STATE OF CALIFORNIA - THE RESOURCES AGENCY
BEFORE THE
CALIFORNIA ENERGY COMMISSION (CEC)

In the matter of,
Implementation of Renewables Portfolio Standard Legislation
and
Implementation of Renewables Investment Plan Legislation

Docket No. 03-RPS-1078 & 11-RPS-01 RPS Proceeding
Docket No. 02-REN-1038 Renewable Energy Program

WORKSHOP
Re: 2008-2010 RPS Procurement Verification and Proposed SB X 1-2 RPS Verification

California Energy Commission
Hearing Room A
1516 9th Street
Sacramento, California

Friday, September 21, 2012
9:10 A.M.

Reported by:
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Public Comment

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Michael Webster, LADWP
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MS. ZOCCETTI: So, good morning everyone. I’m Kate Zoccetti, I’m the lead for the Renewables Portfolio Standards here at the California Energy Commission. I’d like to welcome you to the Commission on this fine, fall day.

We have folks participating here in the audience. We have a reporter here that will be doing a transcript for us, for the first part of our presentation, and we also have WebEx, and folks can call in as well.

So, just to give you a little brief overview and then I’m going to turn it over to staff. First, I’d like to give you some housekeeping notes that, in the case of an emergency, please follow staff. We’ll be going outside, across the street to the park kiddie corner to the Energy Commission, until the all-clear sign. Hopefully, that won’t be an issue this morning.

We have restrooms located right outside this room, across the hall. And on the second story -- the second floor there is a coffee room with sandwiches and snacks.

What we plan to do, we sort of have three parts to today’s workshop. First, we’re going to have an
overview of the Energy Commission’s RPS Procurement Verification process. Then we’ll have some public comments.

And then we’re going to give you an overview of a draft summary of the Retail Sellers’ Procurement claims for the years 2008 through 2010.

Again, we’ll have comments on those issues.

If we finish that early enough, maybe we’ll have a break and move into the second or the third part of our presentation, our workshop which is talking about what staff is thinking about for verifying procurement for the retail sellers and the publicly-owned electric utilities for the years 2011 and thereafter under Senate Bill X1-2.

If we go a little bit longer this morning, then we’ll just have a lunch break and then proceed with the third part in the afternoon.

Of course, we’ll have public comments then and then there will be an opportunity for written comments, as well.

Let’s see, okay, I already went over housekeeping. There are handouts there. I should mention that if you want to speak here, in the Energy Commission, Conference Room A, you should grab a blue card at the front desk there, and fill it out, and give
it to staff and then we’ll call you up to the podium.

   Please make sure that you state your name before
you speak, for the court reporter, and he would
appreciate it if you would give him a business card so
that he spells your name correctly in the transcript.

   I’m getting ahead of myself. Is someone -- was
there someone speaking? We’d like to go ahead and mute
the phone lines for now.

   During the public comment period we will unmute
the phone lines.

   If you are participating on WebEx, you can view
the slides on your computer. You can raise your hand
with the little raise hand function, and we can take
your question verbally or you can type it into the chat.
And we have someone here monitoring your comments and
questions, and we would be happy to address those at the
comment period.

   As I mentioned, the WebEx users and the phone
users will be unmuted during the public comment period.

   And if you are listening in and you want to find
out how to get online, please follow our workshop notice
instructions.

   During the public comment periods we will take
comments, first, from the folks here in person at the
Energy Commission, followed by the WebEx participants
and then the phone-in participants.

So, I’d like to introduce the staff here today.
I’ll be sitting right there and to my immediate left is Gabe Herrera, with our Legal Office, Gina Barkalow, who leads the verification process and James Haile who works on the verification.

And working the WebEx here is Brian McCullough.

We have other staff in the audience, too, who worked on the publicly-owned utility regulations and so they’re here to answer questions, as well.

And so I’d like to have Gina come up and she can give you her presentation.

MS. BARKALOW: Hi everyone, thank you for coming today. My name’s Gina Barkalow and I am the lead for the RPS Procurement Verification.

This slide is just a general outline of what I’m going to cover this morning. There’s a lot to talk about today, so this presentation is designed to give a high level overview of the Energy Commission’s role in regards to the California Renewable Portfolio Standard.

Theresa Daniels, as Kate mentioned, will be giving a presentation going into the details of our verification process and the results, and while I’m more focused here on discussing the main issues that have been identified.
Under the Renewable Portfolio Standard the Energy Commission is charged with certifying eligible renewable energy resources, designing and implementing an accounting system to verify Renewable Portfolio Standard Procurement, or RPS, establishing a system that protects against double counting of the same renewable energy credit, and developing and implementing RPS regulations for the POUs.

RPS Procurement Verification Reports through 2010 present the amount of RPS-eligible energy procured and reported by electric retail sellers toward meeting California’s RPS.

Staff is currently verifying years 2008 through ’10, and we expect to have a draft verification report by the end of this year and a final within the first quarter of next year.

For 2011 and forward, staff anticipates Compliance Period Verification Reports, one for retail sellers and one for POUs, and I’ll be talking more about this later today.

The Energy Commission was mandated to develop a system based on independently audited data to protect against double counting. Until WREGIS was operational, the Energy Commission relies on an interim tracking system, but it has inherent limitations. And they’re
listed here on this slide.

So, WREGIS stands for the Western Renewable Energy Generation Information System. WREGIS tracks renewable generation to help ensure the credibility of the green value of renewable electricity.

WREGIS is a voluntary, independent renewable energy registry and tracking system for the Western Interconnection Transmission area. This includes 14 Western States, two Canadian Provinces, and a portion of Northern Baja, Mexico.

