| **DOCKETED** |
|-----------------|------------------|
| **Docket Number:** | 16-OIR-05 |
| **Project Title:** | Power Source Disclosure - AB 1110 Implementation Rulemaking |
| **TN #:** | 227337 |
| **Document Title:** | Transcript of 03062019 Staff PreRulemaking Workshop |
| **Description:** | N/A |
| **Filer:** | Cody Goldthrite |
| **Organization:** | California Energy Commission |
| **Submitter Role:** | Commission Staff |
| **Submission Date:** | 3/14/2019 2:05:06 PM |
| **Docketed Date:** | 3/14/2019 |
California Reporting, LLC
(510) 313-0610
CALIFORNIA ENERGY COMMISSION

In the Matter of:

Updates to the Power Source )
Disclosure Regulations ) Docket No.: 16-OIR-05

STAFF PRE-RULEMAKING WORKSHOP

CALIFORNIA ENERGY COMMISSION
FIRST FLOOR – ART ROSENFELD HEARING ROOM
1516 9TH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 6, 2019
10:00 A.M.

Reported by:
Peter Petty
APPEARANCES

COMMISSIONERS
David Hochschild, Chair
Karen Douglas, Commissioner

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STAFF
Natalie Lee
Jordan Scavo, Staff Lead for AB 1110
Ryan Kastigar
Dorothy Murimi, Public Advisor’s Office

ALSO PRESENT
Jamie Rose Gannon, California Public Utilities Commission

PUBLIC COMMENT
Ezana Emmanuel, Southern California Edison
Todd Jones, Center for Resource Solutions
Tim Tuff, Sacramento Municipal Utilities District
Maya Kelty, 3Degrees Group, Inc.
Colin Kerrigan, Pacific Gas and Electric
CC Song, Marin Clean Energy
APPEARANCES

PUBLIC COMMENT

Matt Freedman, The Utility Reform Network

Susie Berlin, Law Office of Susie Berlin, for Northern California Power Agency

Steve Uhler

Mike Been (via WebEx), Powerex Corporation

James Hendry, San Francisco Public Utilities Commission
# AGENDA

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MS. LEE: Folks, we will kind of generally get started here. One of our lead presenters will be stepping back in, in just a moment. Thank you for your patience and your courage getting through the traffic today and braving the weather to be here. We do appreciate your engagement in this process. We’ve been working together on the implementation of Assembly Bill 1110 for the last two years. We have issued draft regulations and are on the verge of starting our formal rulemaking, so this is a really critical time and we absolutely, again, appreciate your continued engagement.

I do want to thank our Chair, David Hochschild, for being here today with his staff, and Commissioner Karen Douglas for joining us.

Today, as with all of our pre-rulemaking workshops, it’s primarily about listening to your comments and your perspectives. Jordan, our lead technical staff, will provide a brief presentation focused mostly on any recent changes as presented in the draft regulations. We’re not
going to step back through the whole history of the pre-rulemaking activities. If you have any specific questions about the pre-rulemaking activities to date, we’re happy to answer those. In general, we won’t seek to respond to your comments. We want to hear your perspectives. But if you have any specific questions, we’ll do our best to respond to those.

I do also want to welcome Jamie Rose Gannon from the CPUC, who will be presenting on one specific topic that we’d like some additional input on.

So with that, I want to ask Jordan Scavo -- excuse me.

Chair and Commissioner, would you plie to make any comments as we start?

CHAIR HOHSCHILD: Yeah, just to say a few words of welcome.

Thanks to everyone for being here and for participating. I especially wanted to welcome my friend and colleague, Commissioner Karen Douglas, who, as of this week, is going to be co-lead with me on renewable energy issues going forward and helping with the division. And to thank all of her advisors and staff, as well, for joining.
And this is my -- I just finished my first week as Chair. I’ve been drinking from a firehose here but very glad to finally be having this workshop, so thank you.

And would you like to make a few comments?

COMMISSIONER DOUGLAS: I would. I would just like to say that I’m really looking forward to working with Chair Hochschild on renewables and on many other issues going forward. And I’m excited to be here and looking forward to digging in much more on renewable issues.

MS. LEE: Thank you both.

As you noticed as you came in, we are asking you to fill out a blue card to present public comment today. Dorothy in the back of the room will be -- has those available for you and please turn those back into her. She’ll be bringing them up to me. And as we move into public comment, I’ll be asking you by name to come up and letting the next party know, so they can prepare their comments. We are asking you to limit your comments to three minutes today.

And with that, I’ll ask Jordan to step up and provide an overview.
MR. SCAVO: Good morning. I’m Jordan Scavo, the staff lead for AB 1110 implementation. We’re holding this workshop as part of our pre-rulemaking for updating the Power Source Disclosure Regulation. I’d like to thank our stakeholders for attending, both in person and remotely. We’re also joined by Jamie Rose Gannon of the California Public Utilities Commission. I’d like to extend the Energy Commission’s thanks for her participation today.

I’ll just reiterate a few items of housekeeping for folks who have just joined us.

There are restrooms located directly across from this meeting room and exits to the left and to the right behind the security office. There’s a snack bar on the second floor, under the white awning.

In the event of an emergency and building evacuation, please follow our employees to the appropriate exits. We will reconvene at Roosevelt Park, located diagonally across the street from this building. Please proceed calmly and quickly. And again, follow the employees with whom you are meeting to safely exit the building.
Copies of the workshop agenda, workshop slides, and the draft regulation are available on the desk at the entrance, as well as online. We’ll take oral comments after the staff presentations conclude. As Natalie mentioned, to be called on to speak, fill out the card and you’ll be called on. We are limiting public comments to three minutes.

For those us joining over WebEx, please remember to keep your lines muted, unless you are called on to speak.

Written comments should be submitted by 5:00 p.m. on Wednesday, March 20th. Due to the time constraints this rulemaking is under, please be advised that we don’t anticipate providing an extension to the public comment period. Written comments may be e-filed through our website and that link is also provided on this slide.

I’ll open with an overview of the Power Source Disclosure Program and the changes required by AB 1110, then introduce the draft regulations and discuss how they differ from the latest implementation proposal. After that, I’ll lay out a few program areas that require additional clarification. Finally, I’ll outline
our next steps and open the floor to public comments.

To ensure everyone here as an understanding of our starting point, I’ll provide an overview of the program and changes required under AB 1110.

The Power Source Disclosure was established in 1998 and was designed to provide clear and accurate information about the sources of a consumer’s electricity. Retail electricity suppliers are required to report their generation sources, wholesale sales, and retail sales annually. These data are used to construct individual power mixes for each electric service portfolio and for California as a whole.

The Energy Commission uses data submitted in annual power source filings, as well as other sources, to help construct California’s total system power mix. Retail suppliers then disclosure to their customers a Power Content Label which displays the power mix of the customer’s electric service product alongside that of the state’s total system power mix.

Assembly Bill 1110, offered by Assembly Member Phil Thing, was signed into law in the
fall of 2016. The new law makes a number of changes to the Power Source Disclosure Program. It requires retail suppliers to disclose the greenhouse gas emissions intensity associated with each electric service portfolio. A GHG emissions intensity is a rate, a mass quantity of emissions per unit of electricity. AB 1110 requires the Energy Commission, in consultation with the Air Resources Board, to develop a method for calculating facility-level GHG emissions intensities and overall GHG emissions intensities for each electric service portfolio and for California as a whole.

