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SCE Comments on AB 1110 Implementation Proposal for Power Source Disclosure, Third Version

Additional submitted attachment is included below.

Shinjini Menon
Director, Energy Policy

October 25, 2018

California Energy Commission
Dockets Office, MS-4
Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

Re: *Docket 16-OIR-05: Southern California Edison Company's Comments on the California Energy Commission's AB 1110 Implementation Proposal for Power Source Disclosure, Third Version*

Southern California Edison Company (SCE) respectfully submits the following comments, in accordance with the California Energy Commission's (CEC) notice for the Assembly Bill (AB) 1110 Implementation Proposal for Power Source Disclosure, Third Version.

Introduction

The Power Source Disclosure (PSD) program was established to provide "accurate, reliable, and simple-to-understand information on the sources of energy that are used to provide electric services" to California consumers.[1] AB 1110 tasked the CEC with implementing changes to the PSD program to improve transparency and better align the PSD program with California's ongoing climate change activities.

SCE recognizes the challenges associated with implementing changes to the PSD program and supports many of the proposed revisions the CEC has proposed to the PSD program including, but not limited to, the reporting of unbundled Renewable Energy Certificates (RECs). However, SCE believes that the proposal for a Clean Net Short (CNS) methodology for greenhouse gas (GHG) accounting should be included in the final proposal for the PSD program.

I. The Proposal for GHG Accounting Does Not Accurately Reflect the Actual GHG Emissions Used to Provide Electric Service

AB 1110 does not require the use of a specific methodology or data source for determining emissions intensity. Instead, AB 1110 directs the CEC to consult with the California Air Resources Board (CARB) for purposes of developing a methodology for the calculation of GHG emissions intensity for individual sources of electricity. SCE supports the CEC's efforts to accurately develop generator-specific emissions

[1] Public Utilities Code Section 398.1(b)

factors, but believes that the use of the CARB Mandatory Reporting Regulation (MRR) may not accurately reflect a Load Serving Entity's (LSE) actual generation used to serve its end-use customers. Specifically, the proposed methodology may result in GHG emissions from unspecified sources of power dispatched by the California Independent System Operator (CAISO) unfairly attributed to SCE, even though SCE may not be using such power to serve its bundled customers.

The proposal from the CEC to rely on the annual MRR is flawed because an LSE's portfolio of energy resources does not always match what is being served to its customers. Reviewing purchases on an annual basis would enable an LSE to inaccurately claim that it is serving its customers with 100% renewable energy with an emissions intensity of zero, when in fact the LSE would often rely on system power when there is little or no renewable energy being produced (e.g., when there is cloud cover or during the night). This issue will only intensify as California increases its reliance on renewable energy.

II. Clean Net Short/Hourly Matching of Resources and Load

SCE supports the inclusion of a Clean Net Short/Hourly Matching of Resources and Load in the PSD program to ensure GHG emissions are measured on an hourly basis. This proposal provides more accurate information on the energy resources and associated GHG emissions that are actually being delivered to customers than the CEC's proposal. Unlike the annual methodology proposed by the CEC, the CNS proposal transparently and accurately matches an LSE's procurement used to serve customer load.

The CEC staff stated, "An hourly accounting method would require intensive data reporting, which may prove exceptionally burdensome for smaller reporting entities. Further, the Energy Commission lacks a specific funding source for the staff resources and data infrastructure necessary for such a fundamental overhaul of the PSD program."[2] SCE believes that the reporting requirements needed for the CNS methodology do not require the significant changes described in the CEC proposal.

The CNS methodology does not add an additional burden to California Independent System Operator (CAISO) participants since they already report to and settle with the CAISO using hourly or sub-hourly data for their resources. This hourly usage data is already reported by the Scheduling Coordinators for each facility, thereby decreasing the burden described by the CEC on smaller LSEs. Finally, the California Public Utilities Commission's (CPUC) decision to adopt the CNS methodology to apply to LSEs' forward looking plans in its Integrated Resource Plan (IRP) proceeding has seen support from a variety of large and small LSEs.[3]

On August 1, 2018, thirty-nine LSEs filed IRPs with the CPUC. These LSEs included investor-owned utilities (IOUs), Community Choice Aggregators (CCAs), Electric Service Providers (ESPs), and Small & Multi-Jurisdictional Utilities. Thirty-four of the IRPs are 'standard' IRPs, which include CNS calculations. Five of the smaller CCAs that could have provided an 'alternative' IRP avoiding the CNS calculation chose to provide standard IRPs and perform the CNS calculation. While some of the parties suggested potential improvements to the CNS methodology and calculator in the Lessons Learned portion of their IRP, no party claimed that the CNS forecast calculation was overly burdensome and should be eliminated. While SCE recognizes that the method and tools applied to the IRP will be different from the reporting requirements for the PSD program, it is SCE's belief that these differences can be reconciled, resulting in minimal burden to small LSEs and the CEC.

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2 AB 1110 Implementation Proposal, Third Version, at p. 21

3 See CPUC Final Decision 18-02-018 and the CPUC's Ruling in Rulemaking 16-02-007

III. Reporting of Unbundled RECs on the Power Content Label

SCE supports the CEC's proposals that require (1) Retail suppliers will report their unbundled RECs as part of each electricity portfolio separate from electricity procurements in their PSD Program filings, and (2) As a footnote on the power content label, retail suppliers will disclose the quantity of unbundled RECs retired in the reporting year as a percentage of retail sales.[4] SCE also supports the CEC's statement that, "Unbundled RECs do not represent an electricity source serving California retail customers"[5] If adopted, these proposals will provide consumers with a more accurate description of a retail supplier's actual delivery of electrical generation.

Conclusion

SCE believes the CNS methodology provides customers with the most accurate representation of the energy being delivered on their behalf, and that providing an accurate measurement of emissions on an hourly basis helps California achieve its GHG reduction objectives. SCE continues to support the goals of AB 1110 and appreciates the opportunity to work with the CEC and all interested stakeholders as this process continues.

Sincerely,

/s/

Shinjini Menon

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[4] AB 1110 Implementation Proposal, Third Version, at p. 19.

[5] AB 1110 Implementation Proposal, Third Version, at p. 19.