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CALIFORNIA ENERGY COMMISSION

STAFF WORKSHOP

In the Matter of: Docket No.
) 16-RPS-01

Developing Guidelines for the Renewables Portfolio
50 Percent Renewables Standard Eligibility
Portfolio Standard Guidebook
Scoping Workshop

CALIFORNIA ENERGY COMMISSION

THE WARREN-ALQUIST STATE ENERGY BUILDING

FIRST FLOOR, ART ROSENFELD HEARING ROOM

(Hearing Room A)

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 17, 2016

9:30 A.M.

Reported By: Kent Odell
APPEARANCES

Staff Present

Lynette Green, Renewable Energy Office CEC
Christina Crume, Renewable Energy Office CEC
Brian McCollough, Renewable Energy Office CEC
Theresa Daniels, Renewable Energy Office CEC
Gabe Herrera, Legal Counsel CEC
Kevin Chou, Renewable Energy Office CEC
Elisabeth de Jong, Renewable Energy Office CEC
*Emily Chisholm, Renewable Energy Office CEC

Public Discussion (* Via telephone and/or WebEx)

John Pappas, PG&E
*John Dennis, Los Angeles Department of Water and Power (LADWP)
Timothy Tutt, SMUD
*Badia Harrell, Pasadena Water and Power
Susie Berlin, Law Office of Susie Berlin
Robert Blackney, CPUC
Jedediah Gibson, Ellison, Schneider & Harris
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PROCEEDINGS

MARCH 22, 2016 9:32 A.M.

MS. GREEN: I think we're going to go ahead and get started.

Good morning, everyone. My name is Lynette Green. And I'm the Project Manager of the RPS Eligibility Guidebook. Welcome to today's Scoping Workshop on the next edition of our RPS Guidebook. And this Workshop is being conducted as part of the Energy Commission's RPS Proceeding.

Joining me at the table are Brian McCollough and Theresa Daniels, staff working on verification; also Christina Crume, who works on certification, and Gabe Herrera, our Legal Counsel. I also want to acknowledge Kevin Chou, who works on certification and is assisting us on WebEx. And also, I would like to introduce Elisabeth de Jong, who is also working on certification. I believe we are also joined by Emily Chisholm, through WebEx, who works on compliance.

Just a quick housekeeping before we get started. Restrooms are in the atrium, out the double doors and to your left. And if there's an emergency and we need to evacuate the building, please follow the staff outside to Roosevelt Park, which is diagonal to the building and wait there until it's safe to return.
Today's workshop is being broadcast through the WebEx conferencing system and parties need to be aware that it is being recorded, so please keep your lines on mute. We'll make an audio recording available on our website a couple of days after the workshop, and a written transcript will be posted in about two weeks.

I'll provide an overview of the staff's proposed substantive and non-substantive changes. And we will then provide an opportunity for comments and questions for the public.

We encourage that you limit your comments to five minutes to accommodate everyone who would like to provide oral comments. You're also welcome to supplement your oral comments with detailed written comments. During the public comment period, we will take comments first from the people in the room, followed by the WebEx participants and those participating by phone only.

If you are in the room and wish to speak, please use the microphone at the center podium, so that the people participating remotely can hear you and make sure to state your name and affiliation. It's also helpful to give the transcriber your business card after you speak, to make sure your name and affiliation are reflected correctly in the transcript.

For our WebEx participants, you can use either
the chat or raised hand function to let our WebEx coordinator know that you have a question or comment and we'll take them at the appropriate time. For those participating only by phone, we will open the lines at the end of the public comment period to give you an opportunity to ask questions or provide comments.

We're accepting written comments at the close of business, March 30th. And the workshop notice explains the process for submitting written comments through the Energy Commission's e-commenting system. Upon submitting your comments, they will be docketed and posted. And subscribers to the Renewable Listserv will be notified.

We'll then continue on to stakeholder proposed topics. This segment will be open to anyone who has a new topic to propose.

Finally, before we adjourn, we'll provide a tentative schedule for the guidebook development. Our goal is to finish by noon, but if we find it necessary to continue beyond that, we'll take a lunch break at the appropriate time.

The goal of this workshop is to seek public input on staff's proposed changes, request answers to staff's questions, and provide stakeholders an opportunity to suggest new topics for potential revisions to the next edition of the guidebook. All of your comments and
responses to our questions will be considered, but must be balanced with ways to ensure program integrity.

I wanted to identify what staff will not cover in this workshop, or include in the next guidebook revision. That's the POU Regulations, which includes compliance period past 2020, long-term contracting requirement, calculation of excess procurement, POU exemptions established under Senate Bill 350, and integrated resource plans; also any future legislation and specific certification applications. Except for the last bullet, which you may contact RPS Certification at any time, these topics will be handled either in the next POU Regulations or the Tenth Edition Guidebook. I believe the POU regulations pre-rulemaking is tentatively scheduled to start in May or June, so just to let you know.

So with that, I'll start with staff's proposed substantive changes. The first one triggers the need for a guidebook revision, that's Senate Bill 350. It’s a new legislation approved by the Governor in October 2015, and SB 350, also known as the Clean Energy and Pollution Reduction Act of 2015, increased the amount of eligible renewable energy the utilities would procure to 50 percent by 2030.

It also amended the RPS eligibility requirements of a facility engaged in the combustion of municipal solid
waste. The law no longer considers MSW combustion to be an eligible renewable energy resource, unless the only qualified facility entered into a contract before January 1st, 2017. Consequently, only electricity generated by this facility for the contract term entered into prior to January 1st, 2017, will result in the creation of RECs. So staff is proposing to reflect these changes in the next revision of the guidebook, including requiring this facility to provide documentation to validate that it meets the new requirements.