AB 1110 also requires the disclosure of a retail supplier’s unbundled renewable energy credits which are RECs that have been disassociated from the electricity from which they were generated. AB 1110 provides the Energy Commission with the discretion to determine the appropriate method for a retail supplier to report and publicly disclose its unbundled requirements.

In addition, AB 1110 contains a provision requiring that all marketing claims pertaining to a retail supplier’s GHG emissions intensity
should be consistent with the methodology adopted by the Energy Commission through this proceeding.

We posted draft regulations two weeks ago. These draft regulations are an evolution of the staff implementation proposals we’ve issued since the summer of 2017. Let me start by noting the draft regulations are largely consistent with the staff implementation proposal we published in October 2018. Unbundled RECs will still be required to be disclosed separately, will not be counted towards either an electricity portfolio as a fuel mix or a GHG emissions intensity.

Firmed-and-shaped imports, meanwhile, will still use the split treatment discussed in the last staff implementation proposal. This means that a firmed-and-shaped import will be counted under the fuel mix according to the fuel type of the RECs, while the emissions associated with the substitute power will be counted under the GHG emissions intensity.

However, there are a few key changes in the draft regulations published two weeks ago from the last staff implementation proposal. First, we’ve removed the proposed sunset date of the grandfathering provision for
emissions from firmed and shaped imports. This means that firmed and shaped contracts executed prior to February 1st, 2018 will be eligible for grandfathering through the life of the contract. We’ve amended the definition of electricity portfolio to provide better guidance for what factors distinguish portfolios from one another. We’ve also added a definition for customer electricity portfolio to cover the special cases in which a large commercial partner negotiates a specific electricity portfolio with its retail supplier.

We’ve removed the reporting and disclosure requirements pertaining to biogenic CO2 to align with other accounting standards that exclude biogenic CO2 from electricity sector emissions. Please note, though, that any methane or nitrous oxide emissions from generators using biogenic fuels will still be attributed to the retail supplier under Power Source Disclosure. Finally, we’ve simplified the Power Content Label. In particular, we’ve removed most of the contextual footnotes. We intend to display that information on the Power Source Disclosure website instead. We’ve also added
decimal places to the nearest tenth for fuel mix figures.

Here’s an example using placeholder numbers of a Power Content Label with a single electric service portfolio alongside California’s system figures. And here’s a label displaying two electric service portfolios. We’ll also provide label templates for retail suppliers with more than two electric service portfolios.

We’ve had stakeholders raise a few new issues informally, so we’ve decided to engage the broader body of stakeholders through this workshop before determining whether changes to the draft regulations are needed.

First, we’ve had questions about revisiting our auditing requirements for public entities. Under Power Source Disclosure, retail suppliers are required to submit an audit for each electricity portfolio reported under the program.

Prior to the AB 162 rulemaking in 2015 and 2015, public entities, such as publicly-owned utilities and community choice aggregators, were allowed to forego the audit by submitting in attestation by their governing boards, attesting
that the information in the report was accurate.

The AB 162 rulemaking changed that rule, only allowing public entities to provide in attestation in lieu of the audit for one electricity portfolio. Additional portfolios, such as voluntary green portfolio, are now subject to the auditing requirement. We’ve had stakeholder questions -- we’ve had stakeholders question with that change best meets the programs intent and needs, so we’re asking stakeholders for input.

Second, we’ve become aware of complications in disclosing mixed portfolios to customers. Some retail suppliers off their customers electric service sourced from multiple portfolios. As an example, a customer may receive a certain number of megawatt hours from a green portfolio while any additional load would be served by the default portfolio. Determining a disclosure method that can base this information clearly on the Power Content Label has proved challenging.

In the draft regulations, we included a provision that requires an additional footnote for all labels of retail suppliers that offer
these mixed services, indicating that the
customers may be served by multiple electricity
portfolios. However, we are open to suggestions
for alternatives to balance the statutory needs
to present information that is accurate and
simple to understand. On this subject, too,
we’re asking for stakeholder feedback.

Finally, I’d like to give the floor to
Jamie Rose Gannon from the CPUC, who will provide
an overview of the cost allocation mechanism
before I present our third issue.

MS. GANNON: Hi. My name is Jamie Rose
Gannon. I want to thank the CEC staff for the
very warm welcome. That’s nice. And I’ve been
asked to come and present on the Commission’s
adopted cost allocation mechanism.

And I guess this presentation is to help
facilitate input to the CEC and the input the CEC
is seeking around disclosure requirements for CAM
resources. So today, I’m going to present at a
very high level the Commission’s adopted cost
allocation mechanisms and CAM-like, so cost
allocation mechanism will be referred to as CAM,
and CAM-like mechanisms that the Commission has
adopted and that a handful of resources -- I
should say more than a handful of resources do go through, and I’ll get into the details of that in the next few slides.

So starting out, what CAM is? So early on in the Commission’s long-term procurement planning process there was a need to authorize new generation for reliability. And so the Commission adopted the CAM mechanism to help facilitate the development of new generation. Ultimately, nobody wanted to bear the cost. None of the load-serving entities wanted to bear the cost of building new generation because the risk of losing load into the future and then not having a cost allocation mechanism to transfer those costs to the customers that it had lost.

So CAM is a mechanism that allows for the cost, not only the cost to be shared but the benefits to be shared to all customers in the IOU service territory. And the IOUs were designated as the entity that would go out and perform this procurement and the cost would flow through the distribution charge. And so prior to distributing these costs the utility will net out energy revenues, so ancillary service revenues and energy rents earned in the market, forecasted
to earn in the market, and then it would be the net cost of that PPA.

And I should also add that utility-owned generation is also supported by this mechanism, so there’s -- not all utility-owned generation but there is a handful of utility-owned generation that is in this mechanism.

So as I said, load-serving entities are allocated these costs. But in addition to the cost, they’re also allocated a capacity benefit. And so the CPUC has a Resource Adequacy Program. And that Resource Adequacy Program is annually and monthly. And so LSEs are given a capacity credit that they can use towards meeting their RA requirement. And if the CAM resource is located in a local area, it has a local benefit as well. If it is a flexible resource, it has a flexible benefit as well. So all three of these benefits are allocated through this capacity allocation process that we administer in the RA program.

So LSE’s receiving the benefit of this additional capacity pay only for the net cost of this capacity. And this is this calculation that I just referenced, it’s the net of the total cost of the contract less energy rents associated with
the dispatch of the contract.

So following the adoption of CAM there was something that people refer to as the QF CHP settlement and it was adopted in the decision cited there, D-10-12035 (phonetic). The settlement agreement authorized or required the IOUs to go out and perform a series of procurement targets to meet the CHP goals of about 3,000 -- or 3,000 megawatts of CHP over the program period. And the cost allocation mechanism adopted in that settlement was identical or nearly identical to CAM, so capacity allocations would have to be allocated or in the same manner that the reliability CAM mechanism had does.

So in addition to these CHP resources, the Commission has extended CAM-like treatment to storage resources that were authorized for reliability issues to mitigate the Aliso Canyon gas shortage.

And then in the last -- well, I shouldn’t say the last, in the 2018 RA decision the Commission did approve a similar CAM mechanism for existing generation that was seeking retirement, so we had two large facilities in the
Moorpark area -- or, not two, one large facility in the Moorpark area, and then a resource up in Goleta, that were going to retire earlier and the Commission -- they would have had to go -- be backstopped through the CAISO’s process. And in order to mitigate that the Commission authorized Edison to attempt to contract with these resources and share the cost through the CAM mechanism.

