DOCKETED

Docket Number:	16-OIR-05
Project Title:	Power Source Disclosure - AB 1110 Implementation Rulemaking
TN #:	230401
Document Title:	PGE Comments on AB 1110 Express Terms
Description:	N/A
Filer:	System
Organization:	PG&E
Submitter Role:	Public
Submission Date:	10/28/2019 2:47:54 PM
Docketed Date:	10/28/2019

Comment Received From: PG&E
Submitted On: 10/28/2019
Docket Number: 16-OIR-05

PGE Comments AB 1110 Express Terms

Additional submitted attachment is included below.

Pacific Gas and Electric Company

Jessica M Melton
Representative
State Agency Relations

1415 L Street, Suite 280
Sacramento, CA 95814
O: (916) 386-5712
M: (916) 386-5720
Jessica.Melton@pge.com

October 28, 2019

POSTED ELECTRONICALLY TO DOCKET 16-OIR-05

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

Re: Pacific Gas and Electric Company Comments on the Express Terms Modification of Regulations Governing the Power Source Disclosure Program

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments to the California Energy Commission (CEC) on the Express Terms modifying the Power Source Disclosure Program released on September 6, 2019. PG&E's commitment to providing safe, reliable and clean energy also includes providing customers with accurate information regarding the power we supply. PG&E offers the following comments:

I. Implementation should not be Delayed to the 2020 Power Content Label

At the October 7 workshop, some load serving entities (LSEs) advocated that the CEC violate the law by delaying implementation of the updated regulations until the 2020 Power Content Label (PCL). AB1110 clearly says (as those LSEs acknowledge) that "[b]eginning June 1, 2020, retail suppliers shall be required to report data on greenhouse gas emissions intensity associated with retail sales occurring after December 31, 2018." While it is unfortunate that the updated regulations were not finalized by January 1, 2018 as required by AB1110, that is no reason to further fail to comply with the law. The objections of LSEs representing a small fraction of the state should not delay the provision of more accurate PCLs for the entire state as required by AB1110.

II. The Emissions Associated with CAM Resources Should be allocated to all Load Serving Entities, and Not Handwaved Away for CCA and DA customers

PG&E is pleased that the CEC recognized in the most recent revision that it is inappropriate for the bundled customers of IOUs to bear the entirety of the energy content and emissions associated with CAM resources. Such resources are procured for all CPUC jurisdictional customers, dispatched through CAISO markets to meet all CAISO customer demands, and paid for by all customers. While the CEC is on the right track in reducing emissions attributed to IOU bundled customers, sweeping the energy and emissions associated with CCA and DA customers under the rug fails the statutory mandate to provide accurate information and ensures that Power Content Labels will underreport GHG emissions overall. While other LSEs claimed it would be unfair for resources they did not procure to appear on their Power Content Label, CAM procurement was not optional for the IOUs and done on behalf of all LSEs. If the CEC believes it is unfair that non-IOU LSEs would have to show CAM resources, then it is unfair that **any** LSE show CAM resources.

To be clear, removing CAM resources from all LSE PCLs is not PG&E's preference – not only would this violate the requirement that PCLs be accurate, but it would create unintended consequences for energy procurement. The proposed treatment of CAM resources provides a clear incentive for LSEs to avoid direct procurement of natural gas resources for reliability purposes, and instead rely on the IOUs or the CAISO to act as a backstop procurement agent.

PG&E believes the current situation is patently unjust, and notes that the CPUC recently issued a proposed decision in its Integrated Resources Plan proceeding which ordered all LSEs are to procure additional resources for system reliability (including from existing emitting resources). [1] However, non-IOU LSEs are given the option of declining to procure, in which case the IOUs would have to procure on their behalf. The CEC needs to get this right now, rather than further exacerbate the problem by giving LSEs more incentives to shuffle procurement to other entities to avoid correct attribution.

III. If the CEC Does Not Adopt Clean Net Short (CNS) Now, It Should Commit to Opening a Second Phase of AB1110 Implementation

PG&E's continued preference is that the CEC adopt an hourly accounting methodology now given they have advocated throughout the two years of the AB 1110 implementation proceeding. the CEC has decided not to address this issue now, the reasons to adopt CNS will only become more poignant as time goes on. If the CEC confirms its decision to not implement Clean Net Short within the PCL at this time, it should commit to considering it in a new phase of this rulemaking. Otherwise, the information provided to customers will be increasingly out of sync with the CPUC's electric sector decarbonization planning process and the reality of the electric grid.

