



**Pacific Gas and
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Electronic Delivery

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814

Re: Docket No. 2010-PSDR-01

Docket Office:

Please find attached PG&E's comments on Power Source Disclosure Program Pre-Rulemaking Draft Regulation workshop, held November 5, 2010. Please contact me should you have any questions.

Sincerely,

Attachment

DOCKET	
10-PSDR-01	
DATE	DEC 07 2010
RECD.	DEC 08 2010

**PACIFIC GAS AND ELECTRIC COMPANY COMMENTS IN RESPONSE TO THE
NOVEMBER 5TH, 2010 STAFF WORKSHOP ON POWER SOURCE
DISCLOSURE DRAFT REGULATIONS AND REPORTING FORM
CONSOLIDATION**

DOCKET No. 2010-PSDR-01

Pacific Gas and Electric Company (PG&E) would like to take this opportunity to thank the Commission for its diligent efforts in addressing updates to the Power Source Disclosure Report (PSDR) regulations, and ultimately for helping to provide a clearer and more accurate account of the power resource mix delivered to California utility customers.

In Staff's November 5th presentation for retail sellers which summarized the main changes to the PSDR regulations, several questions were posed to stakeholders on the issue of Renewable Energy Credits (RECs) and their role in both the PSDR program and other regulatory contexts. PG&E will address and expand upon these questions in turn.

**I. How Might Unbundled RECs and/or Null Power be Counted in the
Power Source Disclosure Program?**

At the November 5th workshop, staff expressed concern on the matter of potential double counting of energy sales within the context of an unbundled REC regime. This issue is particularly salient given the intent of AB 162 to define "unspecified" resources as those electricity sales that cannot be traced to a specific generator.

To address this issue, PG&E suggests the following for energy imports into California:

- The owner of the Western Renewable Energy Generation Information System (WREGIS) Certificate delivered with an energy import, using the comment field of a NERC E-tag, should report the energy import as renewable.
- An importer of null power, to the extent any such import exists, should report the import as unspecified.

The CEC is now switching to using WREGIS for all RPS tracking and to prevent double counting:

WREGIS will electronically track renewable energy credits (WREGIS Certificates) representing renewable energy generation, and it will replace the Interim Tracking System that was used as the basis for this report..... The WREGIS reports will replace the need for cross-references with other databases to ensure that the RPS-eligible energy is counted only once.¹

¹ Renewables Portfolio Standard 2006 Procurement Verification Final Commission Report, July 2010, CEC-300-2009-006-CMF (pg 20)

WREGIS is an independent, renewable energy tracking system created expressly to validate claims on renewable electricity and prevent double counting. WREGIS does this by creating WREGIS Certificates² for each MWh of generation. Entities claim ownership of the renewable generation through ownership of the WREGIS Certificates.

In California, RECs must be associated with delivered electricity to count for compliance with the RPS program.³ WREGIS can match RECs with a NERC E-tag documenting the energy import. The electricity import that proves a REC has been delivered should be reported as the renewable generation.

Renewable generation is tracked through WREGIS and RECs, not contracts with null power. The null power undergirding the REC purchase will be backed out of the Power Source Disclosure Report, either from a specific fuel source or from the “unspecified” market purchases category as identified on the NERC E-tag, thus avoiding double counting.

The statutory and CPUC-adopted definitions of a REC for the RPS program include all renewable and environmental attributes of the renewable energy resource (with certain limited specified exceptions). SB 107 enacted the statutory definition of a REC as the medium of exchange of the environmental benefit of renewable generation (Section 399.12 (g) (2)). D.08-08-028 stipulated that green attributes from the renewable generation are required to be conveyed to the buyer of the REC for RPS-eligibility. Thus, when a REC is unbundled from the renewable output, the renewable attribute stays with the REC, not with the null power.⁴

² The term “certificate,” refers to a WREGIS Certificate. A WREGIS Certificate represents all Renewable and Environmental Attributes from one MWh of electricity generation from a renewable energy Generating Unit registered with WREGIS or a Certificate imported from a Compatible Registry and Tracking System and converted to a WREGIS Certificate. The WREGIS system will create exactly one Certificate per MWh of generation that occurs from a registered Generating Unit or that is imported from a Compatible Registry and Tracking System. Disaggregation of certificates is not currently allowed within WREGIS. Renewable and Environmental Attributes: Any and all credits, benefits, emissions reductions, offsets and allowances, howsoever entitled, attributable to the generation from the Generating Unit, and its avoided emission of pollutants.

³ Public Utilities Code Section 399.16 (a) (3) which establishes conditions for authorizing RECs for RPS compliance requires that the underlying electricity from which the REC is created is delivered for consumption in California. While the CEC has not yet established delivery requirements for RECs it has done so for the delivery into California of bundled renewable energy purchases. Under the CEC’s delivery requirements, renewable electricity may be delivered at a different time than when the renewable energy is generated. This process by which resources with variable delivery schedules may be backed up with delivery from another sources is also referred to as firming and shaping. CEC requires that such delivery must be made consistent with North American Electric Reliability Corporation (NERC) rules and documented with a NERC E-tag. It is expected the CEC will establish similar delivery requirements for the purchase of out-of-state RPS compliant RECs.

⁴ In D.08-08-028, the CPUC held that an RPS eligible REC is:

II. If Various Products are Still Differentiated and Reported to the CEC on the Annual Reporting Form, Should There be Clarifying Language in the Regulations to Describe How Products are Counted, and What Programs They are Eligible For (i.e. RPS)?

While PG&E has no specific recommendations on clarifying language to the proposed draft regulation, PG&E wishes to reiterate its support for the CEC's recognition that firming and shaping arrangements serve as a crucial means of complying with RPS mandates and other State environmental goals. The CEC has previously provided guidance on firming and shaping transactions and deliverability of renewable generation.⁵ Regardless of the treatment of unbundled RECs, importers should report energy imports using firming and shaping as renewable generation.

III. Conclusion

Again, PG&E wishes to thank the CEC staff for their hard work in working through these issues, and will look forward to working with the Commission in continuing to develop products that are informative and useful for California utility customers.

"...a certificate of proof, issued through the Western Renewable Generation Information System, that one megawatt-hour of electricity was generated by an RPS-eligible renewable energy resource and delivered for consumption by California end-use retail customers. A REC includes all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy resource, including any avoided emission of pollutants to the air, soil or water; any avoided emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or any other greenhouse gases that ... contribute to the actual or potential threat of global climate change; and the reporting rights to these avoided emissions, such as Green Tag reporting rights...The electricity underlying a REC must be delivered for consumption by California end-use retail customers, in accordance with the definition of delivery implemented by the California Energy Commission (CEC)". (D.08-08-028, Ordering Paragraph 1.)

SB 107 defines a REC as "a certificate of proof, issued through the accounting system established by the Energy Commission pursuant to Section 399.13, that one unit of electricity was generated and delivered by an eligible renewable energy resource," which includes: "all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy resource, except for an emissions reduction credit issued pursuant to *Section 40709 of the Health and Safety Code* and any credits or payments associated with the reduction of solid waste and treatment benefits created by the utilization of biomass or biogas fuels. (Pub. Util. Code § 399.12(f))

^{5/} CEC RPS *Eligibility Handbook* (CEC-300-2007-006-ED3-CMF) at 23-24, n. 21.