And then there’s another mechanism that -- or there’s another mechanism that’s called the demand response auction mechanism and, essentially, we treat DRAM resources similar to CAM resources. They’re supply-side DR resources that the utility has gone out and procured through the pilot program. And we have to ensure that we’re not just allocating the cost to all customers through the distribution charge but the capacity credits are also allocated, so this uses a similar mechanism.

Just to give you a sense of the magnitude of CAM resources, so this is just, you know, I guess a charting of the growth in CAM over the last ten-plus years. And so as of 04/20/19, year-ahead allocations, we allocated 7,635
megawatts of CAM resources. Oh, and these are based on August values. So they do have monthly values but the August values is what I’ve charted here.

Okay, so there’s different types of CAM contract, like I discussed. Most of the CAM is gas-fired generation with gas tolling arrangements in it. So because it came out of our long-term reliability planning proceedings, most of that generation was gas-fired. And the utility there did get the tolling on it or owned it and has the dispatch on it, so tolling on it.

So for 2019, 81 percent of CAM contracts are gas-fired. And I’ve just provided a little chart. This, all of our CAM resources, are publicly available. They’re on our RA compliance website, so you can actually go in and find the resources I.D., the contract start and end date, the number of megawatts, and you can tell pretty -- it doesn’t have the fuel type but you can tell pretty easily, I think, what -- you know, if you wanted to do your own analysis on it, you could, you know, figure it out.

So the other 19 percent of CAM contracts include RA-only contracts, DRAM, and storage with
dispatch rights. So I added those in there because I think, for purposes of this Power Content Label, I think the RA and tolling is a piece that would be the piece that would need to get kind of talked about or, you know, that would be the important piece. An RA-only contract does not have the dispatch right on the resource, so it doesn’t have the energy. And so I think for disclosure reasons, you wouldn’t be reporting an RA-only contract. That’s my understanding.

And that’s it.

MR. SCAVO: Thanks again, Jamie, for providing that overview.

Presently, it is our understanding that investor-owned utilities claim all generation from CAM resources. However, with implementation of AB 1110 and the required disclosure of associated emissions, CAM reporting takes on a new dimension. We’ve had questions about whether it is appropriate for an investor-owned utility to claim all generation and the associated emissions under CAM agreements or whether the generation emissions should be divided among all entities covered under a particular CAM agreement? So again, we’re consulting our
stakeholder partners for feedback.

MR. RIDER: I’m Ken Rider. Just a quick question.

For baselining, for stakeholders and for my benefit, as well, the regulations as they’re written right now, is there a particular way, just to set the baseline or the table for the discussion, is there a certain answer to that question, the way that we’ve written it right now? I understand we’re seeking feedback but as we’re proposing it, how would these resources be treated, or do we know?

MR. SCAVO: There isn’t -- there aren’t any explicit rules pertaining to CAM resources. I think the way the investor-owned utilities have interpreted it is that if they’ve got a CAM agreement, particularly if there’s one with a tolling agreement attached to it, they treat that as procured generation, which I think is probably how we would have interpreted it if the question had come on up on its own. But there’s no explicit instructions for CAM resources.

Okay, I’ll open the floor to public comments in a moment. Please feel free to weigh in on any of these topics today or through
written comments, but first I’ll touch on our milestones in this process.

We published the draft regulations two weeks ago. Public comments are due two weeks from today, that’s 5:00 p.m. on March 20th.

Staff plans to initiate a formal rulemaking under OAL Rules in May of 2019.

Note that starting a formal rulemaking triggers a one-year timer in which we must complete the regulation. As most folks are aware, we’ve spent considerable time in pre-rulemaking to ensure that we’ve had ample time to engage stakeholders and consider alternatives.

However, our time is running thin. Under formal rulemaking, we’re required to respond to all public comments through our final statement of reasons and those must take priority over informal comments and meeting requests. I want to urge our stakeholders to make use of the public comment process going forward because we may not have the flexibility to prioritize one-on-one meetings to the extent we have over the prior two years.

Under this accelerated pace, we’ll aim to adopt the regulation at the Energy Commission
business meeting no later than December of 2019.
The beginning of 2020, we’ll begin performing outreach activities to provide implementation support to reporting entities, such as webinars, FAQs, or other instructional materials as we transition to the new reporting requirements. We expect to file the regulation with the Secretary of State and receive an effective date in the spring of 2020 in advance of the 2020 reporting deadline on June 1st.

I want to reiterate that rulemaking documents can be obtained online through the docket log or by contacting staff.

Okay, now on to the fun part of the workshop. You don’t need to pull any punches but just bear in mind, I’m not very well dressed for my own funeral.

For those stakeholders joining us in person, please use the microphone across from me. You’re welcome to use this one, too, if you prefer.

As mentioned in the beginning, we are distributing the blue cards, so fill those out. Those will be taken to Natalie and she’ll call on speakers.
For those on WebEx, please use the raise hand feature and we’ll un-mute you during your turn, but please keep your line muted unless you’ve been called on.

In the interest of providing everyone with an opportunity to speak, we request that each speaker limit their comment to three minutes and limit the comments to the scope of this proceeding, and please refrain from making a second comment until other stakeholders have had an opportunity to speak.

Once again, the public comments are due in writing by 5:00 p.m. on March 20th. And they can be submitted online through our website or using the link on the next slide.

Okay, let’s get started.

MS. LEE: Okay. Thanks, Jordan. All right, so we’ll get started.

Our first commenter is, and I apologize if I misstate anyone’s name, Ezana Emmanuel from SCE. And then following Ezana, Todd Jones, if you’d be prepared?

And I’ll roughly be watching your time and if we’re getting over three minutes, I’ll ask you to wrap up.
MR. EMMANUEL: All right. I shouldn’t take too much time. My name is Ezana Emmanuel. So first of all, thank you for the opportunity to speak.

MS. LEE: Put your mike on, sir.

COURT REPORTER: Press the little oval.

MR. EMMANUEL: This one?

COURT REPORTER: Yeah. There you go.

MR. EMMANUEL: All right. Better? All right.

So first of all, thank you for providing us the opportunity to engage in this process. I don’t think my comments will be too surprising, but SCE has supported the cleanup methodology throughout the stakeholder process and that’s something that, as this process continues, we’d appreciate more consideration for the adoption of PG&E’s proposal. We believe it’s a more accurate way to really show the greenhouse gas emissions factor that’s actually being delivered to end-use customers. And since it’s been adopted, a modified version, at least, that has been adopted in the IRP, we also believe it aligns with the other state agencies.

Overall, I believe that our mission is to
really show a Power Content Label that’s accurate and reflective of what’s actually being delivered to customers. And our belief is that the current proposal doesn’t do that, as well as the clean net short methodology. And you know, if we’re going to be worried about reporting requirements and different things like that, we should be working around revising those reporting requirements instead of creating an inaccurate measurement just to get this done in a timely manner.

MS. LEE: Thank you.

Todd. And then following Todd, we’ll have Tim Tutt from SMUD.

MR. JONES: Hi. Great. Thank you. Yeah, my name is Todd Jones with the Center for Resource Solutions.

So first and foremost, we’d like to express our strong support for the requirement that RECs must be procured to claim both the fuel type and GHG emissions profile of an eligible renewable generator and that purchases from renewables without the associated RECs must be classified as unspecified. That’s absolutely critical to preventing double counting and
ensuring the integrity of retail disclosure or
renewable energy.