WREGIS was launched in 2007. Retail sellers, POUs, renewable facilities and third parties participation in California’s RPS are required to register with, and use WREGIS. Generation is reported by qualifying reporting entities, QREs.

The results, as of September 12th, show that there are more than 537 companies and 2,600 generators approved to be WREGIS account holders.

So, retail sellers began transitioning to WREGIS starting in 2008. And by 2010 almost all procurement claims were made using WREGIS.

WREGIS certificates are created for every one megawatt hour of generation, so there may be kilowatt hours from one year that do not make it into a certificate until the next calendar year.
With the interim tracking system, procurement was reported in kilowatt hours, but with WREGIS it’s reported in megawatt hours through certificates.

For most retail sellers we saw a clean break. The interim tracking system was used January through April and then by May most all claims were made using WREGIS.

In cases where the facility was in WREGIS, but the retail seller did not believe the full generation amount was to be represented in WREGIS, the interim tracking system was allowed only after intense scrutinizing of the interim tracking system claim. This included a three-year analysis of procurement and generation amounts to make sure the amount claimed was below the generation amount. So, we were really concerned for not allowing for double counting and during this transition period it’s really important that just because something is reported on the interim tracking system, we wanted to make sure it wasn’t eventually -- those kilowatt hours weren’t eventually wrapped up into megawatt hours later on.

And so this three-year analysis looked at the total amount of procurement for those three years, and summed it up, and then summed up the generation from the facility for the three years, and compared if there was
an over claim or not.

So, this process was very timely and burdensome, and in most cases the claims ended up not being accepted and removed.

So, if there are any POUs in the audience, this is just sort of a lessons learned that once it gets into WREGIS it’s, you know, always important to pay attention to what happens in WREGIS, but counting this little kilowatt hours is really, really, really burdensome and time consuming, so I just caution you there.

In 2009 and ’10 there were a few RPS track claims that were accepted, but documentation was required from either WREGIS or the facility stating that the WREGIS certificates were not available.

And in some cases we had initial claims on the RPS track form and then when the retail seller went to go get this documentation from WREGIS, it turned out that there were WREGIS certificates there.

And so this was a good double check to make and I think it was worthwhile.

All right, now I’m just going to jump right to the issues for 2008 through ’10. There are three of them. the first one is verification of procurement date relative to the vintage of the renewable energy product.

The second one is verification of biomethane-
related claims. This is just for years 2008 through '10, and then generation of energy delivery for out-of-state facilities.

This first issue is worth mentioning, but we don’t have any pending or ineligible claims as a result. It’s just things are changing in the RPS world, as I’m sure you all know.

The California Public Utilities Commission, the CPUC, decisions regarding TRECS and Senate Bill X1-2 now allow for procurement from one year to be applied to a later year or compliance period.

But procurement from contracts executed after 2010 may not be used for compliance in years during the 2008 -- or through 2010 reporting period.

So, for example, 2009 vintage certificates procured under a 2011 contract may not be used for compliance until the first compliance period.

This point is to really just put people on notice that while we’re providing preliminary verification data results here, if we later learn that a claim was made during the 2008 through 2010 time frame, but the amounts were actually procured after 2010, we will need to make adjustments accordingly.

This is to really clarify in case anyone was not aware, or if they were unclear on this, that the bright
line for when procurement claims can be made is the procurement contract date, unless there was a special circumstance approved by the CPUC.

So, entities cannot make a purchase in 2011 and report it as if it was procured before then, as this would be falsely inflating their RPS progress.

So, in the earlier years of the RPS program we did not have the situation where procurement from one year could be reported in a later year. It was always the amount of procurement for a given year that was reported for the same reporting year.

So, this is just to say if you need to do any double checks on what was reported to us, please go ahead and do that, and let us know if there is anything that needs to be changed.

Everyone is really anxious to close the books on these years and just move forward, and we would really hate to do that and then later find out that we need to make a change.

So, we’re aware that the CPUC is reviewing the ES -- some of the ESP contracts, so if anything comes up as a result of that, we’ll know.

But in terms of verification, this is a difficult check for us to make because we don’t normally see the contracts unless there’s a red flag for any
particular reason.

So, it’s really incumbent upon the retail sellers to report correctly.

Verification of procurement under SBX1-2 will require much more contract checking and I would expect this sort of concern to pretty much go away because we will be doing a lot of contract checks. So, it’s just in these years here that it’s a little bit difficult for us.

There are some cases where a WREGIS certificate has a vintage year different than the reporting year and this situation occurs when WREGIS certificates were created for more than there was generation.

And in order to correct this excess amount of WREGIS, the QRE needs to reload the adjustment amounts in WREGIS.

Adjustment amounts are written into the database and any increases or decreases will be applied to the next available WREGIS generation period.

So, for example, say 110 WREGIS certificates are created with a December 2009 vintage, but after the prior period adjustments are made it’s realized that, really, only 100 WREGIS certificates should have been created. So, there are ten excess December 2009 vintage certificates that then would need to be used with the
January 2010 vintage.

And this is really just to let folks know a little bit more about how things are working in WREGIS. And staff needs to understand when this is happening to determine if we need to analyze the amounts differently, as I’ll get to in the next slide.

So, staff identified 2008 and 2009 vintage year certificate claims reported for 2010. And while this reporting strategy does not appear to violate any specific RPS requirements, it does complicate verification.

So, for example, 2008 year vintage certificates for claims reported for 2010 cause over claims for 2010 that can only be resolved by removing the 2008 vintage amount from staff’s analysis.