The second item is to amend the process for the creation of retroactive RECs in WREGIS. This is a process adopted in October 2014, through a resolution which was then incorporated into the Eighth Edition of the Guidebook.

After receiving two separate requests in 2015 and implementing the process, staff learned that the WREGIS process for considering and approving the Energy Commission's request was not fully taken into consideration in terms of WREGIS timing. WREGIS also requires that a copy of the Audit Report be provided for its consideration and approval. Therefore WREGIS would only start the process when the Energy Commission approves a request and forwards a complete and approved Audit Report. Based on staff experience, the entire process could take nine months at a minimum.
The current requirement specifies that the retroactive RECs shall not be permitted for any generation that receives the date of the request by more than 24 months, or the eligibility date assigned to the facility or unit, whichever is earlier. Staff is proposing to modify the allowed time from 24 months to 12 months to avoid the issue of retroactive RECs bumping into the 36-month retirement rule.

Reducing the allowed time to 12 months will accommodate any unexpected delays in the overall process. And examples of that include an applicant may submit an incomplete request, which would require getting additional information, or an applicant may request a time extension to submit a complete Audit Report in addition to the required 90 days. Or WREGIS may decide to cancel their monthly WREGIS meeting, which could delay putting the item to the next month. Or the Energy Commission is not able to process a request or review an Audit Report within its 30-day intention.

So the question staff would like to ask is should the allowed time be reduced from 24 months to 12, when requesting creation of retroactive RECs for any generation that precedes the date of request. And if not, what is a reasonable timeframe?

Staff is proposing to remove the requirement of
90 days within commercial operations date of a facility when determining the eligibility date as long as the requirements are met. In this scenario, staff would no longer consider the 90-day requirement when processing a new certification as long as the applicant can demonstrate that the facility's operations are consistent with those described in the application. Also, the facility met the requirements of the guidebook in place at the time of application and the generation from the facilities tracked in WREGIS.

Staff believes that by removing this 90-day requirement applicants who missed their certification submission deadline would no longer need to request an extension of time to submit a complete RPS certification application, provided that all criteria are met.

The questions staff would like to raise are should the requirement of 90 days within commercial operations date be removed when determining the eligibility date of a facility. Also, is it fair to require that if a facility's not certified by the utility reporting deadline, generation cannot be reported until the next reporting period? And if not, what is a balanced approach?

On the extension of certification application deadlines, staff is proposing perhaps to set a limit on how far back an applicant can request to get an earlier
eligibility date. Currently, there is no limit to request an extension of time and we'd like to ask if we should limit this to no more than three years. And if not, what is an acceptable limit and why.

In the amending an RPS certification, staff is proposing to remove the simple amendments criteria and revise the conditions under substantial amendments with the following. If the use of energy storage is added, if nameplate capacity has decreased, if there is an increase of nameplate capacity or removal of any facility within an aggregated unit, and if a generating unit with a new WREGIS GU ID is added to a certified facility, staff would like to know if the proposed conditions under a substantial amendments to certifications are logical. If not, how should these circumstances be handled?

In the Eighth Edition of the Guidebook, there is an outstanding item pertaining to renewable generation being transferred between balancing authorities under the western Energy Imbalance Market. While this is considered a substantial change, at this time, staff has nothing to report on how the RECs delivered under the EIM would be classified and reviewed. Staff is still trying to get a better understanding of how the EIM works. And in the meantime, in our plan to verify these RECs in the future, staff would like to get your feedback on the acceptable
documentation to verify the RECs generated by participants in EIM transactions. So your feedback will be considered when we set up an agreement with Cal-ISO for the information we will need to verify for these RECs.

The final substantive change being proposed is to incorporate a new process as a result of the launch of the RPS Online System. The new system would now be able to take certification applications online, including requests for extension of certification deadlines and creation of retroactive RECs in WREGIS, and ultimately reporting requirements for verification and compliance. Any references to the current RPS applications and supplemental forms including submission of requests for a time extension, and creation of retroactive RECs will be replaced with a new process using the new RPS Online System.

So last month, staff invited a few representatives from the IOUs and POUs to provide a hands-on demonstration and get their initial feedback on the system, particularly on creating an account and its process flow. Also, staff is planning a separate public workshop sometime in the summer, on the online system to explain how this system would work.

The goal is to officially launch the new online system in conjunction with the adoption of the RPS
Guidebook. We will also provide a how to document on RPS Online System, so that any future changes to the system will not require a guidebook change or adoption.

And with that, I'm going to have Christina describe the online system pertaining to the certification and then Brian can explain the verification process using the online system.

MS. CRUME: Okay, here we go. So the online system is going to have three components. So the first component will be the account management piece, so currently certifications are based around a facility, which has applicants and facility owners. The online system will be the reverse where an organization will create an account. And then under that account they will have the certification applications and the verification reports and compliance items.

And the account piece, we had a brief focus group in February to establish how to create the account. And you will have multiple users. You will be able to have additional authorized persons under there as well. And then people from the account that are authorized will be able to submit certification applications, amend your applications, apply for time extension requests and retroactive RECs through the online system.

You will also be able to have the search
features, like the current facility list that is posted on the website. It will be a dynamic, in real time, status update, so you'll be able to see the status of your applications as well.

And then the verification piece, Brian will go over.

MR. MCCOLLOUGH: Hi. This is Brian McCullough. And as far as RPS Verification goes the new online system should simplify reporting as the reporting requirements will be within the system, no longer requiring independent forms, but the forms and uploads will be conducted sort of within the environment of the system. And so that way, you'll be able to double check what you're uploading and hopefully this will help reduce some of the back and forth nature of the verification process.

As we move through verification then it, I think, will hopefully be greatly facilitated by this new system.

