| **DOCKETED** |
|------------------------|-----------------|
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| **TN #:**              | 231272          |
| **Document Title:**    | Presentation - Modifications to the Power Source Disclosure Program |
| **Description:**       | AB 1110 Slide Deck for 12-11-2019 Business Meeting - By Jordan Scavo |
| **Filer:**             | Jordan Scavo    |
| **Organization:**      | California Energy Commission |
| **Submitter Role:**    | Commission Staff |
| **Submission Date:**   | 12/17/2019 1:57:59 PM |
| **Docketed Date:**    | 12/17/2019      |
Modifications to the Power Source Disclosure Program (Docket Number 16-OIR-05)

Jordan Scavo
December 11, 2019
Renewable Energy Division
Power Source Disclosure

- Established in 1998 to provide clear and accurate information about the sources of a consumer’s electricity through an Annual Power Content Label.
Assembly Bill 1110
(Ting, Chapter 656, Statutes of 2016)

• Major Elements
  • Disclosure of the greenhouse gas (GHG) emissions intensity
  • Disclosure of unbundled renewable energy credits (RECs)
  • Requirement for consistent marketing claims regarding GHG emissions
AB 1110 Rulemaking Guidelines

- Provide reliable, accurate, and simple-to-understand information
- Ensure there is no double-counting
- Minimize the reporting burden
- Rely on the most recent verified GHG data
- Consult with Air Resources Board
Rulemaking History

• Pre-rulemaking activities (Jan 2017-Aug 2019)
  – 5 workshops
  – 3 staff white papers & draft regulatory language
• 45-day express terms (Sept 2019)
• 15-day express terms (Nov 2019)
  – Comment period ended Dec 10
Proposed PSD Accounting Overview

<table>
<thead>
<tr>
<th>Procurement Type</th>
<th>Fuel Mix Accounting</th>
<th>GHG Emissions Intensity Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly delivered</td>
<td>Resource type of generator</td>
<td>Emissions intensity of generator</td>
</tr>
<tr>
<td>Firmed-and-shaped import</td>
<td>Resource type of REC</td>
<td>Emissions intensity of substitute power</td>
</tr>
<tr>
<td>Spot market purchases, including EIM</td>
<td>Unspecified power</td>
<td>Default emissions intensity of unspecified power</td>
</tr>
<tr>
<td>Unbundled RECs</td>
<td>Not included in fuel mix</td>
<td>Not included in GHG emissions intensity</td>
</tr>
</tbody>
</table>
Specified Procurement vs Retail Sales

- Specified Procurements
- Retail sales
Overprocurement Adjustment Mechanism

Reduction Order:
1. Natural Gas
2. Coal and Other Fuels
3. Nuclear, Large Hydro, & Renewables
Cost Allocation Mechanism (CAM)

Resources

Attributed to grid power

Attributed to IOU

- IOU
- CCA 1
- CCA 2
- ESP
Additional Regulatory Provisions

- Grandfathering of pre-2019 firmed-and-shaped contracts
- Reporting deadline June 2021 for 2020 procurements

Greenhouse Gas Emissions Intensity (in lbs CO₂e/MWh)¹

<table>
<thead>
<tr>
<th>Energy Resources</th>
<th>Fuel Mix</th>
<th>CA Total Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Renewables¹</td>
<td>36.0%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Biomass &amp; biowaste</td>
<td>6.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Geothermal</td>
<td>4.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Eligible small hydroelectric</td>
<td>0.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Solar</td>
<td>0.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Wind</td>
<td>25.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Coal</td>
<td>0.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Large Hydroelectric</td>
<td>6.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>40.3%</td>
<td>44.0%</td>
</tr>
<tr>
<td>Nuclear</td>
<td>0.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Other</td>
<td>0.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Unspecified Power²</td>
<td>17.7%</td>
<td>14.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Unbundled RECs retired as a percentage of this electricity portfolio’s retail sales: 12%

¹ Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable investments that do not deliver electricity to the retail supplier’s customers. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above. The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.

² Unspecified power is electricity that was purchased through open market transactions and is not traceable to a specific generation source.

For specific information about this electricity portfolio, contact:

(ENTITY NAME)
(Entity Website)
(Entity Phone Number)

For more information about the power content label, consult:

California Energy Commission
1-844-217-4925
www.energy.ca.gov/pcl/
Alternatives Considered & Staff Responses

• REC-based accounting
  – Inconsistent with established State emissions accounting
  – RECs aren’t appropriate emissions tracking tools
  – RPS Adjustment doesn’t translate to this program

• Expanded grandfathering
  – Grandfathering meant to cover retrospective procurements, not prospective
Alternatives Considered & Staff Responses

- Hourly accounting
  - Lacks statutory authority

- Unspecified power
  - Hourly accounting of unspecified power is inconsistent with annual accounting of specified purchases
Alternatives Considered & Staff Responses

• Adjustment mechanism for procurement in excess of retail sales
  – Retail suppliers should be enabled to designate resources serving retail sales
  – Resources targeted for adjustment reflect emissions profile of unspecified power

• Cost Allocation Mechanism (CAM)
  – Investor-owned utilities (IOUs) holding CAM contracts will report their share; other retail suppliers will report CAM generation as unspecified power
Staff Conclusions

• Negative Declaration of environmental impacts
• Economic & fiscal impacts
• Proposed regulations
  – Accurate, reliable, simple-to-understand
  – Minimize reporting burden
  – Avoid double counting
  – Rely on most recent verified GHG data