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Comments on the Proposed Modification of Regulations Governing the Power Source Disclosure Program

Additional submitted attachment is included below.

California Wind Energy Association

October 28, 2019

California Energy Commission
Docket Office - Docket 16-OIR-05
1516 Ninth Street
Sacramento CA 95814

Submitted Electronically to Docket 16-OIR-05

Re: CalWEA Comments on the Initial Statement of Reasons, Modification of Regulations Governing the Power Source Disclosure Program (September 2019)

The California Wind Energy Association (CalWEA) offers the following comments on the above-referenced Initial Statement of Reasons ("Statement") regarding the proposed modification of regulations governing the Power Source Disclosure Program ("proposed modifications").

In general, we urge the Commission to commit to investigating the implementation of a more rigorous and accurate approach to greenhouse gas accounting once this rulemaking is complete and, meanwhile, to make a few changes to the proposed modifications that take a few modest steps in that direction. The contracts-based approach to the proposed modifications ignores the reality that all LSEs currently rely on GHG-emitting resources to balance their supplies and loads, whether they contract for those energy deliveries or not. The current approach enables LSEs to report to consumers that they obtain GHG-free energy, which is fictional and contrary to the requirement in AB 1110 that consumers be provided "accurate" information regarding the sources of their electricity supply. Beyond the inherent value of providing truthful information, reporting more accurate information will provide retail suppliers with a greater incentive to shape their resource portfolios in a way that reduces dependence on GHG-emitting system balancing resources, which aligns with California's clean-energy goals.

1. Two Changes to the Proposed Modifications Will Better Align Reporting With Reality

a. Cost Allocation Mechanism ("CAM") Resources Should be Allocated to all LSEs

The Statement explains that the investor-owned utilities (IOUs) will have to report the emissions associated with their pro-rata customer share of the reliability resources that are deployed via the CAM mechanism to ensure reliable service, but that other LSEs will not – their collective share will simply go unaccounted for, ignoring the balance of CAM resources as if they don't exist at all. The rationale is that it would be a "reporting burden on other retail suppliers to claim generation these entities did not directly procure." (Statement at 44-45.) That burden is not described. Logically, it

makes no sense to require the IOUs -- but not other LSEs -- to disclose these resources, because they are paid for and physically serve all LSEs. Moreover, the IOUs are required to procure CAM resources, and reporting the associated emissions is no less a "burden" on them than it would be on other LSEs. The unacceptable result is that consumers will be presented with the misinformation that non-utility LSEs are not relying GHG-emitting resources when, in fact, they are.

The Commission should correct this error by requiring all LSEs to report the emissions associated with their pro-rata shares of CAM resources.

b. The Commission should not extend the ability to grandfather firmed and shaped resources beyond what was included in earlier staff proposals

Staff noted at the workshop that earlier versions of the implementation proposal did not include grandfathering treatment; grandfathering was added "as a response to stakeholder interest." (Transcript of 10-7-19 Lead Commissioner Workshop at 37.) LSEs received ample notice that firmed and shaped contracts executed prior to February 1, 2018, may not be counted as emissions-free, and the Commission should not move the goal-post now in response to stakeholder pressure. Advancing that date to contracts signed up until January 1, 2019, penalizes those LSEs that took actions to reduce reliance on firmed-and-shaped imports in order to gain GHG-free reporting benefits and rewards those that did not.

Ending grandfathering sooner rather than later will improve the accuracy of the power content label because, as noted in the Statement (at 22), the GHG emissions associated with firmed-and-shaped products are those of the substitute (delivered) power, not the renewable generator providing the renewable energy credits.

2. The Commission Should Commit to Investigating the Implementation of a More Rigorous and Accurate Method of Greenhouse Gas Accounting

CalWEA remains disappointed in the contract-based accounting approach being proposed, because it will result in many customers believing that the electricity that they are paying for, and that is being delivered to the system on their behalf, is cleaner than it actually is. The result of that misinformation is that load-serving entities will feel less pressure to develop clean resource portfolios that are physically matched to their customer loads. Instead, those LSEs will continue to rely on the CAISO to meet their hourly needs with gas-fired resources without having to report that gas-use to their customers. In addition, consumers may believe that "going green" is easier and less costly than it actually is.

Therefore, CalWEA continues to urge the Commission to commit to investigate, once this rulemaking is complete, whether implementing a methodology that accounts for actual hourly deliveries, namely the "Clean Net Short" methodology that has been adopted by the CPUC for IRP planning purposes, is feasible for backward-looking reporting as well, as we and other parties believe it is. This methodology is the only way to accurately inform consumers about the resources that actually serve them and that they actually pay for and that is aligned with California's clean energy goals.

Sincerely,

/s/

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