

## DOCKETED

<b>Docket Number:</b>	16-RPS-03
<b>Project Title:</b>	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
<b>TN #:</b>	212863
<b>Document Title:</b>	RPS Regulations Workshop Presentation August 18
<b>Description:</b>	Renewables Portfolio Standard Program presentation regarding the implementation of SB350, and the amendments to the RPS regulations for Publicly Owned Utilities
<b>Filer:</b>	Judi Carter
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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
  - POU's 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 POU's*



# 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/>
- 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



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