So, it’s maybe a little bit hard to understand, but the way that we look at our procurement claims is on an annual basis.

And so what is happening is these 2008 amounts are showing up with 2010, so it’s blowing up the amount of procurement, as we see it, for 2008. So, it looks like a lot more was procurement than was generated, and that raises a flag for us.

So, what we had to do was remove the 2008 vintage amounts, put it back into 2008, make sure there
were no over claims in 2008, and make sure there were no over claims in 2010, and then we were able to add it back in.

So, it’s just a complication. It adds time and effort to our process. And our internal database is currently not set up to handle this sort of analysis.

We are hoping to get a more sophisticated verification system in the future because these sort of situations will probably be happening more often.

And, hopefully, that will help us automate these sort of checks in the future so that we can check vintage and generation amounts that may occur over multiple years.

So, basically, in these three cases when it was a contract date that was after 2010, the retail seller was required to remove the claim.

In cases where the reason for the vintage reporting mismatch was a WREGIS functionality, staff accepted the claims.

And in cases where vintage year and reporting year did not match staff -- if staff was able to verify that there was no double counting, then staff accepted the claims.

So, as I mentioned before, if we become aware of additional cases where procurement was claimed for an
incorrect reporting year, staff will work with the
retail sellers to correct the situations and we’ll
document the outstanding issues in the RPS Procurement
Verification Report, as appropriate.

So, the second topic we have is Verification of
the 2008 through 2010 Biomethane Claims.

Listed on this slide are the requirements that
have been listed from the third edition through the
sixth. I’m just going to read here that, first, the gas
must be produced from an RPS-eligible resource, such as
biomass or digester gas.

Two, the gas must be injected into a natural gas
pipeline system that is either within the WECC region or
interconnected to a natural gas pipeline system.

In the WECC region, that delivers gas into
California.

Three, the energy content produced and supplied
to the transportation pipeline system must be measured
on a monthly basis and reported annually, illustrated by
month.

Reporting must be in units of energy, for
example MMBtu, based on metering of gas volume and
adjustment for measured heat content per volume of each
gas.

In addition, the total amount of gas used at the
RPS-eligible facility must be reported in the same units measured over the same period and the electricity production must be reported in megawatt hours.

Four, the gas must be used at a facility that has been certified as RPS eligible. As part of the application for certification, the applicant must attest that the RPS-eligible gas will be nominated to that facility or nominated to the LSE-owned pipeline serving the designated facility.

And what I just read was taken from the third edition of the guidebook.

The two types of documentation for biomethane verification include physical and contractual data.

Physical data is about the physical delivery and use of the gas and it needs to come from both the source and the RPS facility.

Contractual data is proof of purchase of the gas and proof showing an arrangement ahead of time to have the gas delivered to California was made.

So, I’ll talk a little bit about both of these requirements.

Date required for physical verification at the biomethane source are monthly metered data reported annually for the amount of biomethane injected into the pipeline.
The meter data can show the amount of biomethane in two ways. The first is to show both the monthly volume and the monthly average heat content, which we would then use to calculate the total energy of the gas injected each month. Or, the meter data can show the monthly total energy of the biomethane injected into the pipeline.

Invoices cannot be substituted for meter data.

Physical verification requirements for use at the RPS-certified facility; here we also require monthly meter data reported annually, showing the amount of total pipeline gas consumed at the facility.

And just to clarify, we are looking here for the monthly total gas removed from the pipeline by the RPS-certified facility. So, there’s sort of two things here, the meter data, but also the total amount of electricity produced by the facility.

And again, invoices cannot be substituted for meter data.

We need the invoices to show that the facility did purchase the biomethane. We also compare the total amounts on the invoices to the total amount injected to verify that they match up. And if there is a difference, we take the lesser of the two.

So, for example, the biomethane might inject
more than is purchased, but the facility only gets credit for what was purchased.

Also, the facility might buy more than what is injected and would just then get to count the amount injected, unless the facility used stored biomethane and then additional documentation would be required.

So, in some cases there could be multiple sources and then the required -- all of this data is required, the same documentation is required for each source.

This slide here shows the status of the pending biomethane claims. This is the first time we’ve really had to verify biomethane claims, so it has been a learning process for us. And these claims have actually served as very good case studies.

So, the Xs here indicated that sufficient documentation has not yet been received, and the checkmarks indicate appropriate or complete documentation has been provided.

The table does not indicate that a claim has been verified as eligible or ineligible. All of the claims are pending because we still don’t have the data points we need to complete the verification.

So again, the physical requirements include meter data, and for the RPS-certified facility it also
includes generation data.

PG&E has provided some documentation and we are continuing to work with them to complete the verification. There are two sources of biomethane for PG&E’s claims, so this adds to the amount of data requirement for verification purposes.

And the Pastoria facility used stored biomethane, so we are working with the retail sellers to get sufficient documentation regarding storage.

So, there’s still work to be done before we can make a determination of the eligibility of these claims. The results of our analysis will be included in the draft Verification Report.

It just gets a bit more complicated when there’s multiple sources or when there is stored biomethane, and we just happen to have both of those situations in these claims here.

The next issue is on energy delivery. The RPS Eligibility Guidebook requires that a matching quantity of electricity must be delivered to an in-state point of delivery consistent with the North American Electrical Reliability Corporation, or NERC, rules and documented with a NERC e-Tag.

So, I do realize that this is changed and now it’s being done by NASB, and we have the OATI web
registry. And so maybe at some point we will update it to just say e-Tags, instead of NERC e-Tags. But for now we’re using NERC e-Tags.

