and I like to claim I'm greenhouse gas-free. Understand PG&E's proposal, I could probably claim I'm 50 percent greenhouse gas-free because I wouldn't get credit for the excess energy I sell to the grid during the day, and I'd be penalized for the greenhouse gas energy I buy at night. And so I would not credit for it, and I think that's a fundamental unfairness of what we want to do, which is encourage to reward those who make the investments consistent with Air Resources Board's early action proposals to get the credit for what they're doing.

Finally, on the clean net short proposal, as the Energy Commission and the California Public Utilities Commission is aware, the -- Governor Brown vetoed AB 79 which would have directed looking at hourly emission profiles and said that this should be looked at by the Energy Commission, and I am kind of concerned. And we raised this issue in our comments to the California Public Utilities Commission that the CPUC should not be getting out in front of the Energy Commission, which is the one that's tasked to doing this. And so I think jurisdictionally, that issue, I think, should play out through the appropriate forums of the AB 1110 process.

Finally, I do have a couple consistency questions I think I'd like for you to consider. The first is on the issue of adjusted sales which seems to mix and match wholesale sales and retail sales, power content labels to account for retail sales. So if you own generation and you have wholesale energy contracts for a facility, you potentially could end up having those assigned and being carried forward into the adjustment mechanism of your power content label. So I think that kind of potentially exceeds the authority and purpose of what the power content label is supposed to do.

Second, on self-consumption there seems to be mismatch between the RPS definition and the definition contained in the cap-and-trade proposal -- or, excuse me, the -- I'm getting ahead of myself -- the AB 1110 proposal. And I think the adjusted sales issue also then carries over to the issue of when you address renewables versus nonrenewables, and you have to look at that issue further. But at least my understanding is renewables kind of get carried forward, nonrenewables potentially get adjusted. But again, that could penalize you if you invest in greenhouse gas resources -- or, excuse me, lower-emitting greenhouse gas resources such as, you know, cleaner fossil fuel plants, you potentially could be penalized for that through this adjustment mechanism, even though you're not taking, again, positive efforts to reduce your greenhouse gas emissions.

So I'd just like to finally echo, I think, the concept of having workshops as a very good proposal. I wish we had, you know, a slightly bigger screen so we could kind of go through the work -- the tabulation of how the power content label works because I think that was a lot of -- there's a lot of policy issues embedded in that which are very difficult to catch on a very small screen, but thank you for your comments.

MS. LEE: Okay, I think we're going to check in on WebEx and see if anyone would like to speak.

Kyan, can you open the line?

MR. TUTT: Yeah, see, if this was a roundtable, I think I would get to speak more than once. So --

MS. LEE: That's fair enough.

MR. TUTT: -- if you don't want me to, I'd be happy to just sit down. But that was the vision in being able to respond to other people's comments, being able to talk about issues that you haven't brought up yet, that kind of thing.

MS. LEE: No.

MR. TUTT: So --

MS. LEE: I think so. I think if you'd like to respond to other comments, would it be all right if we see if we have anyone waiting on WebEx for --

MR. TUTT: Sure.

MS. LEE: -- a first opportunity? And then we'll move back.

Kyan, is anyone indicating, or Elisabeth?

MS. DE JONG: So I'm going to go ahead and jump in. We did get one written question on WebEx.

The question was,

"Could you please explain how these changes will impact non-utility virtual power purchase agreements, specifically if it is a VPPA in which the non-utility retains and retires the RECs and sells the power on the spot market without the RECs and at the default grid emissions factor?"

That question is from Alex Klonick.

And we're going to go ahead and un-mute his microphone in case he wants to go ahead and add anything to that.

MS. LEE: Alex, please go ahead.

MR. KLONICK: I don't know if you can

hear me, but I have nothing to add. I just would like to hear a little bit more related to Todd's comment earlier regarding how this would deter private investment and what the reasoning behind it is.

Thank you.

