Docket Number 03-RPS-1078
Subject: Renewables Portfolio Standard

To:
California Energy Commission
Dockets Office, MS-4
Re: Docket No. 03-RPS-1078
1516 Ninth Street
Sacramento, CA 95814-5512

From:
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We listened to the June 17, 2011 staff workshop WebEx audio recording (33% RPS Regulations for Publicly Owned Electric Utilities) and would like to submit comment. Leaf Exchange is a Renewable Energy Credit (REC) brokerage & exchange service for retail Distributed Generation (DG) California solar system owners. We provide system owners REC market education, certification services, and ultimately hope to provide them a venue to transact their Certificates.

We feel that the legacy definition of a Tradable Renewable Energy Credit (TREC) coupled with the SB 2X bucket structure unfairly penalizes the in-state retail DG segment, and will limit its use for Publicly Owned Utilities (POUs), to help satisfy their RPS requirements. Originally there were two general categories for a utility to satisfy their RPS: (1) bundled, which is when the REC is sold with electricity, or (2) TREC, which is an unbundled REC-only transaction. In the 20% by 2010 RPS regulators wanting to encourage in-state investment added a new criterion: whether the REC originated inside or outside California. However, instead of creating a new limit on foreign RECs, policy makers defined out-of-state projects (that is 1^{st} point of interconnection is not a California Balancing Authority, or not having Dynamic Transfer) as TREC and set a cap on that category. In essence, in-state retail renewables (e.g. DG solar) were inadvertently classified with out-of-state projects (e.g. wind farms in Canada) despite the local benefits DG provides California.

The SB 2X bucket structure has set an initial 25% cap on TREC projects that reduces to 10% by 2020. We feel in-state unbundled projects will be marginalized by the large supply of out-of-state projects that are classified TREC. The 25% TREC cap will undoubtedly get over-subscribed by the vast supply of both existing and pending out-of-state projects. Hence POU’s may not be able to take full advantage of in-state TREC supply that could help satisfy their RPS.

The retail Distributed Generation segment can help Public, Municipal, and Investor-owned utilities alike, by providing a flexible option to help satisfy their RPS targets. We encourage rule makers to reclassify in-state unbundled projects (bucket #3) and treat them equal to in-state bundled projects (bucket #1).

In a separate ruling, we are eagerly anticipating the California Energy Commission (CEC) ruling on the eligibility status of TRECs generated from retail DG projects to satisfy the RPS. We encourage the CEC to expedite that eligibility ruling, in order to provide Public Owned Utilities and other stakeholder's certainty on the eligibility status of that category.

We would like to quote the California Solar Energy Industry Association (CALSEIA) comments that were submitted to California Public Utilities Commission (CPUC) on May 31, 2011 (OIR 11-05-005), which we thought summed it up well: "CALSEIA also urges the Commission to place a high priority on enabling owners of net metered renewable energy facilities to participate in RPS-related procurement. Specifically, we support work, which would enable small-scale generators to sell their renewable energy credits to utilities. The demand for rooftop solar photovoltaic systems continues to grow, but funding for rebates and performance-based incentives is declining. Renewable energy credits will likely provide an important new source of revenue to encourage renewable generation on the "customer side of the meter."

Thank you, we are grateful for the opportunity to comment.