And the RPS Eligibility Guidebook requires the RPS ID on the e-Tags to demonstrate that a matching amount of substitute energy was delivered into California for the RPS-certified facility.

The RPS Eligibility Guidebook states that the annual report to verify delivery must include the source point located out of California, and that is for the substitute energy, the final point of delivery, the POD, which is also the sink, and the RPS ID of the certified facility or facilities with which the delivered energy is being matched.

The California RPS ID must be shown on the miscellaneous field of the NERC e-Tag, the amount of the electricity delivered per month and annually.

So, because the tracking services using NERC e-Tags was not available in WREGIS in 2009, retail sellers reported using this interim tracking delivery form for 2008.

NERC e-Tags in WREGIS are created -- or e-Tags are created when energy is scheduled to cross a balancing authority area and they’re used to track the physical path.
E-Tags are pulled into WREGIS if the RPS ID is on the miscellaneous token field line of the physical path of the e-Tag.

In WREGIS account holders can match e-Tags to the corresponding WREGIS certificates to show that energy was delivered to California.

Retail sellers submit NERC e-Tag summary reports, along with the WREGIS compliance reports, which provide verification information included on the e-Tags.

So, this is the information that is provided to us on the WREGIS NERC e-Tag summary report. The generator name is the source, or the POR, and the load is the sink, or the POD, and the load-serving entity is the PSE.

This is the interim -- the information that is available to us on the Interim Tracking Delivery Form. So, there’s two schedules. The first one includes various IDs, the POR and the POD. And then the second one includes the monthly and annual amount.

So, there were some cases in 2009 and ’10 where retail sellers were allowed to report using the delivery form, and so we did see that in 2009 and ’10, as well.

So, the situations that we identified through the verification process, so while we received the summary report from WREGIS, and also the delivery form
for the ITS reporting, that does not include the NERC e-
Tags. And so to avoid having to look at every single
NERC e-Tag that was generated, we just asked for random
samples.

And during this process we found that some of
the NERC e-Tags did not include the RPS ID number in the
miscellaneous field, but it was in the comments section
of the NERC ID.

So, when we asked why this occurred, their
justification was that in the second edition of the RPS
Eligibility Guidebook the requirement was to have the
NERC ID in the comments section.

And so, basically, I think the argument here was
there was a transition time. So, the third edition of
the RPS Eligibility Guidebook came out in January 2008,
and so that’s what we have here.

There were other cases where there was just no
RPS ID on the e-Tag, and the reasons for that are listed
here.

And so, the claims in these situations are
listed, currently listed as pending, so they have not
been determined to be eligible or ineligible.

Staff has been collecting information from the
retail sellers that did not meet this delivery
requirement, and we will determine if claims -- you
know, based on this supporting documentation, staff will
determine if the claims can be considered verified.
And, if so, we will include a recommendation in the
draft Verification Report.

So, basically, staff does not have the authority
to go against what is in the guidebook. So, in a
situation like this we want to get enough information to
be able to make a recommendation one way or another.

It is the full Commission that votes on a
decision like this.

So, we can now be open to public comments. Feel
free to comment on any of the issues, now.

Theresa also will be giving her presentation and
she’ll be going into more detail of the various retail
sellers summary slides, and so it’s also possible to
make comments after that presentation.

So, it’s really up to you. We can wait for blue
cards and give you some time now to see if anybody wants
to comment, or you can hold your comments until later.

It looks like we might have a comment.

And if you’re on WebEx, please send a request to
the coordinator that you would like to ask a question or
make a comment.

And Lorraine Gonzales will go around and maybe
look for blue cards, or feel free to bring it up. Okay.
MS. WINN: Hi, Valerie Winn with PG&E. I believe back on slide 9 you talked about as you’re doing more of the verification going forward --

MS. BARKALOW: Yes.

MS. WINN: -- that you’re going to need to do more contract checks.

MS. BARKALOW: Yes.

MS. WINN: Could you say a little bit about what you’re going to be looking for? Are you going to be looking for the contract, are you going to ask people to simply provide the date of the execution, or approval? What’s that going to look like?

MS. BARKALOW: Actually, that’s really a question that’s more appropriate for the second portion of today’s workshop.

MS. WINN: Okay.

MS. BARKALOW: We’re going to be talking about that because it has to do with the role of the CPUC, as well.

MS. WINN: Okay, good, because that goes to my questions about confidentiality of the contract information, which was really where I was going.

MS. BARKALOW: Okay. Well, I could just tell you that we really do not want confidential information. We’re not interested in price information. And we’d
really appreciate it if all confidential information is redacted. It makes our life a lot easier, too.

MS. WINN: Okay.

MS. BARKALOW: So, we usually tend to agree on how to be able to get the information submitted without a confidential request.

MS. WINN: Okay, thank you.

MS. BARKALOW: You’re welcome.

And it’s also possible to provide written comments, so if you don’t feel like speaking right now, please just go ahead and submit your comments. And the information is on the notice, and it looks like maybe we have a question on -- through WebEx.

Okay, so Brian is going to write down the question and I will read it.

And folks can maybe start thinking about how we want to go about the rest of the day. So, after Theresa’s presentation we can take a break. And if it’s still early, then perhaps we can launch into the presentation or it’s possible to break for lunch, depending on the timing. So, we can think about that and we’ll just maybe probably take a vote or so, try and get a sense of what people would like to do.

MR. ROTH: Gina, I’m calling from WebEx, can you hear me?
MS. BARKALOW: Yes, go ahead.

MR. ROTH: Good. Yeah, this is Tom Roth calling with SCPPA.

