DOCKETED	
Docket Number:	16-OIR-05
Project Title:	Power Source Disclosure - AB 1110 Implementation Rulemaking
TN #:	225100
Document Title:	AWEA California Comments on AB 1110 Implementation Proposal, Third Version
Description:	N/A
Filer:	System
Organization:	Danielle Osborn Mills, AWEA California
Submitter Role:	Public
Submission Date:	10/25/2018 4:37:02 PM
Docketed Date:	10/25/2018

Comment Received From: Danielle Osborn Mills, AWEA California
Submitted On: 10/25/2018
Docket Number: 16-OIR-05

AWEA California Comments on AB 1110 Implementation Proposal, Third Version

Additional submitted attachment is included below.

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

October 25, 2018

Filed Electronically

RE: ***AWEA California Comments on AB 1110 Implementation Proposal, Third Version***

Dear Mr. Scavo,

The American Wind Energy Association California[1] ("AWEA California") provides the following comments on the October 9, 2018 *Assembly Bill 1110 Implementation Proposal for Power Source Disclosure, Third Version* ("Proposal"). As discussed below, AWEA California appreciates the changes that have been considered through comments during the February 1, 2018 public workshop.

Summary of Recommendations

1. The PSD program should reflect that firmed and shaped imports are bundled transactions that include both energy and RECs.

2. The PSD program should not impose an arbitrary cut-off date for an adjustment to "grandfathered" firmed and shaped contracts.

3. The CEC should continue to explore the applicability of the Clean Net Short calculator to PSD reporting.

[1] Members of AWEA California include global leaders in utility-scale wind energy development, ownership, and operations, and many members also develop and own other energy infrastructure such as transmission lines, utility-scale solar, and energy storage. We are committed to the need for—and widespread economic benefits derived from—a diverse and balanced portfolio in California to reliably and affordably meet state energy demands and environmental goals. AWEA California strives to direct the economic and environmental benefits of utility-scale wind energy to California.

DISCUSSION

I. Modifications to the Treatment of PCC-2 Resources Are Necessary to Protect Existing Contracts and Facilitate Continued Bundled Transactions With Zero-Carbon Resources in the Future.

Under the RPS program, a firmed and shaped contract must be bundled, and the LSE must receive title to both the RECs and the energy from the renewable energy facility (i.e., similar to PCC-1). According to the WREGIS Operating Rules, RECs include all "Environmental Attributes", which are defined to include any and all credits, benefits, emissions reductions, offsets, and allowances-howesoever-titled-attributable to the generation from the Generating Unit, and its avoided emission of pollutants."[2] While AWEA California recognizes that the transfer of RECs does not provide an absolute right to claim GHG reductions in other state programs such as the Cap-and-Trade, it is important to acknowledge that many LSEs that invested in firmed and shaped imports did so in reliance on the RPS rules in affect at the time (which allowed firmed and shaped contracts), and made these investments to reduce their GHG emissions. Investments in firmed and shaped imports provide LSEs with an important degree of flexibility in managing variable resources and transmission availability against their load profiles. The firmed and shaped contract structure also ensures that the RECs cannot be counted twice and that the LSE actually owns the output of the underlying resource.

While AWEA California appreciates the modifications made to the treatment of firmed and shaped PCC-2 resources, the treatment of firmed-and-shaped PCC-2 transactions remains problematic. The Third Proposal is an improvement insofar as it allows the LSE to show through the e-tags that the firmed and shaped energy was from a specified resource (e.g., hydro firming wind), and allows the LSE to claim the emissions attributes of that specified resource. However, the proposal to grandfather such resources, rather than wholly and accurately account for the GHG reductions that they may provide, renders the resources less valuable and will result in diminishing use of this type of RPS-eligible transaction going forward. This element of the proposal also creates uncertainty for entities with existing firmed-and-shaped resources, as the end of grandfathering of GHG reporting for those resources could occur prior to the end of the contract term.

