

DOCKETED

Docket Number:	16-RPS-01
Project Title:	Developing Guidelines for the 50 Percent Renewables Portfolio Standard
TN #:	212463
Document Title:	SMUD Comments on Draft RPS Guidebook, 9th Edition
Description:	N/A
Filer:	System
Organization:	SMUD/William Westerfield
Submitter Role:	Public Agency
Submission Date:	7/25/2016 4:37:55 PM
Docketed Date:	7/25/2016

Comment Received From: William Westerfield

Submitted On: 7/25/2016

Docket Number: 16-RPS-01

SMUD Comments on Draft RPS Guidebook, 9th Edition

Additional submitted attachment is included below.

STATE OF CALIFORNIA

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of:)	Docket No. 16-RPS-01
)	
Developing Guidelines for the 50)	Comments On: <i>Draft RPS</i>
Percent Renewables Portfolio)	<i>Guidebook, 9th Edition</i>
Standard)	
<hr/>		July 25, 2016

**Comments of the Sacramento Municipal Utility District
(SMUD) on the
*Draft RPS Eligibility Guidebook, Ninth Edition***

Thank you for the opportunity to provide comments on the topic of potential changes to the Renewable Portfolio Standard Eligibility Guidebook (*Draft RPS Guidebook*), as proposed in the posted Draft Ninth Edition. SMUD appreciates the CEC staff work on RPS Guidebook simplification, development and implementation of the on-line application and reporting process, and incorporation of changes to reflect new laws and stakeholders' comments. SMUD supports most of the proposed changes in the *Draft RPS Guidebook*, and suggests additional changes for CEC consideration in these comments. ***SMUD also supports the comments of the California Municipal Utilities Association.***

In particular, SMUD supports:

- The substantial simplification in the *Draft RPS Guidebook* and in ongoing application and reporting procedures that comes from development and implementation of the RPS on-line process.
- Moving several no-longer widely used sections to a new Appendix C: Archive – SMUD believes that this will make it easier for stakeholders to access and process the provisions that remain relevant to the RPS.
- Incorporation of a variety of flexibility mechanisms, including ongoing use of generation tracking outside of WREGIS in the limited and unexpected circumstances that arise from time to time.

In addition to supporting these proposed Guidebook changes, SMUD has the following specific comments on the *Draft RPS Guidebook*.

A. Biomethane Requirements

Reference to Delivery Path in Substantial Amendment Section: SMUD suggests that the CEC clarify the provision on the top of page 56 concerning what would trigger a substantial amendment for existing common carrier pipeline biomethane facilities. SMUD reiterates from previous comments that the delivery path for existing (and for that matter for any new) biomethane contracts can change simply because of how all gas is being moved in the pipeline system, and where bottlenecks thus appear from time to time. The CEC should clarify that what is being suggested here is that if there is no change in fuel supplier or contract that affects eligibility, a change in the delivery path for biomethane would not trigger a certification amendment. If the CEC desires a certification amendment in these circumstances, SMUD suggests reconsideration. First, the CEC must make it clear if this is the course desired that a change in delivery path may lead to a certification amendment but does not trigger an eligibility question similar to the amendments that move a contract from the “existing” category to the “new” biomethane contract category, even if otherwise, “...reviewed under the edition of the RPS Guidebook in place at the time...” of the amended certification application. Second, even without an eligibility change, this may lead to fairly frequent amendments for no real purpose.

Change in “Functionally Dedicated Pipeline” Reporting: SMUD appreciates the proposed removal of the requirement of the reporting, “... a complete CEC-RPS-FDP form. SMUD understands that removal of the form requirement is wholly related to moving to the on-line reporting system for this purpose, but believes that reporting for functionally dedicated pipelines can be significantly simplified in that process. SMUD’s experience with the CEC-RPS-FDP form was that it required nearly identical information, plus a bit more, than the CEC-RPS-CCP form. To SMUD, reporting for a functionally dedicated pipeline should be more like reporting for a dedicated pipeline, and far removed from that for a common carrier pipeline.