MS. LEE: So, again, it's difficult for us to respond to any specific question of this nature in this forum. I'm happy to reach -- to have our team reach out to you individually, but also if you would docket your question and comment, it would give us an opportunity to share the response with the entire -- with all people following the proceeding.

So please feel free. You can send that directly. We'll share contact information at the end of the day. Send the question and comment directly to us, but we will make sure the response is widely viewed.

MS. DE JONG: We also saw on WebEx, one person, Marcie Milner specifically had raised her hand at one point during the presentation, so we're going to go ahead and un-mute her line first to see if she had any other comments that she would like to speak in the room now.

MS. MILNER: Thanks. Honestly, I just raised my hand because we were having trouble with the audio, but I don’t have a specific question at this time.

Thanks.

MS. DE JONG: Okay. Glad we got you back.

MS. LEE: And, Marcie, I will say the transcription from the entire day will be made available. So if you’re concerned about anything that was missed, that will be posted to the docket when it’s available.

MS. MILNER: Thank you.

MS. DE JONG: So we’re going to go ahead and turn to the rest of the folks on WebEx. We’re going to un-mute everyone who is attending on WebEx. If you do not wish to speak at this time, please -- oh, okay, sorry. We do have one more specific question on WebEx.

Cynthia Clark, we’re going ahead and un-muting you right now, if you want to go ahead and speak.

MR. KASTIGAR: (Off mike.) She’s not hooked up to the audio at this time, so --

MS. DE JONG: Oh, okay. We’ll go ahead

and read your question out loud.

MR. KASTIGAR: Should I come up to the mike?

MS. LEE: Yeah. Uh-huh.

MR. KASTIGAR: This question is from Cynthia Clark. And she says,

"Please speak to the timing of the proceeding, versus 2019 procurement decisions. It appears that the rules will not have been finalized prior to the time when they are applicable."

MS. LEE: So the timing, the rules will be put in place in 2019 for 2020 reporting of 2019 procurement. That is accurate. The regulatory process will -- you'll have a strong indication earlier in the process of the regulatory language, the proposed regulatory language. If you have a specific concern around the impact of that timing, if you could provide that to the docket, it would be helpful for us to be able to address.

MS. DE JONG: Okay, so back to the rest of the folks on WebEx. We'll go ahead and un-mute everyone. If you do not wish to speak right now, go ahead and mute your line specifically, and we'll open up those lines.

MS. LEE: Do we have anyone who would like to ask a question? Okay. We're not hearing anyone indicate that they'd like to ask -- answer -- excuse me, ask a question. You're welcome to answer as many as you -- but -- so we are going to re-mute the lines. If we've missed an opportunity, something you do want to provide, please use the raise-your-hand feature or send a comment and we'll come back to the WebEx participants.

Tim, thank you very much for waiting.

MR. TUTT: No problem. There were a couple of things that I wanted to say, actually.

First, in response to Jim Hendry about the VRE program, I don't know that I would consider that a directly RECs being, you know, viable or fungible with allowances. Basically what that is, is it allows someone who's participating on a voluntary renewable program to be assured that they get emission reductions under a cap system because otherwise, you know, if you're -- you procure that renewable electricity, emissions go down, somewhere else under the cap, emissions can go up. So it's more a mechanism to provide that that any other fungible allowance versus REC structure.

But I had another question. In AB 1110, it talks about the Energy Commission developing a methodology for dealing with unbundled RECs in the label. It also says,

"A retail supplier may include additional information related to the sources of the unbundled RECs."

I didn't see anything in the proposal related to that provision of AB 1110.

MS. LEE: We did not address that in the proposal. At this point the provision allows outside of the label.

MR. TUTT: This seems like it would apply to the label since that's what this whole section was describing.

MS. LEE: So I think probably best for you to provide us your interpretation --

MR. TUTT: Okay.

MS. LEE: -- and how you think that might be applied and we can respond to that more directly because I think it could be open for interpretation as to whether it means within the label or any template we would provide --

MR. TUTT: Right.