You state in one of your slides. I didn’t get the number. It was going faster than I could write it down.

MS. BARKALOW: Oh, sorry.

MR. ROTH: That the certified facility must show that it is the purchaser and sole possessor of the biomethane that’s to be consumed for the purpose of making a qualified RPS product.

Certain facilities and, of course, one of which SCPPA owns and is operated by Burbank, does not purchase gas for use in the facility. It owns the facility, but the facility’s gas is brought -- and this is the biomethane. It’s brought to the facility by the cities that participate in the plant.

Does this give rise to a conflict with the proof of physical path, which we can certainly give you that, but the issue having to do with possession, title, and all those particular matters? Would you kind of tell me about that?

MS. BARKALOW: I’m going to ask if James Haile has anything to say, or Kate. I’m not really able to answer that question right now.
MR. ROTH: Okay.

MS. BARKALOW: We probably have to think more about how that would work.

Certainly, feel free to provide that question in writing, too, so we can think about it more.

MR. ROTH: Oh, I’ve made an effort -- okay, I’ve made an effort to do that but I’m failing miserable in the jackpot. So, I can get into it, but it isn’t taking my message.

MS. BARKALOW: Oh, I’m sorry.

MR. ROTH: Anyway, you have somebody there who is doing a transcript of this so, hopefully, that will --

MS. BARKALOW: Yes, we will have a transcript. We will have a transcript of this, yeah, and there will be a WebEx recording, as well.

MS. ZOCCKETTI: Tom, this is Kate Zoccetti.

Thank you for your comment.

MR. ROTH: Yes.

MS. ZOCCKETTI: I think probably we’ll discuss plans for future verification processes in the last section of our workshop today, when we talk about how we’re going to verify RPS claims under SB X 1-2.

Hopefully, you’re going to be on the line at that time, and I think probably others will have similar
questions, if you don’t mind?

     MR. ROTH: That’s good.

     MS. BARKALOW: Oh, actually, I’m sorry, just to
     jump in, I was not actually planning to talk about
     verification of biomethane in the afternoon portion.

     MS. ZOCCETTI: That’s true.

     MS. BARKALOW: Just as more of the buckets so,
     I’m sorry.

     MR. HERRERA: Hey, Tom, this is Gabe Herrera
     with the Commission’s Legal Office. So, this issue is
     one that comes up in the context of the AB2196 which, if
     the Governor signs that bill, the Energy Commission will
     have to revise its guidebook to talk about the rules for
     verifying, both the delivery of the biomethane, itself,
     as well as the delivery path, and then the attributes.
     
     So, that discussion, I think, how we verify the
     quantities of biomethane that were procured by SCPPA on
     behalf of its members I think is a good point to raise
     when we start talking about 2196.

     MR. ROTH: We will raise it then and at any
     other point in time that you suggest it’s appropriate.
     I guess we’d like to get it front of it before, you
     know, it gets reported and then a year or two later it
     gets questions.

     MS. ZOCCETTI: Sure, understood. Just a
reminder to everyone, though, that these morning
presentations are regarding 2008 through 2010 claims.
So, the verification --

MR. ROTH: Okay.

MS. ZOCCETTI: -- processes that were in place
at that time are more of what’s coming into play here.

MR. ROTH: I’ll keep that in mind. Thank you,
Kate.

MS. ZOCCETTI: Thanks Tom.

MR. ROTH: Yeah.

MS. BARKALOW: I have a blue card from Michael
Webster, Associate Director of Power System Planning and
Development, LADWP.

MR. WEBSTER: Yes, Mike Webster, L.A. Water and
Power.

I might reserve this comment, but when you said
you weren’t going to talk about biomethane verification,
it is a very important issue to the City of Los Angeles.
And I’ll gen it up and maybe we can talk more about it
this afternoon.

But we were under our rules at the time, 387
delegated that authority to water and power
commissioners and our city council.

And so while we implemented RPS with an eye
towards what was going on in California, what the CEC
was doing under Guidebook Number 3, it was not clear to us that you were going to implement that through tracking the biomethane all the way through the pipeline.

While we can clearly demonstrate that it is burned in our facility, some of the tracking mechanisms that were deployed in historical verification are going to be very, very hard in the future.

So, I’m going to get that up and we’ll talk more about it this afternoon.

And I’ll just raise one more comment about this historical verification. We’re in 2012 and you’re in the process of wrapping up verification for 2008 to 2010. So, when I think about the future, that’s quite a long delay. And I know it’s incredibly complicated, but if we were to find ourselves short in renewable energy how do we make up the difference?

And I’ll just pose that as a question, not living with your process for all these years, how will we go back and make sure we comply when maybe two years later we find out we’re deficient for whatever technical reason? Thank you.

MS. BARKALOW: Thanks. I would just sort of say one of the lessons learned here is that we do require documentation going back in time, so I would start...
collecting it now and have it ready and available, so it makes it a lot easier to get when it’s time to present it.

So, it has been hard. PG&E had to go back and look for 2008 records, and a lot of time had passed since then, so that’s part of the problem in the delay of getting information.

So, now that we know a little bit more, I would start saving that documentation right away.

MS. ZOCCETTI: This is Kate Zoccetti. I’d also like to add a reminder that we are not planning to, as Gina pointed out, really discuss biomethane tracking in our presentation today regarding what the Energy Commission is thinking about for 2011 and thereafter, under SB X 1-2.

As Mr. Herrera mentioned, we’re also watching carefully as to whether or not the Governor signs AB2196. And if he does, we will be charged with implementing most of that.

And so there’s a lot that we don’t know and we’re trying to get ahead of the game and figure out, if it is chaptered, how we will address that.