IV. GHG Accounting of Transmission & Distribution (T&D) Losses Must Be Accurate

The CEC did not address the error identified by the IOUs in their March 20th comments regarding accounting for the emissions associated with electricity; as a result, the proposed PCL will systematically under report emissions. It is unclear if this is a simple spreadsheet error or a result of a misunderstanding. At the March 6th workshop, CEC staff stated, "the greenhouse gases are only meant to reflect electricity that serves retail sales…so if there's line losses, then those emissions aren't captured."[2] This is incorrect; transmission and distribution losses are a necessary consequence of serving retail load. Customers pay for these losses (along with the associated cap-and-trade permit costs) in their retail rates. Further, electricity, not emissions, is delivered to customers. Taken further, this logic would require the CEC to discount all GHG emissions associated with the heat losses associated with converting fossil fuels into electricity. This is clearly incorrect.

[1] Proposed Decision of Administrative Law Judge Fitch issued October 21, 2019 in R.16-02-007, "Decision Requiring Electric System Reliability Procurement for 2021-2023"

[3]The question the PCL must answer for customers is what quantity of GHGs were emitted to produce each unit of electricity delivered to them. Delivery losses should affect the final retail sales denominator for the emissions intensity on the PCL but **cannot** reduce the total emissions associated with a portfolio of electricity delivered to customers.

V. Firmed and Shaped Resource Grandfathering Eligibility Should Not Be Expanded

The express terms inappropriately expand eligibility for grandfathering treatment of firmed and shaped resources to all contracts signed prior to January 1, 2019 instead of the previous cutoff date of February 1, 2018. LSEs had been on notice for well over a year that the CEC intended to treat firmed and shaped resources in this manner; it is unreasonable to further distort the accuracy of the PCL and reward brinksmanship by LSEs that did not adjust their procurement in anticipation of the CEC following through on its proposal. This change was apparently enacted at the behest of LSEs claiming significant costs would be incurred due to this proposed treatment. For example, MCE claimed they would incur $25 million in additional costs over 12 years to enable the GHG-free claims they wish to make. [4] This translates to less than a $0.0001/kWh rate impact.[5] In those same comments, CalCCA did not contest that the CEC's proposed treatment of firmed and shaped resources was incorrect, but argued for expanded grandfathering just to enable making certain marketing claims without incurring this de minimis cost.

While CalCCA only argued for expansion of grandfathering eligibility in their March 20th comments, at the October 7th workshop they seemed to have changed their position to instead advocate that no GHGs emissions be associated with firmed and shaped resources.[6] Other entities argued for similar changes. PG&E supports the CEC's proposal to use the emissions rate of replacement energy for firmed and shaped resources going forward.

VI. Clarify the Express Terms to Enable Retrospective Allocation of GHG Free Resources Among LSEs for 2019 and 2020

In line with how CAM resources should be treated, resources paid for by both bundled and unbundled customers via the Power Charge Indifference Adjustment (PCIA) should be allocated to all customers. This is currently being discussed at the CPUC in Rulemaking 17-06-026, However, to enable interim allocation agreements between Investor-Owned Utilities and CCAs,, the CEC could add the following language to the definition of a "specified purchase" in the express terms:

> Specified purchases shall be documented through purchase agreements executed prior to generation of the purchased electricity*, except that purchases of generation from in-state or dynamically scheduled large hydroelectric and nuclear resources in 2019 and 2020 may be documented after the generation of the electricity when a retail supplier whose customers are paying for such resources through the California*

---

[2] Transcript of March 6th 2019 Staff Pre-Rulemaking Workshop, p. 69

[3] This interpretation would result in all natural gas facilities having lower, but generally uniform, emissions rates, regardless of each facility's actual efficiency.

[4] CalCCA Comments dated March 20, 2019, p. 7

[5] Per MCE's 2019 IRP, 2019 sales were forecasted at 5,275 GWh. $25 million over 12 years results in a $2.08 million annual impact. Spread across MCE's forecasted sales, this results in a $0.00039 rate increase. MCE IRP available at https://www.mcecleanenergy.org/wp-content/uploads/2019/01/MCE-2019-Integrated-Resource-Plan_11-8-2018_V_12-21-18.pdf

[6] October 7th Workshop Transcript, p. 110

Public Utilities Commission-approved Power Charge Indifference Adjustment elects to show such in-state large hydroelectric or nuclear resources following a CPUC-approval of a mechanism for allocating such resources.

VII. Conclusion

AB1110 requires that the Power Content Label provide "accurate, reliable, and simple-to-understand information on the sources of energy that are used to provide electric services" to California consumers. PG&E continues to support the goals of AB 1110 and appreciate the opportunity to work with the CEC and all interested stakeholders to achieve these legislative requirements.

Thank you for the opportunity to provide these comments.

Sincerely,

Jessica M Melton