

March 25, 2013

California Energy Commission

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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-RPS-01 and
Docket No. 02-REN-1038
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Southern California Edison Company's Comments on Proposed Changes to the Renewables Portfolio Standard Eligibility Guidebook (Docket No. 11-RPS-01 and Docket No. 02-REN-1038)

Southern California Edison Company ("SCE") respectfully offers these comments on the California Energy Commission ("Energy Commission") Staff's proposed changes to the Renewables Portfolio Standard ("RPS") Eligibility Guidebook ("RPS Guidebook"). SCE appreciates the Energy Commission Staff's efforts in updating the RPS Guidebook. The revised RPS Guidebook provides needed clarity and direction regarding the RPS certification process, reporting, and the retirement of Western Renewable Energy Generation Information System ("WREGIS") certificates. Additionally, SCE strongly supports extending the deadline for utility-certified facilities to submit applications for recertification upon expiration, voluntary extension, or renegotiation of their original contracts. These changes should be adopted by the Energy Commission.

As discussed below, SCE recommends some modifications to the proposed RPS Guidebook. Specifically, the Energy Commission should define the term "renegotiated" in connection with utility-certified facilities' obligation to apply for recertification and extend the deadline for applying for recertification for utility-certified facilities whose contracts have expired, been voluntarily extended, or renegotiated until 45 days from the adoption date of the 7th edition of the RPS Guidebook. The Energy Commission should also remove the proposed requirement that all utility-certified facilities must apply for certification on their own behalf by the end of 2013. Further, the RPS Guidebook should not require facilities to amend their applications for certification merely due to staffing changes. The Energy Commission should allow load-serving entities ("LSEs") to report generation procured under the Assembly Bill ("AB") 920 net surplus compensation program using the interim tracking system ("ITS") beyond October 1, 2012. Finally, the Energy Commission should clarify certain language in the RPS Guidebook regarding applicants and WREGIS account holders.

In addition to its recommended modifications to the proposed RPS Guidebook, SCE's comments below also respond to the questions regarding energy storage raised at the May 14, 2013 workshop.

A. The Energy Commission Should Define the Term “Renegotiated” in Connection With Utility-Certified Facilities and Extend the Deadline for Such Facilities to Apply for Recertification

Utility RPS certifications were made available during the early years of the RPS program to accommodate the need to certify a large number of renewable facilities under existing contracts with retail sellers whose contracts did not include provisions for RPS certification. In this respect, the 1st edition of the RPS Guidebook provided that utility certifications of facilities become void in the event the facility's contract with the retail seller expires, is voluntarily extended, or is otherwise renegotiated by the retail seller and the facility operator.¹ After that point, facilities were required to certify themselves.² Beginning with the 5th edition of the RPS Guidebook, a grace period, ending October 1, 2012, was set by which facilities previously certified by retail sellers with expired, extended, or renegotiated contracts could apply for recertification without a lapse in RPS eligibility.³

As the proposed revisions to the RPS Guidebook state, “Energy Commission staff have identified many utility-certified facilities with terminated or expired contracts that failed to submit a complete CEC-RPS-1 form to the Energy Commission by the October 1, 2012 deadline. Staff has also learned that many such contracts have been renegotiated by the utilities and facility operators.”⁴ Accordingly, the proposed RPS Guidebook would extend the application deadline for recertification for such facilities to the adoption date of the 7th edition of the RPS Guidebook.⁵ SCE fully supports extending the October 1, 2012 deadline. An extension will allow renewable facilities that have played an integral part in meeting the State's RPS goals to continue to contribute to the RPS program. Moreover, by preventing retail sellers and their customers from losing RPS credit for generation that was purchased to help meet California's renewable energy goals, extending the deadline will help to reduce costs associated with the RPS program. An extension will also minimize potential financial repercussions for those facilities that missed the deadline and clear up confusion in the market regarding utility certifications.

SCE recommends that the Energy Commission make two changes to the proposed RPS Guidebook related to this issue. First, the RPS Guidebook provides that the need for recertification is triggered when the utility-certified facility's contract with the retail seller “either expires, is voluntarily extended, or is otherwise renegotiated by the retail seller and the facility operator.”⁶ The Energy Commission should add a definition of “renegotiated” to the RPS Guidebook.

¹ See Renewables Portfolio Standard Eligibility Guidebook, adopted April 26, 2006, at 22.

² See *id.*

³ See Renewables Portfolio Standard Eligibility Guidebook, 5th edition, adopted May 9, 2012, at 56.

⁴ Staff Draft RPS Guidebook, Redlined Version, at 99.

⁵ See *id.*

⁶ *Id.* at 98 (emphasis added).

SCE and the other investor-owned utilities have a large number of utility-certified facilities under contract and these contracts are often amended. Most of these amendments have no impact on the facilities' RPS certifications. SCE does not believe such amendments constitute "renegotiation" of the contracts triggering a need for recertification. However, because the term is not defined, neither the facilities nor retail sellers have certainty as to when recertification is required after a contract amendment. In order to provide market certainty and clear rules for all parties, SCE suggests that the Energy Commission add a sentence to the RPS Guidebook stating that "Renegotiation of the facility's contract means a change in the contract that increases the contract capacity or expected generation, and/or changes the facility's technology or site." This definition will provide clarity and limit the need for recertification to amendments that are likely to have an effect on the facility's RPS certification.