MS. GREEN: Okay. Thanks, Christina and Brian.

So moving on to the proposed minor changes to the guidebook, there are a number of eligibility and reporting requirements that needed clarifications.

So the first one is on the eligibility for water supply or conveyance system hydroelectric facilities. As you know, beginning January 1st, 2013 applications for certification are no longer accepted for an existing
hydroelectric generation unit operated as part of a water supply or conveyance system, so this was clarified and amended by Assembly Bill 1478, signed by the Governor in 2014. Facilities that met the deadline requirement and eventually were certified are still subject to certain limitations in terms of its generation. Therefore staff is proposing to keep this section in the guidebook even though we no longer accept new applications.

The second is on the process for requesting creation of retroactive RECs. Staff would like to clarify that the following information will need to be supplied. The amount of RECs requested for each month or year; a confirmation that RECs will be used for California compliance and if not, why and where will RECs be used; the reason RECs were not created in time, including any other good cause and that documentation can substantiate good cause and reasons for the retroactive REC request.

Also, as part of the Audit Report requirement staff would like to clarify that the letter from the administrator that we're asking, so that should specify the name of the facility including other names, the vintage month and year of the RECs in question, and other identification to distinguish the facility. The intent is to make sure a generic letter is not used when auditors obtain these letters from the administrators.
Staff would also like to clarify that the process for the Energy Commission to request WREGIS to create retroactive RECs would start when both the request and the Audit Report are approved by the Energy Commission since WREGIS would not start the process without the Energy Commission approving the Audit Report.

Additionally, staff would like to clarify that if retroactive RECs are approved and created in WREGIS a POU may submit a revised compliance report to include the retroactive RECs prior to the final determination of REC eligibility for all LSEs.

Just to let you know that the Energy Commission already allows additional RECs to be retired within one year of the date of the initial submittal of the compliance period report. So that is not an issue in terms of if the RECs were created and you may have wanted to revise your compliance report.

The third one is to clarify that pre-certification applications for aggregated units are not allowed for the reason that an aggregated unit must be registered and approved in WREGIS when submitting an application, so facilities within the unit would have been commercially operational.

The fourth clarification is that daily delivery data may be requested as part of the reporting requirement.
for common carrier pipeline for biomethane, depending on what's specified in the contract.

The fifth is on the nameplate capacity and staff is clarifying that the nameplate capacity of a facility in a certification application be consistent with the nameplate capacity registered in WREGIS. So staff is not proposing to redefine the nameplate capacity, but just merely to ensure that the name plate capacities being used are consistent.

The last clarification is on the facility location when submitting an application. And Christina can explain these changes in conjunction with the new RPS Online System.

MS. CRUME: All right, so the new online system will have a mapping feature built in. And for all facilities we will require the GPS points and a polygon drawn around the perimeter of the facility for solar PV facilities and wind facilities. This will be around either the panels or the turbines. For other facilities that are within one building, like a geothermal or a biomass, they would be around the building itself if there are more than one turbine within the facility. In the case of a water supplier conveyance you would just draw a portion where you would think each turbine would be.

MS. GREEN: And then moving on to the Interim
Tracking System, so initially when the workshop notice was released we had proposed to remove the extension of deadlines for POUs to use the ITS in Section III.A.2 of the guidebook since the deadline has passed, which is December 2013. However, we understand that there may be limited circumstances where the ITS might still be useful. So we'd like to pose a question if we should continue using the ITS for limited circumstances, and if so, in what conditions?

And then finally, staff will incorporate the changes adopted by the Energy Commission last week on March 9th at its Business Meeting that establish a process for POUs to move surplus retired RECs that were reported for a specified compliance period to the next, and updated the appeal section in Section VII.C of the guidebook to reflect recent amendments to Title 20 California Code of Regulations.

While these changes are now effective, staff would like to continue working with you to evaluate whether additional changes are appropriate. And if they are, staff would like to hear your proposed changes. Specifically on the process for moving RECs, staff would like to get your feedback if the limitation of one request for RPS compliance period is reasonable. And if not, should this requirement be modified or removed?

And that concludes my presentation. And we're
happy to take any comments or questions. So I'll post the questions here and if you have any comments or questions, please make sure to state your name and affiliation.

Go ahead, yes.

MR. PAPPAS: I'm John Pappas and I work for PG&E. Thank you for the opportunity to make some comments. And also, thanks for moving forward with these changes on the RPS Guidebook. For the most part I think they all are worthwhile and will help move along the RPS Program, but I do have a few questions.

One on the moving of the time limit for the retroactive RECs in WREGIS, moving it from 24 months to 12 months, so if I understand it correctly it's the RECs cannot be created for any more than, at least right now, 24 months prior to the date of the request?

MS. GREEN: Correct.

MR. PAPPAS: And then what you want to do is move it to 12 months. So the question I have is -- and we have a particular entity, which I know that the staff is aware of, which has worked for well over a year, if not longer, on creating these retroactive RECs going to all these different agencies throughout the country to get documentation that RECs were not created at these other places. And even prior to them beginning, they had to wait for this whole rule to get kicked in, so that they could
actually proceed on this process.

So I'm wondering is this something that would apply retroactively to them, because I think if it does there's a possibility that some of the RECs that they're seeking to create may fall outside that window. I don't know for sure. I don't think they're here, or are you looking to implement this prospectively?

MS. GREEN: Yeah, it's the latter. So because we're still trying to scope out the changes to the guidebook, so once it's adopted that would take effect from the adoption date. So any applications that are pending the current rules would apply.

MR. PAPPAS: Okay.

MS. GREEN: But it would be still 24 months.