Second, we understand that Commission
staff’s preference is not to allow unbundled REC
imports, presumably to establish the same
boundaries for delivery in Power Source
Disclosure and the MRR, but there’s no need to
restrict trading within that boundary. So the
Commission can and should allow unbundled RECs to
be reported in the power mix and the GHG
emissions intensities as long as the power is
directly delivered in the boundary.

In this case, the boundaries of the Power
Source Disclosure and the MRR would be the same,
allowing these specific unbundled REC
procurements to be reported, meaning RECs that
have been generated in California or that come
from facilities directly delivering into
California, so they’re imported bundled, would
simply allow for renewable energy trading within
the state which provides flexibility to suppliers
that may over or under procure, meaning it’s good
for long-term contracts and lowers the cost of
renewable energy for customers.

To be clear, the Commission could also
allow unbundled imports and this would not result in double counting. While there may not be requirements to report retail emissions in other states, power without the REC or null power cannot be reported as renewable or zero emissions in any other regulatory or voluntary program that exists. In fact, using RECs to account for delivered emissions from renewables in the west is the best way to avoid double counting with other states.

But by requiring that RECs and the power must be procured bundled, never unbundled and, in fact, delivered at the same time to convey the GHG profile of a renewable generator for a retail claim the Commission is simply choosing a renewable energy policy that is, first, inconsistent with the RPS. So bucket three, renewable -- RPS renewable energy, doesn’t show up at all in Power Source Disclosure. And second, it’s just very restrictive, so it doesn’t take advantage of the trading and market efficiencies that reduce costs and advance the development of renewable energy across the region.

Third and finally, the treatment of
firmed and shaped renewable imports as renewable in the fuel mix but nonrenewable in the GHG emissions intensity clearly doesn’t meet the requirements of AB 1110 to provide accurate and reliable and easy to understand information. It’s factually inaccurate. Disclosure emissions are determined by fuel type. But also, it violates the states REC definition under the RPS, it contradicts federal guidance, yeah, and it may have negative consequences for renewable energy markets.

It may also result in double counting and overreporting of emissions if the California supplier reports the emissions of the substitute generator and another entity purchasing the null power from the renewable energy generator also reports emissions that include the substitute generator. So firmed and shaped procurement should be reported as fully renewable and both the fuel types and emissions, there’s no accounting problem in that case.

Thank you.

MS. LEE: Thank you.

Tim?

Following Tim will be Maya from 3Degrees.
MR. TUTT: Tim Tutt representing SMUD.

Thank you for the opportunity to come and speak here today. And particular, for the changes that are made -- have been made from the third proposal, particularly the simplification of the Power Content Label. I think that’s going to be much better for consumers.

As you might guess, SMUD still believes that unbundled RECs should be reflected in the fuel mix and in the GHG calculations as representing zero GHG energy. Those are eligible renewables and to not include them in the fuel mix as in the eligible renewable line is going to be confusing to consumers. Also, as Todd said, it seems to facilitate double counting around the west.

We also believe that new PCC-2 contracts should have the same treatment as the grandfathered one. They should -- the fuel mix should match the GHG calculations. You should not -- you should include the GHG signature of the underlying energy.

Some other things that we’ve seen in the informal regulations, we’d like clarification of the treatment of multi-fuel resources. The
regulations say that they should be -- they should reflect the predominant fuel. In a multi-fuel plant, we would like to be able to represent our biomethane in our (indiscernible) cycle as biomethane, not as natural gas, in the fuel mix.

We want clarification of what is meant by a custom product being disclosed in a separate Power Content Label to the customers. We’re already negotiating with those customers what their product is and we don’t know whether we’re going to be asked to follow the rules of a Power Content Label in giving it to those specific customers. That doesn’t make sense to us, frankly.

There is a reference in the regulations to a footnote five and we don’t know what that reference is to.

And we’d like to find a way to ease the RPS certified restrictions on resources that are solely for voluntary programs. And if they’re not going to be used for the RPS, then maybe find a way to not have to go through the entire process of certifying for the RPS.

We may have more than one solar shares product in the future for different customer
segments. They’re all going to be supplied from solar. They should be -- we should be able to include them in the label under one column, not under separate columns.

The effective date is listed as June 1st, 2020. That will be reporting on 2019 procurement decisions. And since we’re already three months into 2019, it may be a little bit complicated to do that. So we would prefer the effective date to be 2021, June 1st, 2021, not 2020.

And then we didn’t see any clear way of implementing the second sentence of 398.4(h)(7) in AB 1110. The first phrase says that the Energy Commission has to determine what the portion of annual sales derived from unbundled energy, how that should be included in the Power Content Label.

The second phrase in that same paragraph says that a retail supplier may include additional information related to the sources of the unbundled renewable energy credit. We read that as something that’s inside the label because we were always able to include additional information on a separate page outside the label, and that’s specifically in the section describing
what the disclosure should look like.

Appreciate. Thank you.

MS. LEE: Thanks, Tim.

We were not intending to specifically answer questions. These are something that the Commissioners, your offices, would like us to address?

MR. RIDER: I thought there was. Hi.

This is Ken.

I thought there were a few questions that were asked for clarification in that comment and did just don’t want to move -- I mean, I think we -- if it is --

MS. LEE: Sure.

MR. RIDER: -- a clarifying question. I mean, there were some comments there, too, but I thought I heard a few questions in there.

MS. LEE: So, Tim, I took your comment to be that as we develop the next set of regulations, that we provide clarification on these topics and, you know, kind of seek to work on that, perhaps with the stakeholder community, before that’s issued. Are you -- is there a specific question you’d like us to address right now?
MR. TUTT: I don’t see the need to address a specific question --

MR. RIDER: Okay.

MR. TUTT: -- right now. But as this workshop proceeds --

MS. LEE: Yeah.

MR. TUTT: -- and I understood Jordan to say, please don’t get up and speak a second time before everybody else has had a chance, I would hope that we can enter into some kind of a dialogue that’s not constrained by the three-minute concept.

MR. RIDER: Okay. All right.

MS. LEE: Absolutely. Absolutely.

MR. RIDER: So without further interruption.

MS. LEE: Okay. So I think our hope is that we provide everyone an opportunity to put their issues on the record. And then we’ll, of course, kind of address any questions or issues that you’d like to explore further.

MR. RIDER: Sounds good. Thanks.

MS. LEE: Okay. Great. All right.

And I apologize, the next person that I asked to speak was Maya. Thank you. And
following Maya, we’ll have Celia -- I’m sorry, Colin.

MS. KELTY: Hi. Thank you. My name is Maya Kelty. I lead the Regulatory Affairs Team at 3Degrees. I do want to thank staff for the, I know, as Jordan mentioned, the long pre-rulemaking process and all the opportunities for feedback. And we look forward to providing more detailed comments on March 20th.

So we work -- our perspective comes primarily from our experience working with utilities in California, helping them develop programs that allow customers, all customers, to support renewable energy and providing guidance to those customers on purchasing renewable energy.

In line with some comments that have already been made, CRS -- sorry, 3Degrees from CRS and SMUD, we would like to see maybe some changes to the RPS certification requirement for voluntary programs. It is an additional burden on those programs and not because the renewable energy isn’t being used for the RPS. We’d like to see maybe other opportunities or other ways of showing that the renewable energy is RPS.
We also would like to see a reconsideration of the proposed treatment of RPS eligible renewables that are located in California. We think this would better align with MRR reporting, as well as the RPS showing up, for instance, for in-state renewables rather than showing that unbundled RECs are sort of environmentally inferior. We think that -- so from the October proposal a case was made that the reason unbundled RECs should not be reported as zero-emissions power is due to the fact that the PCL must match CARB’s emissions inventory for the electricity sector.