MS. LEE: -- or in -- or provided in coordination with a templated label. So we'd be interested in hearing your interpretation.

MR. TUTT: Okay. We can provide that in written comments.

But just as an aside, I'm not sure there's anything in AB 1110 that would constrain a retail supplier from providing whatever additional information they wanted outside the label.

MS. LEE: Agreed.

MR. TUTT: Thank you.

MS. LEE: Agreed, although there is the reference to the marketing materials using the accounting, but, yeah.

MR. UHLER: Steve Uhler here again. A comment related to confusion of the customer on two levels.

The concept of WYSIWYG, what you see is what you get, your website says to consider that as a nutrition label. So if somebody needs or wants or in order to retain a customer has to put a REC on there, all of the renewable greenhouse gas and everything that goes into that REC belongs to that retail customer and can no longer be claimed for RPS. Now you may say, well, you have a green pricing program somewhere in the statute. Well, that has to be local.

So how are you going to deal with these where people put multiple products on a single label? And some of those folks are being able to claim those for themselves as mine, I own that. I've done this work to get this. If a REC is put on the label, it belongs to the retail customer. You're going to need to demonstrate how that's not going to confuse everybody. It totally confused me. I made a purchase. Again, no posers. This should limit the posers.

And then getting to the point of this should encourage far more renewables to be built because, comparison-wise, I'm going to look at it as like, hey, you know, if I buy this from my local utility, they get some claim in that. But if I go out and say I want to buy some wind power to be greener, to cover my car, cover everything else, I should just simply buy from them and not give it to the utility. The utility will then have to go out and still meet the RPS, so my money goes a lot further and the state gets a lot further on that.

The second item on this is for a roundtable, for every panelist on the roundtable who said they don't want to reduce -- or they want to reduce customer confusion, there has to be a customer, not of their picking, on that table. And I want to be the one that will allow SMUD to be on that table. And if SMUD has multiple panelists, I have other people who will gladly come buy and voice this concern about this device that's supposed to tell us where we're at.

Thank you.

MS. LEE: Thank you.

MR. UHLER: Sorry if I'm gruff --

MR. LIONEL: No, it's okay.

MR. UHLER: -- but that's the way it is.

MS. LEE: Thank you.

Is there anyone else who'd like to revisit a comment or add an additional comment in the room? All right.

We'll give one more request out to our WebEx participants. Is there anyone on WebEx that would like to make a final comment? Okay. We're not hearing anything.

So again, I want to thank you all for

your engagement on the topic, on working with us. We definitely hear your request for continued dialogue. And please watch the docket for any of the subsequent materials from this meeting.

Jordan does have a few next steps he'd like to highlight for the group, as well.

MR. SCAVO: Well, I'm missing the notes for this slide, but I think it's kind of self-explanatory. You can find rulemaking documents at the link on this slide. We will docket the slides after this workshop.

After this workshop and the close of the public comment period, we will begin the next steps. The first of those is to draft proposed regulatory language. We anticipate having that out by 02/03 of 2017.

UNIDENTIFIED MALE: 2018.?

UNIDENTIFIED FEMALE: (Off mike.) 2018?

MR. SCAVO: Yeah, 2018. Okay, this looks wrong. So at some point, maybe around summer of 2018, we're shooting for having proposed language out. We hope to initiate formal rulemaking inn Q4 of 2018. That will give us through 2019 to complete the rulemaking. We anticipate hopefully having that done by summer of 2019.

To reiterate, the greenhouse gas emissions disclosures begin in the summer of 2020; that's for 2019 data.

And that concludes the workshop. I'll remind everyone once more that the public comments are due by 5:00 p.m. on Friday, February 23rd.

We appreciate everybody coming out and we appreciate your patience for a number of logistical quirks today. Thank you.

(The workshop adjourned at 3:04 p.m.)

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I do hereby certify that the testimony in the foregoing hearing was taken at the time and

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Barbara Little
Certified Transcriber
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