Second, the Energy Commission should extend the October 1, 2012 deadline to 45 days after the adoption date of the 7th edition of the RPS Guidebook. Providing a limited time period for facilities to apply for recertification after the adoption of the revised RPS Guidebook is necessary so that facilities can evaluate the Energy Commission's definition of "renegotiated" and still have the opportunity to apply for recertification if necessary. In particular, to the extent the Energy Commission intends to adopt a broader definition of "renegotiated" than SCE has proposed, SCE requests that the Energy Commission communicate that intention without delay so that retail sellers can begin to work with any facilities that fall within the scope of any such broader definition, and provide an additional 45 days from the adoption of the 7th edition of the RPS Guidebook for facilities to submit a new RPS certification application using the CEC-RPS-1 form.

B. Utility-Certified Facilities With Contracts That Have Not Expired, Been Voluntarily Extended, or Otherwise Renegotiated Should Not be Required to Apply for Recertification

The proposed RPS Guidebook introduces a new provision for utility-certified facilities, stating that "with the adoption of this seventh edition of the guidebook, the Energy Commission provides notice that utility-certified facilities must apply for ongoing certification on their own behalf using the CEC-RPS-1 form, on or before December 31, 2013, regardless of their initial contract termination date. After December 31, 2013, the Energy Commission will suspend the RPS eligibility of all utility-certified facilities if an application to certify the facilities on facility owner's behalf has not been submitted."⁷ The reasoning behind this new requirement appears to be the administrative burden of recertifying a utility-certified facility when its contract expires, is voluntarily extended, or is otherwise renegotiated, and the potential loss of RPS certification if a facility does not timely apply for recertification when such a situation occurs.⁸

SCE understands the Energy Commission Staff's concerns. However, SCE is concerned that requiring all utility-certified facilities to apply for certification on their own behalf by the end of 2013 will result in retail sellers and their customers losing RPS credit for renewable deliveries that they are paying for, as well as costly and unnecessary administrative burdens. As noted above, the investor-owned utilities have a large number of utility-certified facilities under

⁷ *Id.* at 99.

⁸ *See id.*

contract. SCE alone has contracts with more than 100 utility-certified facilities. Many of these utility-certified facilities have legacy contracts that were executed before the concept of RPS certification was ever contemplated. Therefore, many of these contracts have no provisions requiring the facilities to obtain RPS certification, or weak provisions. Thus, in many cases, a facility's obligation to apply for RPS certification on its own behalf will be unenforceable.

SCE believes that the Energy Commission Staff's goals can be achieved without requiring all utility-certified facilities to apply for recertification by December 31, 2013. For example, SCE has developed a process to actively manage its list of contracts with utility-certified facilities. To facilitate the transition of utility-certified facilities to facility owner certification, this process includes a requirement that all utility-certified facilities that execute an amendment (regardless of the scope of the amendment) obtain an RPS certification on behalf of the facility owner. Further, for those contracts with utility-certified facilities that are within a year of contract expiration, SCE will provide written notice as to the status and condition of the facility's RPS certification and the first steps the facility needs to take to obtain its own RPS certification. This process should avoid situations where facilities miss the deadline to recertify.

Given the inability to enforce a requirement that all utility-certified facilities apply for recertification and the other approaches that can address the Energy Commission Staff's concerns with utility-certified facilities, the Energy Commission should modify the proposed RPS Guidebook to remove the requirement that all utilities-certified facilities apply for certification on their own behalf by December 31, 2013.

C. The Energy Commission Should Not Require Amended Applications for Certification Because of Staffing Changes

The proposed RPS Guidebook states that “[i]f persons identified on the application form are unavailable or no longer associated with the facility, an amended application must be immediately submitted.”⁹ While SCE appreciates the Energy Commission's desire to maintain accurate records, a requirement to amend an application as a result of an applicant's staffing changes is administratively burdensome and unnecessary. In cases of a significant change to an RPS certification application made by a person other than the original person in the application, the RPS Guidebook already requires a cover letter, signed by the new authorized officer or agent, indicating the legitimacy of the changes.¹⁰ Since this requirement is already in place, SCE recommends that the Energy Commission remove the requirement to file an amended application if the persons identified on the application form are unavailable or no longer associated with the facility.

⁹ *Id.* at 102.

¹⁰ *See id.* at 109 (“If all persons listed on the application form are no longer associated with the facility described in the application, an amended application must be submitted and the new applicant must include a cover letter, signed by the new authorized officer or agent, indicating the legitimacy of the changes.”).

D. LSEs Should Be Allowed to Report Generation Procured Under the AB 920 Net Surplus Compensation Program Using the ITS Beyond October 1, 2012

Under the revised RPS Guidebook, “[t]he generation produced and procured pursuant to an AB 920 net surplus compensation program prior to the facility applying for certification or October 1, 2012, whichever is earlier, may be reported to the Energy Commission using the ITS if the facility is registered in WREGIS when applying for RPS certification.”¹¹ The October 1, 2012 deadline should be extended because the current process for Energy Commission certification and WREGIS registration of aggregated units is unfeasible.