And we expect to have a workshop later on this year to talk about that and other issues that will have to all be rolled into an RPS Eligibility Guidebook.
revision process, which we’ll have another at least one 
opportunity for public participation.

So, I just want to assure everyone that today is 
looking more at 2008 through 2010. And while we’re 
having this workshop, we wanted to take the opportunity, 
while we have your attention, to also kind of just tee 
up our thinking, our current thinking, nothing is in 
stone at all, about how we might proceed with verifying 
2011 and thereafter.

So, the last presentation is more of a 
brainstorming, talking with you, and more informal 
process. We won’t be having the court reporter at that 
time.

So, I sense people’s concerns that we might have 
made decisions about how we’re going to do things in the 
future that, you know, you might not have had a say in, 
and that’s not the case at all.

So, just be watching for future notices about 
workshops, or webinars, or things like that as we start 
to begin the guidebook revision process. So, thank you.

MS. BARKALOW: Okay, hi, so I do have two blue 
cards here and I have a Barry Dong on the phone. Barry, 
if you’d like to go ahead and speak?

MR. DONG: Yeah, this is Barry Dong from L.A.

Water and Power. I have a question on one of the slides
you showed that the June for 2010 biomethane contracts will have to be used as CEC certified facility in order to count the credits.

The thing is, the CEC certification was not required actually out for the SB X 1-2 is in place.

So, our situation applied to out, our facilities were not certified, even though we submitted verification out of that. But right now it’s still under pending.

I was wondering what those facilities, the contracts hired 2010, would that biomethane credit would be counted in those facilities?

MS. BARKALOW: Just to clarify, are you asking about something that was an SB X 1-2 situation?

MR. DONG: No, no, our facilities were not SB X 1-2 --

MS. BARKALOW: And, I’m sorry, could you speak up a little bit louder, it’s very hard to hear you.

MR. DONG: Yeah, our facilities are not certified, have not been certified, yet, even though we submitted application and it has been pre-certified, but it has not been certified.

MS. BARKALOW: Okay.

MR. DONG: So, what the concern is for those pre-2010 contracts, biomethane contracts. So, because
on one of your slides it’s showing that it has to be
used in certified facilities, and our facility has not
been certified. So, we are concerned on how do we count
those credits?

MR. HERRERA: Hi. Gina, I’ll address that.

This is Gabe Herrera, Mr. Dong.

So, this presentation and these requirements are
really focusing on the retail seller requirements, and
so as part of the retail sellers, in order for them to
claim this procurement based on biomethane use, the
facility designated for use of the biomethane needed to
be certified by the Energy Commission.

Again, these were retail sellers. Back in 2010
LADWP was under no obligation, obviously, to follow the
Energy Commission’s rules. It had its own rules it
adopted pursuant to Public Utility Code Section 387.

You know, going forward, starting in 2011, under
Senate Bill X 1-2, the Energy Commission will need to
address the situation of verifying procurement by POU’s.
And at that point we’ll need to address L.A.’s, you
know, contracts pre-June 2010 contracts.

But again, those rules and that discussion, I
think, will need to wait until such time as the Energy
Commission is implementing AB2196. Because if that bill
does get enacted into law there will need to be a number
of changes that will be addressed in our guidebook to
address the biomethane procurement issue.

    MR. DONG: Thank you. Thank you.

    MS. BARKALOW: Okay, I have a blue card that
came in over WebEx, and the question is from Dana
Griffith.

    “I own the biomethane production facility.
There will be no invoice showing a purchase. How do we
meet the invoice requirement in that case?”

    That is a good question. So --

    MR. HAILE: Hi, James Haile here. So, you’re
the biomethane source facility but -- so, you’re selling
the biomethane but there’s no invoice. I would imagine
there would have to be some sort of proof of sale that
would show the amount of biomethane that was sold by the
source facility to someone.

    MS. BARKALOW: Do you have any comments, Dana
Griffith?

    Okay, it’s also possible to submit written
comments so I just want to leave it at that.

    Okay, yes, we have someone from --

    MR. WESTERFIELD: Yes, I have a blue card. Bill
Westerfield with SMUD --

    MS. BARKALOW: Can you state your name and
information?
MR. WESTERFIELD: Bill Westerfield with SMUD.

MS. BARKALOW: Okay.

MR. WESTERFIELD: Gabe, you had just made a comment and I was trying to understand kind of the basis for your comment. I think you had mentioned that should 2196 be signed by the Governor, then the Energy Commission would have to look at potentially new requirements for the certification of facilities for the combustion of biomethane from pre-2011 contracts.

And I’m thinking over that bill and I can’t remember any requirements in that bill that might impose extra requirements on the certification of facilities for those -- those older contracts, or even for the requirements for the eligibility of that fuel under the old contracts.

I thought those old contracts were basically grandfathered.

MR. HERRERA: So, you’re right, so the biomethane procurement contracts, not the procurement of electricity contract, right, is what 2196 is focused on, Bill.

But there are provisions in there, for example, that require I think a beefed up verification process that the Energy Commission will have to use in place.

For example, we would need to take a look at our
existing rules to see if they are as rigorous as may be
required by 2196, or if we need to impose some
additional requirements.

2196 includes, for even these grandfathered
provisions, a requirement that the biomethane source be
online and injected into common carrier pipeline by
April 1, 2014.

So, for example, if you had an existing contract
for biomethane that included a source that wouldn’t be
producing gas until after that April 2014 date, then I
think, you know, our rules need to address that.

So, there are some grandfathering -- there is a
grandfather provision, but it’s subject to some
conditions.

