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Additional submitted attachment is included below.

December 10, 2019

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

CalCCA Comments on the Revised Modifications of Regulations Governing the Power Source Disclosure Program (AB 1110)

CalCCA respectfully submits the following comments to the California Energy Commission regarding the 15-Day Language on Modifications of Regulations Governing the Power Source Disclosure Program, issued November 25, 2019.

CalCCA appreciates the Commission's efforts to further refine and clarify the proposed regulations. However, an important issue must be addressed before the regulations are adopted. **An amendment to the specified purchase definition is necessary to ensure CCA customers can claim the benefits of nuclear and large hydroelectric resources they've already paid for through the Power Charge Indifference Adjustment ("PCIA") mechanism in 2019 and 2020.** CalCCA also seeks a minor clarification to the double-counting provision for large hydroelectric and nuclear resources.

2019 and 2020 Benefits

Many customers that are no longer taking retail electric service from investor-owned utilities ("IOUs") continue to pay for the costs of GHG-free large hydroelectric and nuclear resources through a California Public Utilities Commission ("CPUC")-approved ratemaking mechanism – the PCIA. While customers currently pay for the above-market costs of these resources, there is currently no mechanism to ensure that the emissions reduction *benefits* also accrue to CCA customers. The CPUC is in the process of adopting such a mechanism ("CPUC-approved mechanism"), but it will not be in place until later in 2020. In light of the timeline for CPUC action, several CCAs and Pacific Gas and Electric ("PG&E") are jointly developing an interim solution for 2019 and 2020 through the advice letter process at the CPUC,[1] but the interim solution is contingent upon CEC action.

As CalCCA stated in its comments on the modified regulations issued in September 2019, the definition of "specified purchase" must be amended to allow, for 2019 and 2020[2] only, purchases to be documented after generation of the electricity.[3] Aside from a requirement that agreements

[1] PG&E Advice Letter 5705-E dated December 2, 2019.
[2] The transactions are expected to commence in Q2 of 2020, though that timing may shift. Once the allocations commence, all subsequent allocations would take place prior to generation of the electricity.
[3] CalCCA's proposed change to the 15-Day Language is in italics: For facilities not owned by the retail supplier, specified purchases shall be documented through agreements executed prior to generation of the procured

be executed prior to the generation of electricity, the transactions through the CPUC-approved mechanism conform in every other way with the "specified purchases" definition: they represent electricity from an auditable contract trail, traceable to specific generating facilities located within California. The transactions are also intentional purchases, since the purchasing retail supplier must affirmatively elect to accept the trade.

Absent CEC action to modify the "specified purchase" definition, the GHG-free resources contemplated for trade will remain with PG&E for Power Content Label reporting purposes in 2019 and 2020.[4] This creates a frustrating asymmetry, where PG&E may claim all environmental attributes associated with these resources, despite CCAs' demonstrated interest in transacting for them.

CalCCA requests a very narrow change to the regulations to accommodate what is ultimately a timing issue. Indeed, had the PCIA discussions proceeded on a faster timescale, this request to the CEC would not be necessary.

Double-counting Provision Clarification

CalCCA seeks a minor clarification to the double counting provision for nuclear and large hydroelectric procurement in Section 1393(7) of the draft regulations. This change makes it clear that the party trading the attributes away cannot classify the procurement as specified. In doing so, it clarifies that the attributes and energy can be traded, and the receiving party can classify those resources as specified. The proposed change is below (*added language italicized*):

> (7) Procurements from nuclear or large hydroelectric generating units cannot be classified as specified purchases *by one party* if the associated environmental attributes have been claimed by, or traded to, a separate party.

CalCCA appreciates the Commission's attention to this matter and looks forward to continuing to work with the Commission to achieve the goals of AB 1110.

Sincerely,

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

[4] See PG&E Advice Letter 5705-E at p. 4.