However, as currently proposed the PSD program would underreport emissions since unbundled RECs associated with energy generated in or delivered into California would not be reported as zero-emissions power. Any RECs associated with electricity delivered into California should be reported as zero-emissions power and as the applicable renewable resource type.

We also, in line with SMUD’s comments, think that the CEC should not limit the ability
of utilities to discuss the environmental attributes of RECs. The proposed regulation would require that suppliers use the CEC-provided PCL template where there’s an opportunity to report on the percentage of unbundled RECs and a standard footnote that describes what an unbundled REC is. But the legislation specifically states that a retail supplier may include additional information related to the source of unbundled RECs and we’d like to see that included within the Power Content Label itself rather than in a separate location.

I’m going to stop now. I don’t know if you started the timer but -- oh, okay. Well, those are our main comments and we’ll be submitting written comments at the end of the month.

Thank you.

MS. LEE: Thank you.

And I apologize, Colin, I mispronounced your name. Colin Kerrigan from PG&E. And then CC.

MR. KERRIGAN: Okay. Colin Kerrigan with PG&E. I just wanted to thank all the staff and Commissioners for all the work done to date on
this proceeding.

So first off, we do agree with SCE,

that --

(Timer rings.)

MS. LEE: Sorry. Didn’t restart that.

MR. KERRIGAN: Oh. I thought that was too quick.

So we do agree with SCE that an annual netting approach, such as clean net short is the most historical and accurate approach for the Power Content Label going forward and it will maximize consistency with what the CPUC is using for its Integrated Resource Plan proceeding.

I’d also want to note that for PG&E the current and proposed methodology will start breaking starting in 2018 and going forward. We will have negative system sales for the 2018 Power Content Label. And it’s conceivable that we could start to have zero GHG emissions in future years, depending on how low departure goes, which we don’t believe would be accurate to represent to customers.

I’d also highlight that the issue of CAM does raise why the current annual netting approach, you know, is not necessarily accurate
in that it does leave bundled customers with all of the GHG emissions associated with those resources, even though all customers benefit from the resources existing.

I’d also highlight that the change to the format of the Power Content Label, while we appreciate the drive to simplicity, one particular change that is concerning is the increase in the prominence of unbundled RECs. Currently, they’re being given more space on the Power Content Label than any actual source of energy supply which we think will be, at most, confusing to customers and could be misleading in that it could, you know, make customers think that their supply is greener than it actually is.

Last, we also disagree with the change to indefinitely grandfathered firmed and shaped resources. At the very least the CEC should ensure that there are safeguards the contracts cannot be extended or expended beyond where they were starting at the grandfathering date.

Thank you.

MS. LEE: Thank you.

CC, and then Matt Freedman please.

MS. SONG: Thank you, Commissioners and
Staff. Really appreciate the process of working with you on the draft regulations. And I want to specifically provide some feedback and questions on the CAM presentation made by Jamie. Thank you.

So I think the first point I want to make is that -- is a reminder that Power Content Label is intended to -- for low-serving entities to disclose energy resources purchased to serve our customers. Now these CAM resources, I think they were purchased to meet regulatory requirements that a lot of load-serving entities, like a CCA like MCE doesn’t necessarily have visibility into how they are dispatched. And it would be, one, challenging for us to account for those resources in our Power Content Label since we didn’t procure them. And it would also be confusing to our customers since it would be adding to the amount of energy disclosed in the label.

The second point is that energy and capacity resources are different. Energy resources are kind of just constantly flowing. Capacity resources are called on when the system needs them. So they are also measured differently. Energy using Power Content Label is
measured as megawatt hours, whereas capacity
resources are measured in megawatts. And that
might seem like a very minor difference but it’s
actually pretty challenging to convert one to the
other. For instance, what we’ve seen at the --
in the IRP proceeding with the clean net short
methodology, it was really challenging to convert
resources from megawatt hours to megawatts and
kind of resulted in overestimate of certain types
of resources, including hydro.

So I just wanted to raise that to help
us, I think, figure out that, you know, one, it
is -- we are already kind of late in the
rulemaking process. We’re staring down at a
statutory deadline at the end of this year and I
think this would add more complexity into
refining the methodology.

I want to point to a third challenge that
I see which is auditing for the Power Content
Label. Some of these resources are dispatched
for 15 minutes and then are settled at five-
minute intervals. And to go through all the
resources and then, I think, figure out the
dispatch and then retroactively true up the
emissions and then somehow figure out a way to
attribute them to different load serving entities, I think will be extremely administratively burdensome.

And then I think lastly, you know, since we don’t have any visibility into these resources dispatched, I’m also wondering if it’s possible that some of the emissions are already accounted for in the system emission average and therefore, you know, attributing emissions to LSEs in addition would likely lead to double counting of emissions in the system.

So I welcome more dialogue, you know, offline. And also, we’ll be submitting comments. And I want to thank you so much for making the presentation.

MS. LEE: Thank you, CC.

Matt Freedman, and then we have Susie Berlin.

MR. FREEDMAN: Okay. Matt Freedman, representing the Utility Reform Network. I want to thank the staff very much for the work that they’ve done on this. I know it’s been a long process and the staff have worked quite hard and coordinated with other agencies in developing the draft regulations.
TURN was the sponsor of Assembly Bill 1110 and we believe that the draft regulations are consistent with the intent of the statutory language and that they represent an accurate reflection of what the bill was intended to accomplish.

We specifically do support the treatment of unbundled RECs and firmed and shaped contracts under the proposed regulations. We think they’re not inconsistent with RPS accounting, that they are consistent with the provisions of AB 1110, that they are consistent with the source-based accounting that is done under the state’s air regulation paradigm, and also consistent with the approach taken by the Public Utilities Commission in adopting the clean net short methodology that is being used to assess greenhouse gas emissions as part of the integrated resources planning process.

Although we do like the clean net short approach and we urge the Commission to consider how it could be worked into future iterations of the Power Content Label, we don’t think it’s ready to be adopted at this time. And one of the primary reasons is that the clean net short is
designed to be a forecasting tool. It is not designed to be used to look historically at recorded general and emissions. We’ve had conversations with PG&E and others about how the tool might be adopted for that purpose and it gets very complicated very quickly when you try to back out all contractual commitments in the system for a prior year. So we think it’s worth continuing to study but we don’t think it’s ready to go right now.

In terms of the grandfathering treatment for firmed and shaped contracts executed prior to February 1, 2018, we’re not thrilled with this outcome. If a contract for the same resource has a particular treatment after that date, it’s not totally clear why it should have a different treatment if executed prior to that date. We understand this an attempt to fashion a compromise and to reflect historical commitments that have been made. We do believe that the Commission might want to look back at the treatment of grandfathering for pipeline biomethane contracts executed and that treatment under the RPS program. This is the implementation of Assembly Bill 2196 6 that was
done six or seven years ago. And part of that process included a requirement that any grandfathered contract had to be submitted to the Energy Commission so that the Energy Commission new what the universe of those contracts looks like, and also required that the contracts could not be extended, amended, that it was limited to minimum take quantities to prevent entities from having evergreen deals that essentially went in perpetuity. And we would recommend similar treatment for any grandfathered contracts in this context.