And I think what I’m saying is we’re going to
need to take a look at those, those requirements in the
statute and figure out how to apply them to these
existing contracts.

MR. WESTERFIELD: Yeah, I understand the general
point. But I was just wondering if you had any
particulars that you had in mind.

I know the 2014 date, it’s my recollection this
only applies to contracts that were signed after March
28th, 2012. So, I was just trying to think in the back
of mind whether there were any particular requirements
that you think needed to be developed.

MR. HERRERA: Right. So, we can chat afterwards, Bill, but I think the provisions in the statute actually -- that March -- excuse me, that April 1, 2014 date apply to contracts that were executed prior to March 29th, 2012.

MR. WESTERFIELD: Okay. All right thank you.

MS. BARKALOW: Okay, I have a blue card here from Sergio, and the question is; “Can you go over the dates of which the draft report will be released and finalized?”

And I don’t really -- I’m not able to give any firm dates right now. We will hope to turn around right after this workshop and get ready to start drafting the Verification Report.

And the goal would be to have a draft released publicly by the end of this year. I really hope that’s possible, but I cannot promise.

And then we hope to have the final one shortly after the draft, so I’m hoping within the next six months or so.

Any other questions?

Okay. All right, then, we will go ahead with Theresa Daniels’ presentation.

MS. DANIELS: Hello everyone. My name is
Theresa Daniels and I’m going to discuss the 2008 through 2010 RPS Procurement Verification Process and the current results of our analysis.

The 2008 through 2010 verification process includes procurement data from a total of 16 retail sellers; however, not all of the retail sellers reporting RPS procurement for each year.

As you can see, the total RPS-eligible procurement amount has increased each year. In 2008 approximately 23.8 terawatt hours of renewable procurement from 520 renewable facilities will be verified as RPS eligible.

In 2009, approximately 29.2 terawatt hours of renewable procurement, from 529 facilities will be verified as eligible.

And in 2010, approximately 31.8 terawatt hours of renewable procurement, from 561 facilities will be verified as eligible.

Please note that the 2010 renewable procurement amounts include generation from years 2008 and 2009 that were claimed in 2010.

During the verification process 551 claims in 2008 were verified as RPS eligible, and 608 claims in 2009, and 620 claims in 2010 were verified as RPS eligible.
Of these, staff identified approximately 38 over-
claim issues, 12 multi-fuel issues, and 13 energy
delivery issues.

Eleven over claim issues were identified and
resolved through our collaboration with Green-e-Energy,
a program of the Center for Resource Solutions.

Staff resolved the majority of these issues by
having the retail seller submit supporting documentation
for their claims.

However, in some cases retail sellers re-filed
their RPS claims to remove ineligible procurement.

The sources of the 2008 through 2010
verification data; RPS procurement claims are reported
on the CEC RPS track form and WREGIS compliance reports.

We also use procurement data reported to the
1305 Power Source Disclosure Program, and voluntary
WREGIS sales information from Green-e-Energy in our
analysis to determine that the RPS procurement claims
are not double counted.

We also used generation data that we got from
various Energy Commission programs, EIA, and directly
from the generating facilities, themselves, on the CEC
RPS GEN form.

This slide shows the information found on the
CEC RPS Track Form. It includes the facility name, fuel
type, various ID numbers, and the annual procurement
amount.

There’s also a Schedule 2 of this form, which
includes monthly procurement data for each claim.

As Gina mentioned in her presentation, this form
was used to report RPS procurement data in 2008 when
retail sellers and generators were transitioning to
WREGIS.

In 2009 and 2010 this form was used for
generation that was not available in WREGIS, when
supporting documentation was provided confirming this.

This slide shows the information found on the
WREGIS compliance report. Among other things, it
includes the generator’s name, fuel type, the vintage
month and year of the certificates, the certificate
quantity, the certificate serial number and the NERC e-
Tag ID, if e-Tags are matched with the certificates.

This is the 2008 through 2010 RPS procurement
verification methodology. To verify procurement is RPS
eligible, Energy Commission staff checked that all
claims are from RPS-certified facilities by internal
collaboration with the certification staff, compare all
load-serving entities’ procurement claims from
individual facilities with generation data to verify
that there is sufficient generation for all procurement
Determine, to the extent possible, the claim was counted only once by coordinating with other states, including Oregon, Washington, Nevada and Green-e-Energy’s voluntary REC PROGRAM.

And to verify that procurement from out-of-state facilities satisfies RPS delivery requirements through 2010; the sources for this include the CEC RPS Delivery Form, NERC e-Tags, and the WREGIS NERC e-Tag Summary Report.

This is information that we included in the appendices of the Verification Report to demonstrate the detailed findings of our analysis.

We report the facility information, the annual generation procured, the procurement from other sources, annual generation of the facility, and the percent difference between the total procurement and the generation amount.

Staff works closely with retail sellers in the verification process to gather supplemental documentation to verify claims and to make adjustments to retail sellers’ procurement claims, including adding in additional procurement claims and removing ineligible procurement claims.

This is our first time using -- this is our
first time verifying using WREGIS data and we’re developing process to address issues that have been identified using WREGIS.

One issue is when retail sellers want to make corrections to their procurement data, WREGIS only allows for certificates to be un-retired within 12 months of the retirement. After that, certificates cannot be un-retired.

With the ITS, retail sellers were able to submit a revised RPS Track Form with the ineligible claim removed. But corrections cannot be made this way to the WREGIS reports.

The process that we are using to address this is to have retail sellers submit a letter to Energy Commission staff documenting which procurement claims should be removed as an ineligible claim for the verification report.

