| **DOCKETED** |
|-----------------|------------------|
| **Docket Number:** | 16-RPS-03 |
| **Project Title:** | Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities |
| **TN #:** | 212863 |
| **Document Title:** | RPS Regulations Workshop Presentation August 18 |
| **Description:** | Renewables Portfolio Standard Program presentation regarding the implementation of SB350, and the amendments to the RPS regulations for Publicly Owned Utilities |
| **Filer:** | Judi Carter |
| **Organization:** | California Energy Commission |
| **Submitter Role:** | Commission Staff |
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Implementing SB 350: Amendments to the RPS Regulations for Publicly Owned Utilities

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Staff Workshop
August 18, 2016
Energy Commission, Arthur Rosenfeld Hearing Room
Presentation Agenda

- Housekeeping
- Background and Overview
- Proposed Regulations by Section
- Next Steps
- Discussion and Comments
Housekeeping

- Handouts on desk at room entrance
- Restrooms located on 1st floor
- Snack bar on 2nd floor
- Emergency evacuation procedures
- WebEx
  - For interactive participation
- This presentation will be available on California Energy Commission’s (CEC) website
Housekeeping, continued

- Comments in person: Those interested in participating in the discussion at the end can either sit at the table, or come up to the podium.
- Comments via WebEx: Use the “raise hand” feature; we will un-mute you when it is your turn.
- Comments via phone: We will un-mute all phone lines at the end of comment period – please only un-mute your phone to ask a question.
- Written comments: Submit according to directions in the Workshop Notice available at [http://www.energy.ca.gov/portfolio/pou_rulemaking/16-RPS-03](http://www.energy.ca.gov/portfolio/pou_rulemaking/16-RPS-03)
BACKGROUND AND OVERVIEW
History of California’s RPS

• Original RPS signed into law in 2002
  • Required CPUC-regulated retail sellers to procure 20% renewable energy by 2017
  • 2006 Legislation accelerated the RPS to 20% by 2010
  • POUs to set their own RPS goals recognizing the intent of the Legislature to attain a target of 20% of retail sales from renewable energy by 2010

• April 2011: Governor Brown signed SB X1-2, which set a new target of 33% renewables by 2020 for all utilities

• June 2013: California Energy Commission adopted Enforcement Procedures for the RPS for POUs
Clean Energy and Pollution Reduction Act of 2015 (SB 350)

• SB 350 signed on Oct. 7, 2015
  – SB 350 helps meet state’s mid term GHG reduction goal of 40% reduction below 1990 level by 2030 and gets us on 2050 trajectory
• Increases the Renewables Portfolio Standard (RPS) from 33% in 2020, to 50% by Dec. 31, 2030
• California Energy Commission adopted an Order Instituting Rulemaking in January 2016
PROPOSED REGULATIONS
BY SECTION
Section 3201: Definitions

**New Definitions**
- Contract Execution Date
- Ownership Agreement Execution Date
- Contract Start Date

**Updated Definitions**
- Ownership Agreement
- RPS Procurement Requirements
- RPS Procurement Target
Section 3202: Qualifying Electricity Products

Updates to section references, due to renumbering in section 3204
Section 3203: Portfolio Content Categories

No changes to this section
Section 3204: RPS Procurement Requirements (1)

**New compliance periods:**

Compliance Period 4 (2021-2024)
- 40% by 12-31-2024

Compliance Period 5 (2025-2027)
- 45% by 12-31-2027

Compliance Period 6 (2028-2030)
- 50% by 12-31-2030

After 2030:
- 3-year Compliance Periods
- 50% average

- Linear soft targets
- Same portfolio balance requirements as compliance period 3
Section 3204: RPS Procurement Requirements (2)

New subsection (b) for Exemptions
• Existing exemptions have been renumbered

Previous (b) renumbered as (e)
• “…deficits incurred by a POU in any compliance period shall not be added to the RPS procurement requirements of the POU in a future compliance period.”
Section 3204: RPS Procurement Requirements (3)

New exemption for Large Hydro in (b)(7)
- RPS procurement target does not have to exceed either portion of retail sales unsatisfied by the hydro or the CEC’s soft target, whichever is less. Calculated annually.

New exemption for Green Pricing Program (GPP) retail sales reduction in (b)(8)
- Beginning in 2014, RECs from eligible resources that meet the criteria of PCC 1 and retired in WREGIS for a GPP may be excluded from retail sales
- “To the extent possible” RECs must be procured from resources that are in the POU’s territory
Section 3204: RPS Procurement Requirements (4)

Long Term Contracting Requirement

- Starting in 2021, 65% of RECs must be from long-term contracts or ownership agreements
- Calculated from the contract start date to contract end date
Section 3205: Procurement Plans and Enforcement Programs

Section 3205 (a)(4) added to reference the new Integrated Resource Plan (IRP) requirement for qualifying POUs
Section 3206: Optional Compliance Measures (1)

Excess procurement

• New rules and calculation for compliance periods starting in 2021
  – PCC 2 and PCC 3 RECs cannot qualify as excess, can only be applied to target
  – Short-term RECs no longer subtracted

• POUs may choose to use new excess calculation starting in 2017 if at least 65% of RECs are long-term in 2017-2020
Section 3206: Optional Compliance Measures (2)

Cost Limitations
SB 350 removed all existing provisions for cost limitations, except that it must still be set at a level that prevents disproportionate rate impacts.

Delay of Timely Compliance
SB 350 added language regarding:
- Unanticipated curtailment of renewables
- Transportation electrification
Section 3206: Optional Compliance Measures (3)

New optional compliance measure

• For POUs with qualifying contracts for unavoidable long-term procurement of coal-fired generation
  – Calculation of target is a greater-of comparison of retail sales minus coal and 33% of retail sales
  – Request submitted to Executive Director using existing section 3206 (d)
Section 3207: Compliance Reporting for POUs (1)

- Information no longer required:
  - The year the POU was established
  - Number of end-use retail customer accounts
  - Facility information that is part of the certification

- New requirement to report forecasted REC retirements

- Clarification to the POU energy consumption reporting requirement
Section 3207: Compliance Reporting for POUs (2)

New Reporting

• Annual reporting for POUs with qualifying large hydro (section 3204 (b)(7))
• Annual reporting for POUs with qualifying green pricing programs (section 3204 (b)(8))
• One time reporting for POUs with qualifying unavoidable long-term procurement (section 3206 (a)(6))
  – Only Compliance Period 2021-2024
Section 3208: Enforcement

Failure to meet the long-term contracting requirement was added as another potential complaint, starting in 2021
Section 1240: RPS Enforcement

Update to the referral process in section 1240 (h)

– New requirement for a copy of the notice of violation and record of proceedings to be sent to the POU, in addition to the ARB
NEXT STEPS
Public Comment

Comments due by:

5:00pm on September 2, 2016

Written comments should be submitted through the CEC’s e-filing system:

- [http://www.energy.ca.gov/e-filing/](http://www.energy.ca.gov/e-filing/)
- Instructions for submitting written comments are on page 3 of the Workshop Notice
- Docket # 16-RPS-03
Tentative Schedule for Formal Rulemaking Process

Q3 2016
- Draft 45 day language, rulemaking package

Q4 2016
- NOPA, 45 day language published
- Staff workshop
- Public comments due

Q1 2017
- 15 day language released, if needed
- Regulations adopted by CEC, final package submitted to OAL
Comments and Discussion

1) Long-term contracting requirement
2) Excess procurement
3) Green pricing program retail sales reduction
4) Large hydro exemption
5) Unavoidable long-term procurement for coal
6) All other comments
Contact Information

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