



February 17, 2015

VIA E-MAIL
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Docket Office, MS-4
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Re: Docket No. [11-RPS-01] --Pacific Gas and Electric Company's Comments on Staff Draft Renewables Portfolio Standard Eligibility Guidebook, Eighth Edition

I. INTRODUCTION

Pacific Gas and Electric Company ("PG&E") appreciates this opportunity to provide comments on the Staff Draft version of the California Energy Commission ("CEC") Renewables Portfolio Standard Eligibility Guidebook, Eighth Edition ("RPS Guidebook"). This draft version of the RPS Guidebook reflects extensive efforts to reflect stakeholder input provided at the January 28, 2014 Scoping Workshop and in written comments, and overall, tends to improve clarity and reduce duplication. PG&E offers suggestions to further enhance the usefulness of the RPS Guidebook. All Section references in these comments relate to the language in the clean version of the Staff Draft of the RPS Guidebook ("Staff Draft").

PG&E appreciates and supports the expansion of the measurement methods to determine incremental generation at a hydroelectric facility that underwent eligible efficiency improvements to qualify for RPS certification. The Staff Draft includes a "Rated Facility Improvement" method by which an applicant may use a pro rata approach to determine the incremental generation of a hydroelectric facility that has received efficiency improvements. PG&E supports the addition of this new measurement method, but provides comments on the types of supporting documentation required to use this measurement method in Section II, below. PG&E also comments on revisions to the requirements for facilities using multiple energy sources and to the definition of energy storage in Sections III and IV below.

II. INCREMENTAL GENERATION

Section III.E (Incremental Generation) beginning on page 38 of the Staff Draft describes the requirements for seeking RPS eligibility for the incremental output of facility that is otherwise ineligible for RPS certification. In addition, this section describes allowable

measurement methods to determine the amount of incremental generation at the facility. As noted above, the proposed revision to the RPS Guidebook includes a “Rated Facility Improvement” method by which an applicant may use a pro-rata approach to determine the incremental generation of a facility. PG&E supports the addition of this new measurement method, but has the following comments related to the supporting documentation required to use this measurement method.

As described on the bottom of page 39 of the Staff Draft, in order to use a pro-rata approach, an applicant must demonstrate that all of the following are true and provide supporting documentation as necessary:

- a) The facility has conducted before and after testing over the entire load range of the facility to determine the portion of the facility output that is incremental to the original generation output and based on the changes to the facility. Results of these tests shall be provided to the Energy Commission.*
- b) The proposed pro rata approach has been approved by FERC under the FERC Renewable Energy Production Tax Credit, pursuant to the Energy Policy Act (2005).*
- c) The proposed method is superior to the methods discussed above and is the most appropriate method for the specific facility.*

The before and after load testing over the entire load range described in requirement a) above is commonly not able to be used by PG&E and is not consistent with the methods described in the Federal Energy Regulatory Commission’s (“FERC”) guidance document.^{1/} The instructions therein describe the approach required to be used for calculating the incremental efficiency improvement (page 5) as:

“B. Percentage of Average Annual Hydropower Production Attributable to Efficiency Improvements or Additions of Capacity

- 1. Additions of Capacity: The additional installed capacity and the anticipated annual generation for the facility **based on the same water flow information** used to support the calculation of Historic Average Annual Hydropower Production baseline in item (A).*

^{1/} Federal Energy Regulatory Commission. “Renewable Energy Production Tax Credit Instructions For Requesting Certification of Incremental Hydropower Production Pursuant to the Energy Policy Act of 2005, Federal Energy Regulatory Commission, Office Of Energy Projects, Division Of Hydropower Administration & Compliance, *Updated & Posted on FERC's website February 2011*” at <http://www.ferc.gov/industries/hydropower/gen-info/comp-admin/credit-cert.pdf>.

2. *Efficiency improvements: The manufacturer's calculation of efficiency improvements to the upgraded generating equipment and the anticipated annual generation for the facility based on the same water flow data used to support the calculation of Historic Average Annual Hydropower Production baseline.*
3. *Calculations showing the percentage of average annual hydropower production attributable to the efficiency improvements or additions of capacity.*
4. *Proposed in-service date."*

To conform the proposed pro rata incremental measurement methodology with FERC's guidance document, PG&E proposes that the same documentation requirement be used. Therefore, PG&E proposes that Section a) be revised as follows:

- a) The facility has collected water flow information over a sufficient time period to demonstrate an historic average annual hydropower production baseline and has documented the anticipated improvement in annual generation for the facility based on the same water flow information used to support the calculation of historic average annual hydropower production baseline. The water flow information and all associated documentation ~~conducted before and after testing over the entire load range of the facility to determine the portion of the facility output that is incremental to the original generation output and based on the changes to the facility. Results of these tests shall be provided to the Energy Commission.~~

In addition, PG&E suggests that section b) in that same section be revised to include the following underlined addition:

- b) The proposed pro rata approach has been approved by FERC under the FERC Renewable Energy Production Tax Credit, pursuant to the Energy Policy Act (2005) as evidenced by an application complying with FERC's published guidance document and a FERC Order Certifying Incremental Hydropower Generation.

Finally, PG&E suggests that section c) in that same section be revised to delete its current requirement to document superiority of the pro rata method over the Direct Measurement and Calculated Measurement methods; superiority introduces unnecessary subjectivity and does not significantly improve upon the still-required documentation that the method is the most appropriate to be used for the specific facility.