Facility Switching Prohibition: SMUD recommends revisiting once again the prohibition in the Draft RPS Guidebook that prohibits the use of a different electric generating facility in substitution for the designated facility of an existing biomethane contract delivered through a common carrier pipeline. SMUD continues to maintain that this provision is counterproductive to RPS purposes and is a restriction that was not required by AB 2196 – the law that altered biomethane use for the RPS. As SMUD has previously commented:

“AB 2196 says nothing about the “designated facility” in establishing requirements for pre-March 29th, 2012 contracts in Section 399.12.6(a)(1), nor does or “change in designated facility” appear in Section 399.12.6(a)(2) describing changes that may trigger of the applicability of new biomethane rules established under section 399.12.6(b).”

“The CEC got this right in the Biomethane Concept Paper – switching designated facilities should be allowed, not prohibited -- and there are many legitimate reasons to structure a shift in biomethane use from one facility to another.”

“... the prohibition against switching creates uncertainty in circumstances where a facility designated for use in a biomethane application has to shut-down for an extended period. Would the contracting utility be allowed to count as eligible alternate generation while the designated facility is down, and would the utility even be allowed to count generation from the contract once the designated facility is back on line? Such a rule constrains RPS eligibility in ways that AB 2196 does not.”

“... a prohibition on switching designated facilities could prevent utilities from using biomethane in the most efficient plants possible. SMUD is aware that some POUs expect to switch the designated facilities for some biomethane contracts from their currently designated facilities to new, more efficient facilities coming on-line. The State generally promotes such actions to improve efficiency and keep the RPS affordable, but here the proposed Guidebook language may prevent them. The Guidebook would not appear to prevent a new biomass facility from using the same amount of fuel more efficiently to produce more renewable energy. SMUD can imagine no legitimate reason to prevent such switching.” (*SMUD comments pursuant to RPS Eligibility Guidebook Workshop*).

Review of Biomethane Reporting Requirements: In SMUD’s experience, the biomethane reporting requirements have been among the most time-consuming, difficult to meet, and at times duplicative reporting requirements under the RPS. After the last two years of experience with these requirements by CEC staff and stakeholders, SMUD encourages a thoughtful review of these requirements with an eye toward reducing the reporting burden while preserving the ability of the CEC to verify the eligibility and amount of generation under the RPS. As this reporting is now moving to the on-line system, SMUD hopes that a careful design will result in the removal of duplicative information requests and unnecessary details.

B. Treatment of On-site Generation Eligibility

January 1, 2011 Eligibility Date For Behind-the-Meter Generation: SMUD strongly supports the concept of being able to claim generation from behind-the-meter RPS-eligible resources starting with the beginning of the first compliance period under the SBX1 2 RPS – January 1, 2011. The RPS Draft Guidebook states in footnote 32 on page 29 that eligibility for on-site generation began on May 9th, 2012 with the adoption of the RPS Guidebook Fifth Edition. SMUD opposes that later date.

SMUD continues to argue that the eligibility of behind-the-meter generation, similar to that of 30-40 MW hydro that operated as part of a water conveyance system, should be found eligible for the RPS starting January 1, 2011. SMUD contends that like these specific hydro facilities and POU RPS facilities in general, POUs should be able to

count generation back to this date, if certified by the end of 2013. Since POU's were not required to certify or track in WREGIS prior to SBX1 2 passage in late 2011 and the CEC's implementation regulations were not complete until November of 2013, it was essential for fair treatment of POU's that counting back to the beginning of the compliance period was allowed.

The CEC should change the eligibility date for behind-the-meter systems to count all behind-the-meter generation that otherwise meets certification and registration requirements from January 1, 2011, when the new 33% (now 50%) RPS compliance began.

Consideration of RPS Participation Barriers for Smaller RPS Eligible Systems: SMUD continues to believe that the CEC should take a more comprehensive look at barriers to participation by these smaller distributed generation systems. To date, the aggregation concept is the only balancing the CEC has incorporated in the RPS to offset the increased difficulty of participation for these systems. This comprehensive look should include examination of:

- 1) The need for a 2% revenue quality metering requirement for these systems. SMUD has contended that as these smaller systems are aggregated, inverter metering errors will tend to balance out, leading to a system accuracy equivalent to plus or minus 2% even if the individual system generation measured by the slightly less accurate inverter meters. In addition, the CEC should consider grandfathering installations that occurred prior to the end of 2013 – prior to clear inclusion of these systems in the RPS.
- 2) Examination of alternatives to WREGIS tracking for these systems. Participation in WREGIS, even using aggregation, comes with transaction costs both prior to WREGIS upload and within WREGIS that can be a barrier to participation in the RPS.
- 3) This is particularly true for surplus generation over a year as established by SB 920. While this generation has been deemed bundled and eligible for the RPS for some time, no participation has happened. The system here is clearly not working, and the CEC should do what it can to fix it.
- 4) Utility specific rather than individual system specific “certification” and reporting regarding small distributed renewable systems. SMUD has experienced many instances of CEC staff requesting detailed, individual system information. SMUD has over 7,000 such small systems to date, most of which are not currently included in the RPS due to transaction cost barriers. California as a whole has well over 100,000 installations. It is clear that there is insufficient CEC and stakeholder staff and excess cost overall if all of these systems were to be included in the RPS.

Inclusion of WREGIS Aggregation Limits in Guidebook: SMUD again recommends against the inclusion of the specific 250 kW and 360 kW limitations for aggregated unit participation under the WREGIS rules. This limit is already incorporated in the first criterion, in a generic fashion leaving the specific limits up to WREGIS. These limits have been discussed in WREGIS Stakeholder Advisory Committee meetings, and could be revised at some point. The problem with incorporating the numerical limits in the Guidebook is that any WREGIS revision of the limits is then in conflict with the Guidebook, requiring a subsequent Guidebook revision for full and clear California RPS application.

C. Moving to the On-line System

SMUD fully supports moving to the easier and more flexible on-line system that is being developed for RPS application procedures reporting purposes. However, as CMUA noted in earlier comments, this should be done carefully to avoid causing more problems than it is intended to solve. SMUD recommends a little bit of flexibility and overlap here.

On page 43 of the RPS Draft Guidebook, it states that the CEC will no longer accept applications for certification using the previously used “forms” after October 1, 2016. The paragraph goes on to state that all RPS certification applications must be submitted in the on-line system when this guidebook takes effect. First, it is not clear that “October 1” and “when this guidebook takes effect” are the same date, and this could cause confusion. The RPS Draft Guidebook could get adopted either prior to or after October 1, 2016, and hence cause some degree of limbo for certification applications.

SMUD also suggests that rather than an abrupt transition to the on-line system, there be an overlap period where generators, utilities, and other applicants that have not come up to speed be allowed to use the previous forms, or that substantial flexibility in applications initially using the on-line system be allowed. It will be disruptive to the RPS market if there is a significant amount of returned applications, hurried adjustment to the on-line system, and then duplicative work to get a facility certified. The CEC could either spend more time after the Guidebook is adopted to transfer everything over to the new system – say by January 1, 2017, or simply allow some overlap for a period of time. The CEC should want to avoid issues similar to the change to tracking generation in WREGIS, where deadlines had to be revised several times in order to keep the RPS process functioning adequately.

SMUD also would like some clarification of what is meant in the new on-line system for an application to be, “...deemed incomplete...” (see page 50). Does this simply mean that the application will be removed from incomplete status once the necessary information is provided? Will a notification be sent that an application has been deemed incomplete, along with what is necessary to make the application complete?

D. Definition of Retail Sales

The Draft RPS Guidebook only includes a definition of retail sales because of the connection to the RPS, where a certain percentage of “retail sales” must come from renewable power sources, increasing to 50% by 2030. SB 350 changed the amount of retail sales that the RPS percentage must apply to, allowing subtraction from retail sales of certain resources/sales to certified Green pricing programs. The Draft RPS Guidebook should include recognition of this concept in the definition of “retail sales.” SMUD suggests the following:

Retail sales — for purposes of POU's only, mean sales of electricity by a POU to end-use customers and their tenants, measured in MWh. This does not include energy consumption by a POU, electricity used by a POU for water pumping, electricity allowed to be subtracted prior to applying the RPS obligation, or electricity produced for onsite consumption (self-generation) that was not sold to the customer by the POU. This definition is consistent with the California Code of Regulations, Title 20, section 3201(cc).

Thank you again for the opportunity to comment.

/s/

WILLIAM W. WESTERFIELD, III
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS A311
Sacramento, CA 95852-0830

/s/

TIMOTHY TUTT
Government Affairs Representative
Sacramento Municipal Utility District
P.O. Box 15830, MS A313
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2016-0513)