And then finally, with respect to the CAM resources, this is an interesting issue. It gets very complicated. We don’t think that the emissions associated with CAM resources should be assigned exclusively to bundled customers of the investor-owned utilities. That doesn’t really make any sense. These resources are being procured on behalf of the system and all customers within an IOU service territory are being required to pay the net above-market costs. It may be appropriate to assign a pro rata share of these emissions to all load serving entities. But I do recognize that these entities haven’t
specifically procured that electricity and so it may requirement another line item in the Power Content Label to show attributed emissions associated with these resources.

I also question how these resources are counted for purposes of establishing the California system mix and the emissions factors associated with that mix, and whether the emissions associated with these resources are included in the calculation of system power purchases and the factors that are assigned there.

Those are all the different things that come up when we think about this. I’m glad that the staff has flagged this issue, although it’s late in the process. But at a minimum, I don’t think it makes sense to tag bundled customers of the utilities with 100 percent of these emissions. That’s simply not an accurate accounting for what’s happening.

Thank you.

MS. LEE: Thank you, Matt.

Susie Berlin. And then we have in the room, Steve Uhler.

MS. BERLIN: Good afternoon,
Commissioners, Staff. My name is Susie Berlin and I’m presenting the Northern California Power Agency and MSR Public Power. I want to thank Staff for their efforts on the revised regulation and their continued work with stakeholders. And we’re offering the following comments to highlight a few of the issues for areas that we believe require further refinements, and we’ll be discussing them in greater detail in our written comments.

One thing we want to notice on their proportionate -- requirements to proportionately allocate resources, any customers that take WAPA power can’t do that by virtue of the federal contract, so there would need to be some recognition of those exceptions. And we also want to ensure that any accounting does account for the state’s loading order and how renewables will be dispatched before fossil fuels.

We appreciate that there’s no sunset provision on the grandfathered accounting for firmed and shaped contracts. We think that it’s very important to recognize these existing contracts and that it makes no sense to change the treatment of those contracts part way through
the term.

We’d like to get confirmation that substitute energy can be reported as an unspecified purchase when a specific source is not identified in those underlying contracts. We want to flag that with the balancing authority reporting. Since most generators already report this information to EIA, we would like to see a revision that says that you only need to report to the CEC if you’re not already reporting to EIA to avoid a duplicate reporting requirement.

We support you looking at the issue of the auditing requirements for public agencies. We think this is very important to reevaluate the current rules. Since there was a change to the rules, the City of Healdsburg, which is a small POU that provides electricity to less than 6,000 meters, incurred a cost of $3,500 to have their green program product audited and that was a significant expense for a small POU trying to provide this additional service.

And we’d also like to see more discussion around how a second product is defined. We’ll provide more written details on this but, essentially, in instances in which customers
served by a utility are offered the opportunity
to participate in programs to purchase unbundled
RECs that are administered by third parties we
think that there should be a very explicit
recognition that that is not serving the POU’s
load.

So that’s what we wanted to present for
further consideration and look forward to working
with Staff on those additional refinements. And
we will have that more detailed information in
our written comments.

Thank you.

MS. LEE: Thank you, Susie.

Mr. Uhler?

MR. UHLER: Hi. I’m Steve Uhler, that’s
U-H-L-E-R. Thank you for this opportunity.

I note in the regulations that these
Power Content Label are supposed to come related
to an offer or a tariff. I find that many labels
in the past have not been generated for tariffs
and offers. I’m considering all of this stuff is
for naught if we don’t actually get the Power
Content Label.

Another thing that should be taken into
account, similar to maybe the CAM, is RPS
399.30(c)(4) allows POUs to reduce, make a claim to reduce the retail output for RPS. I think the Power Content Label should state that that product, that voluntary product is being used for that, so a customer can decide if there’s a better choice and not having it used for RPS. This could be particularly important for those who have LEED certification because LEED doesn’t allow RECs that have been used to comply in any way with RPSs, and that’s 399.30(c)(4) allows them to use RECs to comply with RPS.

The formulas that are listed in here, you might want to look at actually supplying how it’s going to be in the computer program. You have things like 100 percent. Does somebody not realize that 100 percent, when it’s depicted as a rational number, is 1?

Then overall in this, the style, what style manual are you using? Are you using Witkin’s, you know, 1942-originated style manual which the State of California recommends? They named the library after him, the law library after Witkin. Or are you using the Bluebook Uniform citation? I had trouble following
citations through here. They end up going into -
- there’s no reference for the citation.

I’d also like to know, what is the last
version? I downloaded everything that’s under
this docket and I don’t find an unmarked up
version. You should supply this with a clean
version so that we can look at that and read it
without having to stumble over all of this stuff.

This has taken a long time. I’m thinking
if I was given this task at a for-profit company,
I wouldn’t be there any more if I took this long.
This could be done much faster. We need to let
the public know what their RPS is doing because
RPS is in here, they’re dovetailed together. And
so I’d like that information on.

And I mentioned, apparently the staff can
decide that they can waive the public’s right to
a Power Content Label. I would like an answer to
maxims of jurisprudence on 3513 of how they got
waived, because I’m still waiting for Power
Content Label.

Thank you.

MS. LEE: Thank you.

I think we have one more comment in the
room. And then we’ll turn to WebEx and phone
comments.

Todd, I’m going to -- thank you, Todd.

Okay, we’re going to move over to our
WebEx comments. And again, we’re going to ask
you to stick to the three minute. We’ll come
back -- hey, James, we’ll come back to you. Let
me take a couple of the WebEx folks that are
queued up. We’ll, again, ask you to stay to the
three-minute limit.

Are they able to see the screen timer on
their WebEx view? Okay.

Jordan, can we go ahead and use the
screen timer for our WebEx participants so they
have some warning?

And for those of you on WebEx, to assist
our court reporter can you very clearly speak
your name and your affiliation before starting
your comments?

Ryan, can you take the first one?

MR. KASTIGAR: The first comment is from
Cynthia Clark.

You’re now un-muted Cynthia. You can go
ahead and speak.

MS. LEE: Cynthia, are you on the line?

Cynthia, we’re going to move to the next
participant. We’ll come back to you.

Ryan?

MR. KASTIGAR: The next comment is from Mike Benn.

Mike, you are now un-muted.

MS. LEE: Okay. I’m getting a little nervous that our un-mute function is not working properly.

Cynthia or Mike, if you are on the line can you use the Q&A function to let us know so we can see if we’re having a problem with the un-mute function? Please note that our un-mute only un-mutes from our end. You’ll also need to un-mute on your end of the line.

MR. BENN: Hi. This is Mike Benn with Powerex. Can you hear me?

MS. LEE: Great. Thank you. Yes, we can hear you.

MR. BENN: Sorry about that technical difficulty. I’ll keep my comments brief.

I just want to thank Staff for the efforts they’ve made to date to include the controlling suppliers in the draft regulation. We believe that including ACS systems provides additional transparency to California consumers.
to reflect the energy of the systems that deliver
to the state.

One thing I did want to flag that we
consider is a couple of issues in the regulatory
language to align the CEC requirements with
CARB’s requirements under the mandatory reporting
regulation. We don’t think it’s anything major
but we do think that there are some cleanups that
are necessary. And we’ll providing a little bit
more details in our written comments.

Thanks.

MS. LEE: Great. Thank you.

For our court reporter, is there anything
we can do to help you with your -- okay.

Again, when you start speaking, please
identify your affiliation or your organization
with your name.

And, Ryan, do we want to step back and
try our first one again of move forward? Are
you --

MR. KASTIGAR: Yeah. Cynthia’s hand is
still raised but she is listed as an inactive
participant right now, so --

MS. LEE: Okay. Let’s move on to our
next.
MR. KASTIGAR: Those are the only two attendees with their hands raised currently.