MR. PAPPAS: Okay. So they would be fine, assuming the 24 months is fine, but I just want to make sure that's not being changed. Okay. That's good.

So okay, another question on the 90-day removal of the eligibility date requirement, which I would support for sure -- I just want to make sure I understand where we're going on that. When would be the limit then, or is there a limit, for an entity to then notify the CEC that -- or to have filed their application? How does that exactly work?

MS. CRUME: So the facility will need to be
registered and approved in WREGIS before they can apply for
certification. And then before you can claim any RECs you
also must be certified. So those are the only real
requirements we have, so we're just removing that 90-day
requirement right in the middle.

So as long as you apply for a certification and
are approved in WREGIS before you make any claims, you can
count the generation abstract in WREGIS.

MR. PAPPAS: Okay. So but when do you have to
apply for certification? So let's say you have your pre-
certification, the thing operates on a certain date. Can
you apply for certification six months later or is there
any limit on that? That's what I'm wondering.

MS. CRUME: At this time, we're not proposing any
limit. However, you cannot make any claims until you are
certified. So if you expect to make a claim within the
following compliance period or the following reporting
year, you have to be certified first.

MR. PAPPAS: Okay. All right, that sounds good.
Now, is there any opportunity to add topics to this list
and how would that work?

MS. GREEN: Is it related to this topic? Or is
it a new topic, because we have a section for the new
topics. So we wanted to take all the comments related to
the questions we raised and the proposed changes.
MR. PAPPAS: Okay. All right, I'll hold off on that.

MS. GREEN: Okay. Thank you.

MR. PAPPAS: All right. Thank you.

MS. GREEN: Any other commenters in the room? If not, we can go ahead and -- there's one in WebEx. Okay. Go ahead. Can you please state your name?

MR. DENNIS: Yes. This is John Dennis. I'm the Director of Power System Planning and Development for the City of Los Angeles, Department of Water and Power.

LADWP appreciates -- we appreciate the opportunity to comment at this Scoping Workshop for the Guidebook. And we recognize the progression and the complexity of our system and the renewables that we're putting into the system. And we appreciate your continued guidance and oversight in this matter.

We would like to just -- you to consider the following for incorporation in the next edition of the RPS Guidebooks. Under the substantive changes the inclusion of the RPS Online System should only be included in the guidebook when the system has been thoroughly tested and user feedback has been incorporated.

Some of this comes from some lessons learned, but as it stands the online system is in its infancy and may require some enhancements before it can be fully utilized.
So we would request that you not prematurely include the RPS Online System into the guidebook.

Under the non-substantive changes, the CEC should modify the eligibility requirements for incremental generation to specifically include pump hydroelectric facilities. Currently the guidebook eligibility requirements are written to only accommodate efficiency upgrades for run-of-the-river hydroelectric facilities. And there should be additional eligibility requirements to accommodate efficiency upgrades for pump hydroelectric facilities.

Next, we would request that the CEC not request or require daily fuel and generation data for facilities using biomethane, because public release of this data could be detrimental to a utility. If market participants request this data from the CEC, and there's some CPRA Public Records Act request implications here, they could determine the heat rate for the generating facilities. And manipulate fuel and/or energy pricing to maximize profit and hurt the generator, the utility.

Next, at the Business Meeting on March 9th we made these comments, but the CEC adopted a resolution to allow POUs to move excess retired RECs to a future compliance period. We would request that CEC modify this process in the next guidebook to allow for utilities to
adjust REC claims up or down for compliance periods during the verification process.

The RPS compliance process should be likened to paying your taxes. You pay throughout the year and there's a true-up when you file your taxes. And at that point you should have the opportunity to either get a refund or pay to complete your tax obligation. So similarly, CEC should incorporate a REC true-up procedure for compliance periods in order to allow utilities to make a good faith effort to meet the RPS compliance targets in the most efficient manner. The CEC should also work with the stakeholders to streamline the RPS verification process, based on lessons learned from Compliance Period One.

Next, on the Interim Tracking System that should be used as a backup mechanism to WREGIS in order to allow utilities to claim RECs outside WREGIS in extenuating circumstances, such as delays in process for facility RPS certification or WREGIS registration. By combining WREGIS and CEC RPS track form claims, CEC can ensure that RECs are not double counted in claims if they do not exceed the annual meter data.

We do have some comments with regards to the particular questions that you ask. And if it's okay, I just have three notes on that; is that okay to proceed.

MS. GREEN: Go ahead, John.
MR. DENNIS: Sure, thank you. On question number one, about allowing the time reduced from 24 to 12 months, on question number one. Our answer or response to that is a creation of retroactive RECs should not be reduced to a 12-month period, given the increase in renewable energy targets to 50 percent. The current 24-month allowed time is more flexible.

On question number three, regarding extension of certification, the extension of certification applications deadline should not be limited to two years. The extension of certification applications should be in line with the compliance period to ensure that utilities can certify resources that generated RECs for each compliance period.

And then lastly, on question number seven, about moving RECs. A POU should not be limited to one transfer request per RPS compliance period to withdraw or retire additional RECs during the verification process. This requirement should be removed to provide flexibility to a utility. The CEC should allow transfer requests until the completion of the verification process in order to allow full utilization of the RECs that have been procured.

We want to thank you for giving us the opportunity to provide these comments and in the stakeholder proposed topics at the end of the session I believe, we do have additional comments on those proposed
topics. But we'll wait until that point in the meeting.

MS. GREEN: Okay. Thank you.

MR. DENNIS: So thank you again for all your
guidance and the opportunity to comment today and provide
meaningful comments to the guidebook.

MR. TUTT: Good morning, Tim Tutt here, from
SMUD. And I'm not as well prepared as John Dennis, from
LADWP. I don't have specific responses to the questions.
I have questions about the questions.

