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Additional submitted attachment is included below.

February 23, 2018

California Energy Commission
Docket #: 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

Submitted via e-filing system.

Re: Staff Pre-Rulemaking Workshop on Updates to the Power Source Disclosure Regulations held February 1, 2018

The Modesto Irrigation District (MID) appreciates the opportunity to comment on the Revised Assembly Bill 1110 Implementation Proposal for Power Source Disclosure (Draft Staff Paper) released by California Energy Commission (CEC) staff on January 17, 2018 and presented at the February 1, 2018 pre-rulemaking workshop. MID agrees with the principle of AB 1110 that the fuel source and greenhouse gas emissions information provided to retail electric service consumers should be, “accurate, reliable, and simple to understand.”¹ However, MID believes that the proposal presented in the Draft Staff Paper does not fully adhere to the principles of AB 1110 and would inaccurately portray the emissions benefits created by ratepayers’ investments in renewable energy sources. The addition of greenhouse gas emissions intensity of retail electric service offerings to the power content label should show the full emissions reduction benefits of all renewable energy sources that are eligible under the Renewable Portfolio Standard (RPS) program, as conveyed by ownership of Renewable Energy Credits (RECs). Furthermore, the emissions intensity of in-state purchases should reflect the strides made within California toward installing increasing capacity of renewable generation.

Firmed-and-shaped resources should be recognized as providing emission-free energy.

Firmed-and-shaped Portfolio Content Category 2 (PCC2) and grandfathered Portfolio Content Category 0 (PCC0) are key components of the RPS program that allow for a more diverse resource mix, such as high capacity factor wind in the Pacific Northwest, and ensures that utilities can meet their RPS requirements in a cost-effective and reliable manner. Failing to recognize the avoidance of emissions from ratepayers’ investments in RPS-eligible renewable energy unfairly decreases the value of those resources due to the requirements of regulations that did not exist at the time the contracts were executed. MID invested heavily in early adoption of renewable energy resources. MID’s contracts for firmed-and-shaped wind energy from the Pacific Northwest, categorized as PCC0 under the RPS program, together form nearly 60% of MID’s RPS portfolio. The zero-emission, renewable energy generated by these facilities offsets other, emitting resources that would otherwise have been operated to serve load; therefore, the

¹ Public Utilities Code 398.1(b).

positive effect to the global environment is equal to that of a PCC1 resource. MID believes that the excerpt from CPUC Decision 08-08-028 used in the Draft Staff Paper² is not relevant in the context of GHG emissions intensity reporting under the Power Source Disclosure (PSD) program. The RPS and Cap-and-Trade programs and their respective compliance instruments both serve different purposes. Though a REC cannot be used to satisfy an LSE's compliance obligation in the Cap-and-Trade program, the fact remains that the REC is still a trackable instrument that represents ownership of the environmental attributes of a MWh of GHG-free energy and is not constrained by the requirements of the Cap-and-Trade program's emissions cap. The definition of a REC under Public Utilities Code section 399.12(h) states that a REC "includes all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy resource, except for an emissions reduction *credit* [emphasis added] issued pursuant to Section 40709 of the Health and Safety Code..." and does not preclude RECs from being used to represent emissions reductions. The purpose of the PSD is to clearly and accurately communicate to retail electric service customers the GHG emissions intensity of the retail product that they purchase, and should reflect the emissions intensity that the ratepayers' dollars that were invested in renewable energy are responsible for. This is already being done with the treatment of firmed-and-shaped resources in the PSD's existing power mix accounting methodology, which counts the energy generated by the renewable energy facility as zero-emission power. RECs, with their individual serial numbers, were designed to accurately track generation and ownership of renewable energy and are the premier instrument for tracking the full environmental benefits of renewable energy. It is particularly important to count the GHG benefit of all renewable generators constructed with California ratepayer dollars, including firmed-and-shaped resources when, as in MID's case, these investments in renewable energy are significant and are locked in contracts with terms extending beyond 2030.

Purchases of unspecified, in-state electricity should be assigned a different emissions intensity than the CARB default emission factor. California has invested heavily in installing renewable capacity to drive down GHG emissions, and has made progress towards that goal. Furthermore, no coal generation facilities are located in-state and less coal energy is imported as utilities continue to divest of coal generation assets. These strides toward emissions reductions should be recognized and communicated to ratepayers through the PSD by applying a special unspecified emissions factor to purchases of in-state electricity that is different from CARB's default emissions factor for imported electricity. For example, the CAISO's new "Today's Outlook"³ webpage routinely reports emissions rates much lower than the 0.428 MTCO_{2e} default emission factor for imported electricity. MID requests that CEC staff's analysis of in-state emissions be either reevaluated or made public to substantiate the claim in the Draft Staff Paper that the average GHG emissions factor for in-state generation does not substantially deviate from CARB's default emission factor. Additionally, the Draft Staff Paper refers to the, "average GHG emissions factor of in-state marginal generation"; however, since not all load is served by the marginal generator, a total system average emissions intensity is a more accurate measure for calculating an average emissions factor. Furthermore, the Draft Staff Paper states that there

² Jordan Scavo, "Revised Assembly Bill 1110 Implementation Proposal for Power Source Disclosure," p. 15

³ <http://www.aiso.com/TodaysOutlook/Pages/emissions.aspx>

exists no reliable means of differentiating in-state from imported unspecified energy. However, MID contends that purchases from the CAISO energy markets are not tagged to individual generators and must be applied a default emissions factor anyway.

MID requests clarification of in-state renewable energy that is not delivered to a Load Serving Entity's (LSE's) load. MID requests that the PSD regulation specifically address how eligible renewable resources located within a California balancing authority area, but not delivered to the LSE's retail customers will be treated. The LSE retains the RECs from renewable energy from these facilities in order to meet RPS requirements. During the February 1 workshop, CEC staff mentioned that the proposed annual report template⁴ includes a mechanism for LSEs to receive GHG emissions reduction credit for this type of arrangement; however, the written proposal does not appear to explicitly clarify this point, and it is not clear exactly how the mechanism would work. MID further requests a specific calculation example to demonstrate how this accounting would work in practice.

MID appreciates the opportunity to comment on these important issues. We are committed to continued partnership with the CEC to incorporate the requirements of AB 1110 into the PSD program while ensuring that our electric service customers receive a full, accurate portrayal of the effects of their rate payments on continued GHG reductions in their retail service product.

Sincerely



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⁴ <https://efiling.energy.ca.gov/getdocument.aspx?tn=222151>