In cases that WREGIS reduces the amount of certificates created in a future year to correct an error in the current year, retail sellers can submit an additional letter requesting that the procurement be reduced in the current year and credited back in the future year that WREGIS is reducing.

There may be cases in which the amounts claimed in the Verification Report and WREGIS will differ. The
end result of this is that the Verification Report
should be used as the final determination of eligible
procurement.

The RPS summary table shows the details of each
retail seller’s current RPS procurement eligibility.
This is a template of the summary table and it includes
the total procurement claimed by the retail seller, and
lists the disallowances which include procurement from
facilities without RPS certification, procurement from
facilities in which procurement claims exceed generation
by five percent or greater, procurement from distributed
generation facilities, procurement of energy only,
procurement from facilities that exceed fossil fuel
usage limit, and procurement claimed before the
beginning on -- before the facility’s beginning on date.

This table also lists pending claims. These
claims fall within the following categories; procurement
without standing issues regarding electricity delivery
verification and procurement without standing issues
regarding biomethane gas delivery verification.

There are also footnotes on this table
explaining each of the categories.

I will now go through each retail seller’s
individual RPS summary table.

Three Phases Renewables has -- Three Phases has
a pending 2009 claim due to the NERC e-Tags used in the
delivery of their out-of-state claim not having the RPS
ID number in the miscellaneous field of the tag, as
required by the RPS Eligibility Guidebook.

Three Phases has submitted supplemental
documentation in support of their claim.

APS Energy Service has no outstanding issues.

Calpine Power America also has no outstanding
issues.

Constellation New Energy has three pending
claims. One in 2008 and two in 2009, due to the NERC d-
Tags used in the delivery for their out-of-state claims
not having the RPS ID number of the facilities in the
miscellaneous field of the e-Tags, as required by the
RPS Eligibility Guidebook.

CNE has submitted supplemental documentation in
support of their claims.

Commerce Energy has no outstanding issues.

Direct Energy has a pending 2008 claim due to
the NERC e-Tags used in the delivery of their out-of-
state procurement not having the RPS ID number in the
miscellaneous field of the e-Tag, as required by the RPS
Eligibility Guidebook.

Direct Energy has also submitted supplemental
documentation in support of their claim.
Paxel Playing Field has no outstanding issues.

Pilot Power has a pending 2010 claim due to the biomethane gas delivery verification.

Noble Americas also has a pending 2010 claim due to biomethane gas delivery verification.

Marin Energy Authority has no outstanding issues.

Shell Energy has pending procurement claims in years 2008 through 2010 for the NARC e-Tags used in the delivery of its out-of-state procurement not having the RPS ID number in the miscellaneous field of the e-Tag.

Also, Shell’s 2010 procurement amounts include vintage 2008 and 2009 generation, which Shell chose to apply to 2010.

PacifiCorp has no outstanding issues.

Sierra Pacific Power Company also has no outstanding issues.

PG&E resubmitted its 2008 RPA track form to remove procurement that is also being reported in WREGIS -- in PG&E’s WREGIS compliance report.

PG&E also has pending claims in 2008 for not having the RPS ID number in the miscellaneous field of the NARC e-Tags for the delivery of its out-of-state procurement claim.

And in 2009 and 2010 PG&E has pending claims due
to the biomethane gas delivery verification.

San Diego Gas and Electric has no outstanding issues.

This table shows Southern California Edison’s 2008 through 2010 eligible procurement amounts. During the verification process SCE revised their procurement claims to remove ineligible procurement.

SCE currently has no outstanding issues.

This table shows SCE’s updated RPS procurement claims from 2001 and 2003, through 2007. SCE removed previously reported ineligible procurement claims from its 2001 and 2003, through 2007 total procurement claimed amounts, and also removed a portion of procurement claimed that was determined to be ineligible in each of those years, as well.

So, these are their updated procurement claim amounts.

The next steps include finishing up the verification analysis and reporting any revisions to the data in the draft 2008 through 2010 RPS Procurement Verification Report.

We are hoping that the draft report will be made available for public comment by the end of the year.

When the final report is adopted by the Energy Commission, it will be transmitted to the CPUC for
compliance determinations.

If anyone has public comments, you can provide them now.

Are there any comments?

Are there any comments for users on WebEx, WebEx participants?

If anybody on WebEx has any comments, you’re unmuted so you can speak now, or any telephone participants.

MS. BARKALOW:  All right.  So, I guess there are no comments.  Feel free to provide written comments. They are due October 1st.  And the information to submit those comments is provided in the details of the workshop notice.

So, we have wrapped up -- yeah.  So, we’ve wrapped up fairly early here.  It’s about 10:20.  I propose that we take a break, maybe meet back here about, let’s see, 10:40, and then we’ll get started about 10:45.  And we’ll go through the second presentation -- or, actually, it’s the presentation on SB X 1-2.

And for this one we will not have a court reporter, but we will include WebEx, so people can participate via WebEx.

And this really will be more of an informal
discussion, so these are -- I’ve worked really closely
with CPUC staff on what we will be presenting, and this
is just our preliminary thoughts about how we will go
about with reporting and verification. We really want
this to be more of an exchange, and more of an informal
dialogue, so that’s what you can expect.

And then we’ll just take it from there. If
people want to break for lunch and continue talking, we
can do that, we’ll just kind of play it by ear.

So, how about we meet back here about 20 ‘till
and we’ll get started about quarter to 11:00. Sound
okay?

All right, thank you.

(Thereupon, the Workshop was adjourned at
10:19 A.M.)

--oOo--