So first of all on question one, what's causing
the proposed change to reduce from 24 months to 12 months
again? Why is that even being considered?

MS. GREEN: So like I said we've implemented a
couple of -- the process with a couple of applications.
And with that request, we are realizing that it could bump
into the 36-month rule and that's the main reason why we're
proposing to reduce the time allowance, just because of
that 36-month rule.

It's more of the WREGIS timing. And also how
their process works, because after we process it here, it
also has to be processed in WREGIS and so that takes
another extra few months. And so with that, and with
additional delays like one applicant requested for a time
extension to submit an audit report -- we've required that
report to be submitted within 90 days and that's three
months already.

So adding extra time and reviewing them and evaluating and approving and then forwarding it to WREGIS, we're really bumping into within one year of processing a request. So that's the main reason.

MR. TUTT: So is it fair to say that if it stayed at 24 months, that there might be some cases where you run into the 36-month retirement window, but in general there's more flexibility for all the cases where that doesn't happen. Does that make sense?

MS. GREEN: Yes. I think we're more concerned -- depending on what vintage month and year they're requesting to be created, that's the main concern. So depending on how far back and if you're adding the process time, we could potentially using up the whole 36 months. If they're requesting the full 24 months, and then we're using the 12 months to process it, even if it gets approved in WREGIS we're thinking it might bump into that 36-month or be outside that 36-month REC retirement rule -- that they may not be able to take advantage of those RECs.

MR. TUTT: Yeah.

MS. GREEN: And we realize that its costly and time consuming for both parties and staff, so we're just taking those into consideration.

MR. TUTT: Okay. And then on the second
question, I know that the current requirement of 90 days within commercial operations was adopted in the Eighth Guidebook and I think it’s a good idea to support taking that requirement off. I think that provides more flexibility as I understand it, but when you say the facility is not certified by the utility reporting deadline, you're talking about which reporting deadline; the midsummer reporting deadline for an annual report or a compliance report?

MS. GREEN: Yeah. That would affect the verification report, yeah.

MR. TUTT: Okay. The verification report that you guys do, not to the -- you mean the utility annual reports or the compliance reports? So if a facility was not -- what if a facility has a commercial operation date within two months of the reporting deadline and they would have gotten 90 days beforehand, but only two months under this proposal; is that right?

MR. HERRERA: Potentially, Tim. This is Gabe with the Legal Office.

I mean that's a possibility, but let me ask you a question. I mean as we move forward I would think there would be less of a need for these special provisions that allow generators or applicants to get things done that perhaps should have been done sooner, right? There's going
to be, hopefully, less and less of that as we move forward and people become more familiar with the process and the CEC's rules etcetera. I mean, you know, additional education and so on. Is there, in your view, still a need for that 24-month period?

MR. TUTT: You mean that three-months period or the 12 --

MR. HERRERA: Well, actually my question was I started thinking about your first question, but it also applies to the three months, right? I think the three month, removing that three month provides more flexibility. But the 24 month in terms of retroactive RECs, I mean do you think that's still needed?

I know you guys were one of the folks that were affected, at least initially, that encouraged the Energy Commission to develop that rule, right?

MR. TUTT: Yes we did. We ended up not using it, as you know, but we had another avenue that worked better for us. And so I don't think that this is going to be used very often, either with 24 months or 12 months, so I'm not sure that making the change actually has any significant material effect.

What about a facility -- I'm going back to question two -- that's not certified by the reporting date, but actually for which the utility is not claiming any of
the generation for that report? So I mean, what's
connection to the reporting date there?

MS. CRUME: The connection is that if you want to
claim from a facility, it must be certified. So if the
facility comes online two months before the reporting, but
you're reporting for the prior year, this facility
theoretically would not even be included in the report
that's due the two months later. It's more saying that if
you want to make any claims from generation, from this
facility, it must be certified before you can include it in
your report.

MR. TUTT: I see. So if you aren't claiming it
in the report then this application, this doesn't apply?

MS. CRUME: Correct. I mean, theoretically you
could come online and not claim for two years. And then
apply for certification and it would have no bearing on it
unless you're certified by the third compliance or the
third year that you're trying to use.

MR. TUTT: On question three, are you seeing a
lot of extension applications for certification --
extension requests for certification applications? Or
again, what's causing the proposal to limit it to two years
if anything?

MS. CRUME: Yes, we are seeing a lot. And part
of the limit on the years is also in part of the 90-day
removal. So if people miss their day by a couple days, they're no longer filling out a time-extension request, which is becoming more burdensome on both parties. And then the limit is because we want all facilities to be in WREGIS. And because WREGIS is more of a requirement, that is kind of our starting point.

MR. TUTT: So these mostly are facilities that are missing the 90-day window?

MS. CRUME: Yes.

MR. TUTT: I support continuing to use the ITS for limited circumstances, although I don't have any circumstances right now for which we would use it. I just think it's important to keep that flexibility option. And also, don't necessarily see any reason to limit the request of moving RECs to one request per compliance period. I don't think you're going to get very many of those requests in the first place, so I'm not sure that the limit really reduces workload or has any material effect other than reducing flexibility in the one or two cases where it might be needed.

Thank you.

MS. GREEN: Thanks, Tim. We do have one more commenter from WebEx.

MS. HARRELL: Hi. Can you hear me?

MS. GREEN: Yes
MS. HARRELL: Okay. Thank you. Good morning, I'm Badia Harrell on behalf of Pasadena Water and Power. And I just want to thank you first off for the opportunity to comment on these proceedings.

I'd like to address two issues. One of which would be the Interim Tracking System and the other would be the issue related to retroactive renewal RECs in WREGIS.