MS. LEE: Okay. We have a couple more comments in the room. And then we’ll go to our phone lines and un-mute those.

James Hendry.

MR. HENDRY: Good afternoon. This isn’t on. Good afternoon, Commissioners and CEC Staff. I’m James Hendry. I’m with the San Francisco Public Utilities Commission. I just wanted to make a couple points.

First, I think there’s been an ongoing concern through this proceeding by a number of parties on the mismatch between the use of renewable credits and the environmental attributes attributed to them under state law and how they’re being reflected in the AB 1110 reporting requirements. This is an ongoing debate and I’m sure you’ve heard it and you seem to have moved on from it. But I do think it still raises a number of policy and legal questions that really should be addressed.

Second, when you look at what’s happening going forward, it’s clearly going to be a focus on GHG emission levels. And that’s going to be,
I think, one of the main marketing tools that people have and one of the main concerns that customers have when they look at products. And therefore, I think what we should do is try and ensure the regulations actually promote means that actually achieve greenhouse gas reductions. And I think in several cases, that’s not quite clear.

I mean, first, clearly, when you procure renewable energy resources, you are helping reduce greenhouse gas emissions. But then due to the various accounting rules about bucket two, bucket three RECs, even bucket one RECs which are carried over for future years, you don’t get credit for those.

Second, and I think more problematic, is like with voluntary green pricing. California state law encourages voluntary green pricing. It’s one way to promote and push the envelope for what’s required for greenhouse gas reductions. But yet, we instead, we’re requiring more mandates on publicly-owned utilities to have them do separate reporting requirements for that. And I think that’s an onerous burden that’s actually
kind of deterring the development of a good program. I think publicly-owned utilities where they’re public process, their attestation and veracity should not be subject to that requirement, even if they offer multiple portfolios.

I think the same issue can be raised with regard to biomethane. In the SB 1368 report the California Energy Commission did looking at greenhouse gas emissions they said, yes, biomethane emits CO2 but the presence of it reduces methane emissions that otherwise would occur from landfills that would be like 30 or 40 times as worse. And so they decided that that would not be subject to the emission performance standards.

And now we have this system where if customers are going to focus solely on greenhouse gas emissions and they look at their marketing and their choices and what they’re objecting the public utilities do, they’re going to see that there may be less incentive to buy biomethane resources because even though they actually are overall a net benefit, they end up showing up in the greenhouse gas reporting and it makes -- it
looks bad. And people say, well, why aren’t you greenhouse gas free? Why aren’t you doing more progress? So I think you should try and craft the regulations to actually encourage the greenhouse gas reduction goals that you’re actually trying to achieve.

Second, with regards -- this is a specific San Francisco issue. I’m not sure how I’m doing on time.

MS. LEE: You’re getting close.

MR. HENDRY: Getting close. Okay.

MS. LEE: You have 20 seconds.

MR. HENDRY: San Francisco is one of the only utilities in the country that -- in California that actually sells surplus greenhouse gas-free electric energy to the California grid. And for a variety of contractual legal reasons, this usually gets sold as an unspecified sale. And so we end up selling to the grid greenhouse gas-free energy that other people will get to use but it doesn’t really show up in the accounting mechanism.

Working with Assemblyman Member Phil Ting, who is our assembly member, he developed a regulation that would allow us to get credit for
our previous year’s generation. And it was left
to the Energy Commission’s discretion how far
back we would get credit for our surplus sales of
greenhouse gas emissions. The current standard
is the minimum required best statute which goes
back to 2017. But we think that’s inconsistent
with the way the Energy Commission has normally
looked at hydroelectric generation over the
years. You usually use like a seven-year average
to figure out variations and fluctuations in
generation. And we think that’s a fair number
for the SFPUC to use and I think that reflects
actual seasonal variation, reflects the fact that
we shouldn’t be penalized if we have a drought
year, that we should be -- sort of receive credit
for the --

MS. LEE: Can I ask you to wrap up?

MR. HENDRY: -- excess energy that we’ve
sold to the grid over the years, so we think a
seven-year process is reasonable. It was
discussed in the legislative history of this.
We’ve discussed it with Assemblyman Ting when we
were trying to draft this regulation and it’s
clearly within your authority to do that.

If there’s a second round of comments, I
do have some clarifying questions I might like to ask, if possible, so thank you.

MS. LEE: Absolutely. Thank you, James.

Okay, Ryan, do we have any phone participants to un-mute lines for?

MR. KASTIGAR: No, we do not.

MS. LEE: Okay. All right. And no more raised hands on the website?

MR. KASTIGAR: No, we do not.

MS. LEE: Okay. All right. I want to take a quick minute and ask the Chair and Commissioner Douglas if you have any comments, questions or areas you want to focus on? Okay.

So I have Todd. You’ve identified you’d like to speak again. And James.

MR. JONES: Yeah. Thank you for the opportunity to speak again. So in my previous statement, I sort of highlighted some of the drawbacks associated with both the restriction on unbundled RECs and the proposed treatment of the firmed and shaped power. We believe that both -- sort of the reason behind both of those things has to do with the perceived role of the MRR in Power Source Disclosure, specifically the interpretation that the MRR determines retail
claims to emissions. So the accounting rules for retail claims should be aligned between the RPS Power Source Disclosure and the MRR if the MRR is for retail claims.

Unbundled RECs and firmed and shaped products, if they are considered a renewable energy delivery for retail claims under the RPS, then they should be under Power Source Disclosure, as well, in terms of both fuel type and emissions. If both the RPS and the MRR reflect retail claims, one for fuel type and the other for emissions, and they disagree on unbundled RECs and firmed and shaped imports, then one of them has to be changed. That has to be reconciled. But Power Source Disclosure should not attempt to be consistent with both by creating this factual discrepancy between fuel mix and emissions.

But arguing that the MRR does represent an accounting of retail admissions for California has implications beyond Power Source Disclosure and CARB should really pay very close attention to that. If the MRR is for retail claims, then RECs really should be required for specified renewable imports to avoid double counting. If
it is not for retail claims, then it doesn’t necessarily need to reference RECs at all but it shouldn’t be necessarily used as a model for GHG emissions intensity in Power Source Disclosure. But in either case, unbundled RECs can be included and firmed and shaped emissions can be those associated with the RECs and Power Source Disclosure.

But in general, we recommend that this methodology for retail portfolio GHG emissions intensity be separate from the MRR. Forcing them to match is not good for either program. And AB 1110 does not require that. California needs both a source-based account of emissions for cap and trade and a consumption-based account of emissions. And they can be different and both be accurate simultaneously for what they are.

And then finally, we think the best solution overall for Power Source Disclosure in California is to establish common rules across the west using all-generation certificate tracking. WREGIS could be an all-generation tracking system used for Power Source Disclosure in the same way that NEPOOL-GIS and PJM GATS and NYGATS are all currently used in the northeast.
and mid-Atlantic states. And that would ensure no double counting for retail electricity products across the region and would not necessarily affect source-based accounting for cap and trade, and we think that’s still an option for the Commission.

Thank you.

MS. LEE: Thank you, Todd.

James, did you have some additional comments?

MR. HENDRY: Thank you. James Hendry, San Francisco Public Utilities Commission. I did want to pull out one thing Todd said is that San Francisco does also track all of its GHG-free but not renewable generation through WREGIS, as well, so I think that’s a potential opportunity.