AWEA California suggests that rather than setting an arbitrary cut-off for the grandfathering provision in 2024, the Commission should mirror the treatment of grandfathered resources in the RPS laws, which would help the CEC's implementation of AB1110 maintain

[2] WREGIS Operating Rules at p. 5, available at: https://www.wecc.biz/Administrative/WREGIS%20Operating%20Rules%20Comment%20update%20CLEAN.pdf.

consistency with other state programs and regulations. California Public Utilities Code Section 399.16(d) provides:

> (d) Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full toward the procurement requirements established pursuant to this article, if all of the following conditions are met:
>
> (1) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.
>
> (2) For an electrical corporation, the contract has been approved by the commission, even if that approval occurs after June 1, 2010.
>
> (3) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.

In addition to the arbitrary cut-off for grandfathered contracts, the Proposal also creates a fundamental disconnect with the ARB's reporting regulations as they relate to the reporting of "null-power". Under the ARB's rules, if the null power (e.g., the actual output from a wind facility under a firming and shaping arrangement) is scheduled into CA, then under the ARB's rules that would typically be reported as specified (i.e. with an accurate GHG emission assessment) and would be a basis to disclaim a utility's RPS adjustment. If, as stated in the Proposal, a firmed and shaped import gets the emissions attributes of the firming import, and the null power gets attributed the unspecified emissions rate, then the net effect on a PCC-2 transaction in the PSD report would be to effectively count the unspecified emissions factor twice when null power is delivered to California. Put differently, the Proposal is inconsistent in its treatment of firmed and shaped imports and null power. On the one hand the Proposal concludes that the firmed and shaped imports (unless grandfathered) do not carry the emissions attributes of the underlying renewable resource because the direct delivery of firming and shaping power is what must be reported on the PSD report. At the same time, the Proposal concludes that when the null power is directly delivered, the null power will not be attributed the emissions factor of the renewable energy facility and instead will be assessed the unspecified emissions factor.

Moreover, while the proposal claims to seek to maintain consistency with the ARB's regulations in the reporting of firmed-and-shaped transactions, the proposal does not discuss the RPS adjustment provision that are in effect for ARB.

The CEC should rectify this inconsistency to ensure that entities who have purchased a bundled firmed and shaped product and have paid for the emissions attributes of the underlying facility receive the value of their investment by being able to claim a firmed and shaped import as a zero-carbon import. As discussed above, the Proposal should also mirror the precedent set in the RPS laws grandfathering provisions and should not include an arbitrary cut-off for firmed and shaped contracts.

II. The CEC and Other Agencies Should Seek to Better Align Carbon Accounting Across Different Programs.

The PSD program is the only program that would collect GHG information from all LSEs. The Mandatory Reporting Regulation ("MRR") does not apply to most Community Choice Aggregators (CCAs) because their imports are typically scheduled (and reported to the ARB) by their counter-parties. Reporting for in-state gas resources is done by the plant operators. AWEA California expects that the PSD program will play a critical function in gathering a common set of data for all LSEs that may be used in other programs – e.g., the Integrated Resources Planning ("IRP") process. The IRP in turn aligns with the Cap-and-Trade insofar as the cap-and-trade allowance allocations established the framework for individual, LSE-specific GHG targets in the IRP. Carbon accounting will be a common thread guiding various state energy procurement and planning programs, and it is critical that these programs rely on common assumptions and reporting requirements.

In the CPUC's IRP process, the Commission has adopted the Clean Net Short ("CNS") Calculator for purposes of evaluating each LSE's progress towards its own GHG target. AWEA California appreciates and shares the desire of the CEC to continue to evaluate the CNS calculator for historic production. While AWEA California does not agree with the treatment of PCC-2 / firmed and shaped resources in the CNS calculator, we are supportive of the broad goals of the CNS calculator to better account for the resources that match each LSE's load profile. To the extent that the CNS calculator affects actual procurement going forward, the CEC should continue to evaluate the applicability of the CNS calculator to the PSD program. Doing so will ensure that customers better understand the carbon profile of their LSE's investments and deliveries.

CONCLUSION

The proposed treatment of PCC-2 and grandfathered firmed and shaped resources should be revised to remove the arbitrary cut-off for firmed and shaped imports. AWEA California looks forward to working with the CEC towards the successful implementation of the PSD program and in evaluating future refinements that may better align the carbon accounting in the

IRP process with the PSD program through the application of the Clean Net Short calculator to the PSD program.

Respectfully submitted,

/s/

Danielle Osborn Mills
Director, AWEA California
E-Mail: danielle@renewableenergystrat.com
Tel: (916) 320-7584