We understand that the deadline was extended through December 31st. But there may be instances when RECs are not created due to circumstances beyond our control.

And one example, for Pasadena, was that an error occurred between the QRE and the generating facility. And we were not made aware of that error until 90 days after generation, due to the WREGIS reporting lag. And then we were advised by the QRE that our generating facility had ten days to respond. And so we have the potential that our claims for the missing quantity of RECs may be deemed ineligible by the Energy Commission. And these were circumstances that frankly were not under our control.

And so I really just want to raise the question of how can we account for generation that we procured in good faith if the ITS process is no longer an option for us? So Pasadena definitely supports extending the ITS process.
And then the second issue that I'd like to bring up is in reference to the creation of retroactive RECs in WREGIS.

There's one piece that really sticks out in my mind. And it's the provision that talks about retroactive RECs shall be made only one for a generating facility or unit. That could potentially be problematic as we are required under SB 350 to procure at least 65 percent of long-term contracts.

So in other words, if I have a 20-year contract and they make a mistake Year 2, and now it's Year 12 and they've made another mistake, and if that same generating facility is not allowed to use the retroactive provision again it could be problematic.

And additionally, there are some generating facilities that have multiple counter parties. So let's say POU A had a mistake two years ago, and then Pasadena there's an issue that needs to be addressed; if that same facility is only allowed to do that once that could be problematic. So we'd just like to request that you kind of look at the provision and perhaps make some changes to, say, maybe once per year or once per compliance period, a generating facility can request the retroactive creation of RECs.

Thank you.
MS. GREEN: Okay. Thank you.

Badia, are you still there? I just have a quick question on your first point. In that scenario, would you be able to use the extension time request process?

MS. HARRELL: I'm not familiar with the extension time request process. I know we did attempt to use the ITS process. And we haven't heard anything. We understand that you are in Level 2 verification as we speak. Can you point me to that section in the guidebook and I can kind of maybe talk to you offline about that?

MS. GREEN: Sure, I believe it's on page 74.

MS. HARRELL: Okay.

MS. GREEN: And then also, I don't know if the retroactive REC request process would apply to that scenario. And that's on page 24 in the guidebook.

MS. HARRELL: Okay.

MS. GREEN: Not fully understanding the circumstance, I'm just trying to explore options for you to use.

MS. HARRELL: Right. Well, Lynette, would it be best to maybe set up a conference call with you at a later date to discuss this issue? I'd hate to really talk about it in the open with everyone else, but there is an issue for 2014 claims. And that's why I'm addressing it.

MS. GREEN: Sure.
MS. HARRELL: So I'll shoot you an email.

MS. GREEN: Okay. Thanks, Badia.

MS. HARRELL: Thank you.

MS. GREEN: Okay, Tim again?

MR. TUTT: Yes, hi. Thank you. One of the proposed substantive changes for which you didn't ask a question was the first one, Senate Bill 350, the new targeted MSW combustion eligibility? No question there, because you're just incorporating the 50 percent RPS target somehow --

MS. GREEN: Correct.

MR. TUTT: -- but not the compliance periods. So it's merely putting in something that says the RPS is now 50 percent; is that right?

MS. GREEN: Correct. And that the MSW combustion is no longer -- we're no longer accepting new applications.

MR. TUTT: Okay. And then down on the non-substantive changes, you said that you're clarifying that pre-certification applications are not eligible or not available for aggregate units; is that right?

MS. GREEN: That's always been our process, our rule.

MR. TUTT: With the phased certification for those units, a pre-certification really all that necessary, I don't think, so okay. Because as I understand it you can
certify an aggregate unit and then add to it over time.
Otherwise --

MS. GREEN: Yeah, so you would amend your certified aggregate unit, if you increase your nameplate capacity or add -- or decrease your generating unit.

MR. TUTT: All right. And then I'm sorry, I missed what you were proposing to change for a common carrier pipeline biomethane?

MS. GREEN: So that relates to staff maybe requesting daily delivery data, in addition to the monthly requirement.

MR. TUTT: Okay. Yeah, I think I'd agree with John Dennis of LADWP that that's been a nightmare in the past. So I would hope that we don't go down that path.

And then on a facility location what I heard in part of the online tool is a mapping function that's going to require not just one GPS number, but something about going out to each corner of a facility or an array and mapping the coordinates of the entire structure? I guess my question is, is that really necessary?

MS. CRUME: Yes. The photovoltaic and the wind facilities are the primary issue that we are having where a facility -- most facilities that come in pick a GPS coordinate of a substation. And we don't know where the actual facility is, so we're unable to see if this facility
was already certified or if there's double counting. And
being able to know more specifically where the facilities
are would reduce that. And then also, when facilities
change ownership, we would be able to just recertify the
existing facility.

MR. TUTT: So if you just said that the GPS
coordinates provided should not be the substation, but
should be the center of the system or something like that,
instead of requiring all four corners; would that work?

MS. CRUME: It only works in some cases. For
some solar panels they are split over a couple acres. Same
thing with wind facilities, how do you pick one turbine
when there may be a hundred and they don't exactly come out
to a square?

MR. TUTT: Yeah, I can see how it might be a
polygon. In fact it might be separated polygons with
another system in between and what do you do in that case?

MS. CRUME: Yes, and that's what we're talking
about. So you would just plot both of the polygons, so we
would know the ones say on the outside are the same
facility and the one on the inside could be a different
one.

MR. TUTT: So I mean, it strikes me that this is
going to require for all of the facilities that you're
talking about, somebody going out to the facility and doing
some GPS measurement at each corner if they don't have that
data already.

MS. CRUME: It doesn't have to be exact to the
GPS. You could look at on a Google Earth right now and be
able to see the street corners. We're not asking down to
the feet.

