DOCKETED	
Docket Number:	16-OIR-05
Project Title:	Power Source Disclosure - AB 1110 Implementation Rulemaking
TN #:	227385
Document Title:	The Utility Reform Network Comments on the Pre-Rulemaking Amendments to the Power Source Disclosure Program
Description:	N/A
Filer:	System
Organization:	The Utility Reform Network
Submitter Role:	Public
Submission Date:	3/20/2019 4:39:31 PM
Docketed Date:	3/20/2019

Comment Received From: The Utility Reform Network
Submitted On: 3/20/2019
Docket Number: 16-OIR-05

on the Pre-Rulemaking Amendments to the Power Source Disclosure Program

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the matter of:	)	
	)	Docket No. 16-OIR-05
AB 1110 Implementation Rulemaking	)	
	)	

COMMENTS OF THE UTILITY REFORM NETWORK ON THE PRE-RULEMAKING AMENDMENTS TO THE POWER SOURCE DISCLOSURE PROGRAM

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March 20, 2019

COMMENTS OF THE UTILITY REFORM NETWORK ON THE PRE-RULEMAKING AMENDMENTS TO THE POWER SOURCE DISCLOSURE PROGRAM

In response to the February 20, 2019 notice of staff pre-rulemaking workshop, The Utility Reform Network (TURN) submits these comments on the pre-rulemaking draft amendments to the Power Source Disclosure Program (Draft Amendments).

TURN believes that the Draft Amendments generally strike the proper balance between competing objectives, would result in more accurate disclosures to customers, and create greater alignment between the Greenhouse Gas (GHG) accounting methodologies used by the Energy Commission, Public Utilities Commission (CPUC), and California Air Resources Board (CARB). Subject to the adjustments identified in these comments, the latest Staff Proposal should be the basis for the upcoming rulemaking to update the Power Source Disclosure Program (PSDP) pursuant to AB 1110. TURN offers two specific comments on the draft regulations. The first relates to the grandfathering treatment of firmed-and-shaped resource contracts. The second applies to the treatment of resources contracted by the Investor-Owned Utilities pursuant to the Cost Allocation Mechanism (CAM).

I. CLARIFICATIONS TO THE GRANDFATHERING TREATMENT FOR FIRMED-AND-SHAPED PROCUREMENT

The draft regulations allow retail suppliers to report emissions intensity for electricity procured under firmed-and-shaped contracts executed prior to February 1, 2018 based on the emissions of the source of the associated Renewable Energy Credits (RECs) rather than the source of the substitute electricity.[1] TURN strongly urges the Commission not to change this date and to

[1] Proposed §1393(d).

clarify that the grandfathering treatment only applies to the minimum procurement quantities and durations specified in contracts executed prior to February 1, 2018.

The Energy Commission previously grappled with a similar concern relating to the treatment of grandfathered contracts for pipeline biomethane under the Renewable Portfolio Standard (RPS) program. Pursuant to the requirements of AB 2196 (Chesbro, 2012), the Energy Commission applied the statutory grandfathering date of March 29, 2012 to any contract involving biomethane used to produce RPS eligible electricity.[2] In implementing this requirement, the Energy Commission required any retail seller or local publicly owned electric utility to submit contracts seeking grandfathering treatment for review in order to confirm eligibility. This review was intended to ensure that eligible contracts were executed and approved prior to the grandfathering date, that any optional quantities (at the discretion of the buyer) were not included in the grandfathering, and that the grandfathering did not apply to any future amendments or extensions relating to the duration of the contract or increases in quantities.

The same review applied to grandfathered biomethane contracts should be used for firmed-and-shaped contracts eligible for the grandfathering treatment in the proposed regulations. Specifically, this would require any retail supplier to do the following:

- Submit any firmed and shaped contract executed prior to February 1, 2018 for review by Energy Commission staff.

[2] Cal. Pub. Util. Code §399.12.6;

- Demonstrate that the grandfathering is limited to the minimum quantities included in the original contract and does not include any optional increases that are at the discretion of the buyer.

- Demonstrate that the grandfathered quantities do not include any subsequently negotiated contract extensions or other amendments that increase the quantity of procurement.

TURN believes that these showings will preserve the proposed treatment for commitments made prior to the cutoff date and prevent abuses or manipulation that would subvert the intent of the grandfathering provision.

II. TREATMENT OF RESOURCES PROCURED UNDER THE COST ALLOCATION MECHANISM

At the March 6 workshop, Commission staff identified a concern about the attribution of generation from resources under contract with the Investor Owned Utilities (IOUs) pursuant to the Cost Allocation Mechanism (CAM). These resources are procured by the IOUs at the direction of the CPUC to satisfy reliability needs on behalf of all customers including those served by Electric Service Providers (ESPs) and Community Choice Aggregators (CCAs).

Electricity produced by these facilities is not used to exclusively serve IOU bundled customer loads. The net costs of the resources are collected from all customers (including those served by ESPs and CCAs) through a nonbypassable rate component. ESPs and CCAs receive a proportional share of the Resource Adequacy (RA) value from these resources based on the costs charged to their customers. The CAM resources should therefore be understood to serve all customers located within an IOU service territory.

Currently, the entire output from CAM resources is attributed to IOU bundled customer portfolios in the Power Content Label. This treatment is not accurate or reasonable and distorts the information provided to customers. The Energy Commission should instead consider two alternative approaches to fairly address the treatment of these resources.

TURN's primary suggestion is to assign the output and emissions of CAM resources to all retail suppliers based on their load share within the IOU service territory. Each retail supplier would be obligated to show this information on their PCL as a separate line-item and the assigned GHG emissions would be included in the GHG emissions intensity calculation.

TURN's alternative suggestion is to have each IOU exclude CAM resources from the portfolio serving bundled customers and instead submit this procurement as part of a separate portfolio that receives its own PCL. That PCL would be assigned a separate GHG emissions intensity. All retail suppliers paying for the costs of these resources would be required to notify their customers about this separate PCL and include the information in materials posted on their website. This approach would recognize that the energy produced by CAM resources is used to serve the customers of all retail suppliers. The submission of a separate PCL would ensure that all customers are informed that these resources were procured, in part, on their behalf to meet reliability needs.

TURN appreciates the opportunity submit these comments and looks forward to the final updates to the Power Source Disclosure regulations.

Respectfully submitted,

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Dated: March 20, 2019