With the current aggregate group limit of 250 kW and the number of accounts involved (over 20,000 in 2012), the resulting number of aggregate groups will be very difficult to create in a short time, and even more difficult to maintain in the long run. SCE has been working with the other investor-owned utilities to develop a more practical process. Some recommendations to implement a more feasible process, developed as a result of the investor-owned utilities’ work, have been presented to both the Energy Commission and WREGIS. SCE plans to start the Energy Commission certification and WREGIS registration process once a more workable solution is finalized. In the meantime, a process is needed to report generation from October 1, 2012 to the time when CEC certification and WREGIS registration is feasible for AB 920 surplus compensation program generation. SCE recommends that LSEs be allowed to use the ITS to report AB 920 net surplus compensation program generation beyond October 1, 2012.

E. The Applicant Will Not Necessarily Be the WREGIS Account Holder

The proposed RPS Guidebook states that “Applicants for certification must provide the WREGIS Generating Unit Identification number (GU ID) for each certified facility to the Energy Commission,” and that “[a]n applicant must register its facility with WREGIS to receive a WREGIS ID number.”¹² An applicant (i.e., the entity applying for RPS certification) will not necessarily be the WREGIS account holder. There are many instances when the buyer of the renewable energy, rather than the facility owner, will be the WREGIS account holder. For example, SCE is the WREGIS account holder for the majority of the facilities it has under contract. Accordingly, SCE recommends that footnote 80 of the RPS Guidebook be revised as follows: “POUs may use the Interim Tracking System (ITS) to report generation occurring through October 2012 that is not tracked in WREGIS; for more information on the ITS, see Section V: RPS Tracking System, Reporting and Verification. ~~An applicant~~ an applicant facility must register ~~its facility~~ with WREGIS to receive a WREGIS ID number.”

F. Responses to Workshop Questions Regarding Energy Storage

Below, SCE provides responses to the questions regarding energy storage provided at the March 14, 2013 workshop.

¹¹ *Id.* at 104.

¹² *Id.* at 58 and 58 n.80.

1. **Are there conditions under which a categorical determination can be made that a storage system, when co-located with a renewable electrical generation facility, is an “addition or enhancement” to that facility pursuant to Public Resources Code section 25741?**

If the storage device can only be charged with renewable energy (i.e., it is physically incapable of being charged with grid electricity or a non-renewable fuel), then the storage device may categorically be determined to be part of the RPS-eligible resource (either part of the facility or an “addition or enhancement” to the facility).

However, if the storage device is capable of being charged with grid electricity or a non-renewable fuel, additional scrutiny is necessary. In such cases, the Energy Commission should consider the following in determining whether such a storage device should be considered an “addition or enhancement”:

- a. Is it located within one mile (based on the Federal Energy Regulatory Commission’s definition of co-location)?
- b. Does it interconnect to the same substation?
- c. Is the storage device located on the same property parcel?
- d. Is the storage device electrically connected behind a single meter shared with the RPS device?
- e. Does the storage device share a single interconnection with the RPS resource?

Provided the energy storage device meets all the above characteristics, then the device probably qualifies as an “addition or enhancement.” If fewer than three characteristics are met, the storage device may qualify, but additional analysis will be necessary.

Finally, even if a storage device meets all of the five characteristics above it might still be capable of charging with grid electricity. In such cases, there are critical metering challenges that must be addressed as discussed below in response to question 2.

2. **Recognizing the need to preserve the integrity of RPS accounting, what alternative metering arrangements should be considered or allowed for purposes of measuring RPS eligible energy generation using storage devices?**

There are a wide variety of potential metering solutions, with various metering configurations using one or more meters. Regardless of the optimal solution, the metering configuration should be able to determine the amount of actual RPS-eligible energy generated (through calculation, or direct metering of the RPS-eligible resource independent from storage, or some other configuration using multiple meters). In other words, there must be a capability to net out any grid energy (and/or other nonrenewable fuel/energy) used to charge storage. Additionally, the metering configuration should not require significant and costly upgrades to back-end systems, and should be scalable and fully automated so that it may be deployed to potentially thousands of storage facilities.

3. **Besides storage devices, should other equipment that does not actually generate electricity be considered an “addition or enhancement” to a facility pursuant to Public Resources Code section 25741 for purposes of RPS certification?**

In terms of other equipment that does not actually generate electricity that could be considered an “addition or enhancement,” SCE recommends that to be considered an addition or enhancement, such equipment should be used with the express intent to increase the facility’s capacity factor or power output without changing the original characteristics of the generating facility. Examples of such equipment include better controls for wind turbines or a solar trough that increases the geothermal temperature of a facility.

For all the foregoing reasons, SCE urges the Energy Commission to adopt the proposed RPS Guidebook with the modifications discussed above.

Sincerely,

/s/ Manuel Alvarez

Manuel Alvarez