MR. TUTT: Okay. Thank you.

MS. GREEN: All right. I think we're going to
open our phone lines. Is there anyone on the phone who'd
like to speak?

MR. DENNIS: Yes, this is John Dennis from LADWP.

MS. GREEN: Hi, John.

MR. DENNIS: This is regarding the topics.
Briefly, we have six quick items as far as proposed topics
to consider.

The first item is on the SB 350 reduction in
retail sales we'd like to ask for the CEC to add guidebook
definitions for the terms "voluntary green pricing program"
and "shared renewable generation program". Additionally,
if the Commission could clearly define how POUs will be
allowed to use these programs to reduce retail sales for
RPS purposes as indicated in SB 350. CEC should also allow
excess generation from rooftop solar installations to
reduce the POU's retail sales. That's our first item on
retail sales.
Second item just quickly, is on transportation electrification. We would ask that the CEC add a mechanism for granting RPS credit to utilities that invest in transportation electrification. As stated in SB 350 "Light, medium, and heavy-duty vehicle electrification results in approximately 70 percent fewer greenhouse gasses emitted, over 85 percent fewer ozone-forming air pollutants emitted, and 100 percent fewer petroleum use."

So LA suggests the CEC create an RPS REC multiplier, which can be based on carbon intensity of gasoline fuels compared to the carbon intensity of utility's electric supply.

Third note on here is that the CEC should incorporate in the guidebook an acknowledgement and approval of economic dispatch, which is a widely utilized mechanism to dispatch fuel sources to generating facilities that use multiple fuel resources. And we've had some comments and discussion with your staff on that topic.

Fourth out of the six items is the RPS certification. If CEC should modify the RPS certification requirements to allow for the RPS eligibility of facilities to be evaluated based on the guidebook that was in effect at the time the resource was procured. The guidebook currently requires the facility applications to be evaluated based on the rules in effect at the time the
application is received by the CEC.

However, this requirement has proven to be problematic. Projects take multiple years to plan, construct and commission. And CEC eligibility guidebooks are modified on a yearly basis, as we're doing now. So utilities need assurance and the investor community, that when entering into procurement contracts for renewable energy, the utilities financial investment will be honored for RPS credit without risk of rules changing and RPS eligibility later denied.

Fifth, as far as grandfathering the CEC should modify the guidebook to specifically state that resources procured by a POU prior to the effective date of SBX1 2 December 10th, 2011, which did not continue to be claimed after effective date of SBX1 2 be counted as part of the POU's resources for Compliance Period One.

And then lastly is the workshop material, CEC should consider publishing presentation materials for future workshops at least ten business days in advance. This will give the stakeholders ample time to review and provide thoughtful feedback as well as lead to a more fruitful conversation during the workshop.

I would just -- again lastly we want to thank you so much for the opportunity just to bring up these topics, to discuss them, and we do have big challenges that lie
ahead of us. We're right there at the halfway mark at 25 percent. We're moving to 50 percent, but we do need to see that we have great diversity in our resource mix, both regionally in the technology types. And so we appreciate the guidebook reflecting that need for greater levels of complexity in our systems.

And we're available if you have any questions on these topics, but thank you for the opportunity.

MS. GREEN: Thank you, John. I think some of the items that you have brought up would be handled as part of the POU Regulations process, but we'll consider your comments on the certification or eligibility comments. Thank you.

MR. DENNIS: Thank you.

MR. HERRERA: Yeah, Lynette, this is Gabe. That's correct, John. Some of these items, some of the issues you brought up will be addressed as part of the amendments to the Energy Commission's POU RPS Regulations. And so work on those amendments will probably begin in earnest in a couple months, so stay tuned. You'll hear more from the Energy Commission on those.

MR. DENNIS: Okay. Thank you, very much. We appreciate that.

MS. GREEN: Yes?

MS. BERLIN: This is Susie Berlin. I had a quick
question for John. When he said the certification for facilities should be based on the eligibility guidebook in place at the time of -- and there was some interference, and I didn't catch the time of what exactly?

MR. DENNIS: At the time of the procurement.

So the guidebook currently requires the facility applications be evaluated based on the rules effective at the time that the application is received by the CEC. But this requirement has proven to be problematic. So projects take multiple years to plan, construct and commission. And the CEC eligibility guide books are modified on a yearly basis.

So we just need some assurance that when we enter into those procurement contracts, that our investments are honored without the risk of those rules changing.

MS. GREEN: Thank you. Are they still open, the lines? Yes, do we have any more comments from people from the phone?

(No audible response.)

Okay. Well, we've sort of started talking about the proposed topics, so anyone from the room here if you have any comments on new topics?

Go ahead Tim.

MR. TUTT: Tim Tutt from SMUD again. I guess a couple of things that I would say is I really appreciated
the amount of simplicity and simplification that went into the eighth version of the guidebook. And what I would hope to do is spend some time trying to suggest additional areas where it can be simplified, so it makes it a document that's easier to read and go through and find the key aspects. I'll take a look at that. I don't have anything specific right now.

And then secondly, it's still not clear to SMUD what exactly the eligibility date of distributed behind the meter generation is. We're hoping that it's January 1st, 2011. And it's not anywhere written in the guidebook that we can see. So we're hoping for that clarification, either through the verification process for the first compliance period.

After all, we're well into the second. So we've got resources from back in January 1st, 2011 that we've claimed and we're not sure that they're going to be considered eligible. It does seem like maybe they are, but we're not sure. So that's the element of clarification I'd seek.

MS. GREEN: Thanks, Tim.

MR. PAPPAS: John Pappas from PG&E. So actually before talking about new topics, I just wanted to comment or follow up on some comments on the prior session.