- c) The proposed pro rata approach is ~~superior to the methods discussed above and is the most appropriate method for the specific facility.~~

PG&E requests these proposed changes to the RPS Guidebook and believes making these revisions will bring incremental generation measurement methodology in line with the corresponding methodology in the FERC guidance document.

III. NEW ELIGIBILITY REQUIREMENTS FOR RPS-CERTIFIED MULTIFUEL FACILITIES RELATED TO NONRENEWABLE ENERGY RESOURCE ALLOWANCES

Section III.B.3 (Other Nonrenewable Energy Resource Allowances), beginning on page 32 of the Staff Draft, discusses conditions for facilities to be allowed to use amounts of nonrenewable energy greater than the de minimis quantity and still be considered 100 percent eligible for the RPS. The revisions introduce end dates and other trigger events to eliminate these allowances. In general, the end dates coincide with the end of the term of the electricity procurement contract between the facility and the LSE (electricity procurement contract).

However, Sections III.B.3.a.1 and III.B.3.b could be interpreted as addressing the same category of sellers -- biomass facilities that commenced commercial operations and were certified and operational as a renewable qualifying small power production facility (QF) under FERC regulations before January 1, 2002, and which participated in the Existing Renewable Facility Program ("grandfathered biomass"). Section III.B.3.a.1 would end the counting of nonrenewable energy greater than the de minimis quantity by grandfathered biomass as of January 1, 2014, while Section III.B.3.b would continue the maximum 25% non-renewable counting for grandfathered biomass through the end of, or upon renegotiation of, the existing power purchase agreement. To clarify that this exemption continues for all QFs meeting the requirements of Section III.B.3.b, PG&E recommends inserting the words "Notwithstanding a) above," at the beginning of b).

In addition, for the Qualified Facility ("QF") (small power production facility) exemption described in Section III.B.3.b at the bottom of page 32 of the Staff Draft, the proposed revision introduces two potential trigger events, the first being the end of the electricity procurement contract, and the second being upon renegotiation of the electricity procurement contract. PG&E believes the term "renegotiation" is vague and could lead to an incongruous result. PG&E recommends the term "renegotiation" be clarified to specify that an agreement to extend contract length or to increase the capacity of prime mover equipment would constitute renegotiation. This provides parity with the California Independent System Operator ("CAISO") provision that the amendment of an "Existing QF Contract" does not terminate that status unless the amendment extends the contract length or increases the facility's capacity.^{2/}

Section III.B.3.a.1 of the Staff Draft states, "As of January 1, 2014 biomass facilities that participated in the ERFP are now limited to the de minimis amount of nonrenewable energy resources specified in III.B.2." Eliminating this nonrenewable fuel allowance as of a date that has already passed may be problematic for some facilities. PG&E recommends setting the

^{2/} CAISO Tariff, Section 4.6.3.2., and Appendix A, Definitions, "Existing QF Contract."

effective date of this revised nonrenewable fuel limitation as a date in the future and no earlier than the day the Eight Edition of the RPS Guidebook becomes effective.

The phrase, “and are currently certified by the FERC as a renewable QF” which appears in Section B.3.b), should be changed to “and meet FERC certification requirements for a small power production facility.” PG&E recommends this change to avoid the appearance of conflict with FERC regulations. FERC authorizes QFs to self-certify instead of seeking FERC certification of QF status. In addition, FERC regulations refer to QFs employing eligible renewable resource technologies as “small power production facilities,” not “renewable QFs.”

IV. DEFINITION OF ENERGY STORAGE

Section III.F. (Energy Storage) beginning on page 40 of the Staff Draft defines two types of storage arrangements that may be considered an addition or enhancement to an RPS facility. The second arrangement described in section b) is one in which the energy storage device is “Directly connected to the facility, such that electricity is delivered to the energy storage device behind the meter used for RPS purposes and any electricity from a source other than the renewable generator is included as an energy input to the facility.” PG&E believes the following clarifications are needed to enforce the CEC’s RPS eligibility principles if the storage unit is capable of being charged from the grid.

If the storage unit is capable of being charged from the utility grid, the facility must comply with the “dual fuel” requirements for exports from the facility, specifically by using a measurement method to determine the contribution of each energy resource used at the facility (as required by Section III.B.1) or by treating only the electricity leaving the facility in excess of the imported grid electricity as RPS-eligible (as permitted by Section III.B.1.c (2).) To ensure that stored renewable generation is properly counted, PG&E recommends that the following be added to Section III. B.1.c.(2):

The storage unit must also meet one of the following criteria:

1. If the only load at the facility site (beyond load from the **storage unit** when it is charging) is station power for the renewable generator, the storage unit must be located on the same side of the meter used for RPS purposes as the renewable generation.
2. If there is retail load, in addition to the load used to charge the battery and any station power load, the storage unit must be located on the same side of the retail utility meter as the renewable generator and retail load.

With respect to an energy storage device directly connected to the facility and capable of being charged from the grid, and subject to the “dual fuel” requirements referred to above, PG&E believes it would be helpful to add to III.B.1, an example measurement method for determining the contribution of each energy source. PG&E suggests the example measurement

method involve a photovoltaic facility directly connected to an energy storage device capable of being charged from the grid.

V. CONCLUSION

PG&E appreciates the opportunity to provide comments on the Staff Draft of the Eighth Edition of the RPS Guidebook and looks forward to continuing to work with the CEC to review and finalize the Guidebook consistent with its foregoing recommendations.

Sincerely,

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