I just mainly had one question on the regulations regarding the definition of adjusted net purchase. I was wondering if someone could explain that because I’ve tried to go through the math and I’m having trouble trying to figure out whether it’s retail, wholesale, exactly how it is calculated. So it’s also a new addition to the regulations and so I was hoping it could be kind
of explained a little, what is -- what the intent is and at least sort of operationally how it works, if that’s possible?

MS. LEE: Yeah. I think that we are happy to answer what the intent was behind that specific definition.

Jordan, would you?

MR. SCAVO: So adjusted net purchases means -- actually, let me start by saying there’s gross purchases and then there’s net purchases which is the gross purchases minus wholesale sales. After that, there’s adjusted net purchases and that takes out other end uses that are not retail sales, so that would include potential storage losses, that would include transmission and distribution losses, other unaccounted for dispositions of electricity. It’s meant to reconcile total purchases with retail sales so that the fuel mix percentages come out right.

The way that math works is that it proportionately reduces non-renewable fuel types. So if there is a difference between total net purchases and retail sales, non-renewable fuel categories are reduced proportionately to ensure
that total purchases then equals retail sales.  

Does that make sense?

MR. HENDRY: So just to make this clear, if you have -- you know, you receive a certain amount of energy and you sell off what’s wholesale, what’s left is retail. And then why wouldn’t that -- and then you take off whatever is the -- are you trying to adjust up just for the own uses, the excluded uses, the self-consumption ones? Is that the only thing you’re trying to shore up for? So you’re not trying to adjust for wholesale sales or -- so if you didn’t have any self-use, you had a portfolio, you still have a few wholesale, you have a retail, don’t exactly match what you’re -- there would be no adjustment then between net purchases and adjusted net purchases; correct, I think?

MR. SCAVO: If you didn’t have any transmission or distribution losses, then --

MR. HENDRY: Okay.

MR. SCAVO: -- yes.

MR. HENDRY: And true up distribution losses, as well, or is that --

MR. SCAVO: I’m sorry?

MR. HENDRY: Do you need to true up
transmission distribution losses, as well, or --

MR. SCAVO: Trip?

MR. HENDRY: True up transmission and distribution losses between --

MR. SCAVO: Oh. The way the regulation is written, you’re supposed to report purchases as they’re reported to balancing authorities. So if you’re importing electricity into California, I assume there would be some T&D losses --

MR. HENDRY: Okay.

MR. SCAVO: -- from the point of importation to the BA to serve the customers.

MR. HENDRY: Okay. Great. Thank you.

MS. LEE: Okay. Anything new on the line, Ryan? Any parties raising a hand?

MR. KASTIGAR: No.

MS. LEE: Okay. All right.

Mr. Uhler, I believe you asked for a second opportunity to speak.

MR. UHLER: Steve Uhler again.

I’m concerned when somebody -- when a retail supplier says that’s something’s going to be onerous about tracking this stuff. I’m wondering how they bill and balance their systems? They should have data of where all this
stuff comes from because there should be contracts.

On this adjusted net purchase, does that also mean that the greenhouse gases that are lost into transmission losses are not accounted for?

MR. SCAVO: The greenhouse gases are only meant to reflect electricity that serves retail sales.

MR. UHLER: So --

MR. SCAVO: So if there’s line losses, then those emissions aren’t captured.

MR. UHLER: So where would one go to look, to find that missing greenhouse gas that it takes to run this system?

MS. LEE: That’s really not within the scope of this proceeding, so we’d like to try to just address things specific to Power Source Disclosure.

MR. UHLER: So, okay, let’s take an example of a generator from the basic notion of heat rate and the energy lost there and the greenhouse gases produced there and the QFER data and such. We’re just going to decide that losses within the system are -- they don’t change the carbon in the air?
MS. LEE: So again, I think, Jordan, you spoke, as well --

MR. UHLER: This has to do with the quality of the product that’s being delivered. If somebody has undersized lines and is losing all kinds of electricity, I think the customers should know that they’re -- they should invest in those kind of things. It’s part of the product. I noticed this electric service product, you’ve crossed that out as a definition but you still use it on the label. And that service product is actually delivering it to the home. So those losses, those losses are a cost that is borne by that customer. They should know what the greenhouse gases are, you know? They pay for those losses. The utility doesn’t just eat that, they pay for it.

So you need to consider that before you X these out. It should be all of the greenhouse gases produced in order to deliver that amount. Don’t deduct any losses or any other type uses because the customer is paying for that. And your site says they know what they paying for. It’s like a nutrition label and they know what they’re getting for what they pay. So, yeah, you
need to account for those.

MS. LEE: Tim Tutt.

MR. TUTT: Hello. Just wanted to talk a little bit more about the PCC-2 contracts question.

I think Todd mentioned that the decisions that you make in this proceeding may have impacts on the renewable marketplace. And I want to go back to the example of 2196 and biomethane. I mean, that law did create grandfathered biomethane contracts. SMUD has several of those grandfathered biomethane contracts and we use that biomethane in our power plants. But the other aspect of that law is it pretty much cut off all new out-of-state biotmethane contracts. I am not aware of a single one that’s been signed since that law went into effect. It had a big impact on the biomethane marketplace.

And SMUD used to have a policy of getting more biomethane so that we could use our flexible power plants to integrate the rest of the renewables we were buying. We no longer have that policy. We no longer trust state biomethane policy because of that law.

I don’t think that what happens in the
Power Content Label will necessarily have as dramatic an impact as that but you’ve got to be careful with what you are saying because if you say this renewable contract which is eligible under the RPS has greenhouse gas emissions associated with it on your Power Content Label, it might say to companies and utilities, don’t buy any more PCC-2, man. Okay.

MS. LEE: So those are all the formal request for comment. We did offer the opportunity to have further discussion around certain topics. If there’s any specific question that you would like -- again, we can’t really speak to specific policy approaches or considerations broadly. But if there’s a specific question you’d like us to address or an area you’d like to revisit, anyone is welcome to let us know.

Yes, I have a hand raised. Please go ahead to the podium, just announce yourself.

MR. KERRIGAN: I’m Colin Kerrigan with PG&E again. I just wanted to, you know, highlight something that TURN mentioned. We do acknowledge that, you know, there’s still a lot of issues to work out with clean net...
short before it could be implemented. We think a lot of those are probably not that hard in that most of the data that would be required is already something that’s, you know, collected by nature by every scheduling coordinator for LSEs. However, to the extent to which we’re on the clock now and it’s not going to be possible to get it through this cycle, I would think the CEC needs to commit to working through these issues going forward because this issue is not going to go away. And the existing annual netting methodology won’t be durable for the long term.

Thank you.

MS. LEE: Thank you. And I do want to encourage folks, the draft regulations are built on -- (timer rings) I’m stopping myself -- are built on the third staff draft proposal which does speak to, in some more detail, as to how the Energy Commission is viewing clean net short and does make reference that we do see value and benefit to it. And there has been a commitment made within statutory authority to continue to look at that.

Is there anything else that anyone in the room would like to comment on or visit in
discussion?

And, Commissioner Douglas, any areas you would like to ask any questions around? All right. Okay.

Well, Jordan, could you close out just our -- remind folks, we’ve said it a few times, comment period, things of that nature?

MR. SCAVO: Public comment period closes at 5:00 p.m. on March 20th. You can submit comments through our online docket system.

There’s a link on this slide. If you’ve got other questions, you can contact program staff. Contacts are also provided on the slide deck.

I want to thank everyone for coming.

MS. LEE: Thank you everyone.

(The workshop adjourned at 11:45 a.m.)
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