In terms of the Interim Tracking System, PG&E
would also support continuing that. We don't have any particular circumstances at this point where an Interim Tracking System might be needed, but things always seem to come up. You have new players. Even though we are all getting much more familiar with everything, the generators and the counter parties, some of them are new and run into problems. And so the Interim Tracking System, I think has been useful, and on a limited basis we should probably keep it around.

Also, on this discussion about the 24 to 12 months, you know, in terms of retroactive RECs -- and so I understand your concerns about the 36-month REC life. But I kind of view that as maybe being something that the generator has to worry about and I think they're aware of the 36 months. But giving them more flexibility and knowing that they know about the 36 months is I think is probably still better than moving it to 12. Because then effectively you may actually be, instead of giving them 36 months, you might actually only be giving them say 20 months or something like that in terms of being able to handle the problem. So I think it probably makes sense just to keep the existing one.

So just in terms of the new topics, I think just one general area, when we're talking about REC retirement processes or transferring RECs from one compliance period
to another or all those adjustments -- in fact the LADWP representative talked about the ability to true-up and all that. I just want to make sure that, first of all, that those changes, any changes that we do in those areas -- and I think that flexibility is probably a good idea -- that it applies to all retail sellers.

And we just had an exercise where -- with the I guess the ability to un-retire RECs where that kind of went through awfully quickly and it only applies to POUs. And we do understand the timing circumstances around that. But when it comes to reporting, retiring, all that stuff, all retail sellers whether they're POUs or IOUs, ESPs, or what have you it's really under the CEC's jurisdiction.

These are not questions that the CPUC, for us, can answer or opine on. They can give you an opinion, but in terms of the rules they have to be really in the guidebook. So I would strongly encourage that these types of changes are run through, in the guidebook, as opposed to just in the POU Regulations, because really this is the only place that you can make these changes for everyone. And so they should probably be made in the guidebook. And so hopefully the change that was just made, as far as the un-retirement of RECS, will find its way into this next edition of the guidebook.

But then other changes that we're talking about,
for example this limited one-time transfer, is that a change that's in the guide -- I don't seem to recall where that is. Is that in the guidebook or is that in the POU regs?

MS. GREEN: The one request per --

MR. PAPPAS: Compliance period.

MS. GREEN: That's in --

MR. PAPPAS: The verification period rather, yeah.

MS. GREEN: Oh, yeah. That's in the guidebook right now. Any additional RECs can be retired; is that what you're talking about or --

MR. PAPPAS: They can be.

MS. GREEN: -- the one time? Right, it's in there, yeah.

MR. PAPPAS: It's only for POUs then, right?

MS. GREEN: Yeah, it's only for POUs, the resolution.

MR. PAPPAS: Okay. So that's sort of another example. I think those types of things should be in the guidebook and they should apply to all entities.

MS. GREEN: So my understanding is that's more of a compliance issue for -- since you're talking about all LSEs, including retail sellers, IOUs.

MR. PAPPAS: Right.
MS. GREEN: It's more of the authority over --
that's more of CPUC authority. And I believe we have a
CPUC staff on WebEx. Maybe is Robert Blackney on WebEx,
maybe he can respond to that question?

MR. BLACKNEY: Yeah, I am here. I'm sorry, one
more time could I just get a brief download of the full ask
here?

MS. GREEN: So the resolution that we just
adopted last week on moving RECs from one compliance period
to the next, PG&E is proposing to have that applied to all
LSEs and not just the POUs. So do you have any response to
that?

MR. BLACKNEY: We are taking a look at that.
We're considering that in-house, but that will be managed
by us. And I don't really have a determination one way or
the other on how we will end up treating that. It is under
consideration. I can tell you that much.

MS. GREEN: Okay. Thanks, Robert.

MR. PAPPAS: Okay. Thank you.

MS. GREEN: I think that's it for comments and
proposed new topics.

So I think we're going to move on to the next
steps in the guidebook schedule. And this is just a --
right now it's tentative. So we have a written comments
deadline by March 30th and after that we would consider all
your comments, oral comments and written comments. And then release a draft guidebook by early June.

And then obviously, we'll have another opportunity for the public to submit written comments two weeks after publication. And then our goal is to release a proposed final sometime in early September for a business meeting adoption in mid-September. So that's our current schedule.

And then just to remind you of our written comments we're now using the Energy Commission's e-commenting system, so just go to our website and the notice also provides instructions on how to submit your comments. And please remember to use the new Docket Number 16-RPS-01, when filing your comments.

Do you have a --

MR. GIBSON: Just a question on schedule, I had. Jed Gibson from Ellison, Schneider and Harris.

MS. GREEN: Good. Can you state your name please?

MR. GIBSON: Jed Gibson.

MS. GREEN: Thank you.

MR. GIBSON: With respect to the online system, I think you mentioned that that would be rolled out kind of at the same time as the guidebook was adopted? Or, okay, so we're expecting that would come out sometime in
September and will there be an opportunity for feedback on that online system?

MS. CRUME: Yes, as we develop the next phase, which is the certification application process, we will do our internal testing. And then we will have another focus group. And then we're planning on having another workshop, where people can come in and test both the account management piece and the certification piece of the database.

And then once Verification gets further along in their process, they will have the same type of thing. They'll have a focus group, so they could show the new verification process.

And then there will be an overall training as well, as well as a handout that will be posted both on the Internet and probably on the listserv. And then we will also have some type of training video to go along with that as well.

MR. GIBSON: Okay. Great, thank you very much.

MS. GREEN: Well, that concludes our workshop. If you don't have any other questions, I'd like to thank everyone for participating and thanks for coming.

And happy Saint Patrick's Day.

(Whereupon, at 10:39 a.m., the workshop was adjourned)
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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