

DOCKETED

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CCSF Comments on Proposed Pre-Rulemaking Amendments to RPS POU Regulations

Additional submitted attachment is included below.

January 17, 2020

California Energy Commission
Docket No. 16-RPS-03
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Comments on Proposed Pre-Rulemaking Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities

The City and County of San Francisco (“San Francisco”), acting through the San Francisco Public Utilities Commission (“SFPUC”), respectfully submits these comments on the proposed pre-rulemaking amendments to the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities (“RPS POU Regulations”). San Francisco greatly appreciates the efforts of California Energy Commission (“Commission”) Staff to amend the RPS POU Regulations to implement recent statutory changes, as well as this opportunity to provide comments.

1. Application of the 65% long-term procurement requirement to POU with alternative RPS compliance requirements

San Francisco’s POU, Hetch Hetchy Power (“HHP”), meets its RPS compliance obligation pursuant to Public Utilities Code section 399.30(j). San Francisco understands that Commission Staff believes that the 65% long-term procurement requirement applies to POU, like HHP, that have alternative RPS compliance mechanisms. San Francisco requests clarification of how the 65% long-term procurement requirement interacts with its RPS compliance requirement set forth in 399.30(j), and requests to work closely with Commission Staff to determine how the long-term procurement requirement would be implemented in its case.

2. Proposed regulations regarding Voluntary Green Pricing/Shared Renewable Generation Programs

A. Locational requirements

The pre-rulemaking amendments to the RPS POU Regulations incorporate the statutory requirements that “to the extent possible” a POU must “seek to procure” qualifying electricity products from facilities that are located in “reasonable proximity” to program participants.

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San Francisco supports comments by other POUs at the January 10th workshop that the “reasonable proximity” language be interpreted flexibly to take into account the diversity of POUs and their service territories and needs. For example, since July 2019, HHP has had in place a Green Renewable Energy program, which is HHP’s pilot Green Tariff program.¹ This program is being used to serve San Francisco’s Municipal Transportation Agency (“SFMTA”). The Green Renewable Energy program can be served by RPS-eligible resources located throughout the CAISO balancing authority, including some located within communities designated as low-income or disadvantaged communities. All of these resources are already either owned by HHP or are under long-term contracts with HHP, so allowing them to be used for HHP’s Green Tariff program would help maintain the value of existing facilities that are in many instances carbon-free as well as RPS Portfolio Content Category 1 resources. While all of the resources are located within the CAISO balancing authority, due to the size and technology of certain facilities, it would otherwise be unrealistic to locate such facilities near HHP’s urban service territory. However, all of the facilities contribute to a fundamental goal of the RPS program to reduce greenhouse gas emissions. Further, as noted above, through HHP’s Green Tariff program, these facilities are being used to provide power to the SFMTA’s electrified public transit system. This system consists of over 300 electric overhead-catenary (trolley) buses, 150 light rail vehicles (LRVs), and over 40 cable cars that are part of SFMTA’s fleet, which is one of the largest electrified public transit fleets in the country.

San Francisco believes that flexible and practical interpretation of the “reasonable proximity” language is consistent with both the language and intent of SB 350 that this criterion be applied “to the extent possible.” For example, in implementing the Low Carbon Fuel Standard (“LCFS”) program (discussed further below), the California Air Resources Board’s (“CARB”) recognized the challenges of locating renewable generation in urban areas for purposes of providing energy for transportation electrification. Therefore, CARB determined to allow renewable power provided pursuant to a Green Tariff to count as a transportation fuel for purposes of generating credits under the LCFS program, as long as the energy is generated anywhere within a California balancing authority.² According to CARB, this would “allow electric vehicles to use renewable electricity from renewable generation assets located in more efficient, practical or economical areas.” CARB further acknowledged that “[s]upport for electricity decarbonization for electric vehicles allows for ultra-low carbon fuel pathways, which will help California better meet GHG emission reduction goals.”³

The diversity of POUs makes it challenging to suggest other criteria that would accommodate the wide variety of POUs throughout the State. Therefore, San Francisco agrees with other POUs that the Commission should be guided by the goals of the RPS

¹ San Francisco’s Rate Fairness Board has accepted SFPUC’s staff recommendation to make this program permanent, and the Commission is expected to act on staff’s request during the 1st quarter of 2020.

² 17 CCR § 95488.8(i).

³ CARB, Staff Report: Initial Statement of Reasons for Public Hearing to Consider Proposed Amendments to the Low Carbon Fuel Standard Regulation and to the Regulation on Commercialization of Alternative Diesel Fuels (March 6, 2018), p. III-96.

program rather than apply rigid factors that could potentially disadvantage a POU based simply on circumstances like size, location, or demographic.

B. Prohibition on monetization of RECs

San Francisco also seeks clarification on the prohibition on monetization of RECs and interaction with the CARB's LCFS regulation. The LCFS regulation allows transportation agencies, like SFMTA, to reduce the carbon-intensity of their transportation fuels through participation in a Green Tariff program. The difference between a vehicle's greenhouse gas emissions using gasoline or diesel and the reduced emissions from use of an alternative fuel, such as renewable, carbon-free electric energy provided under a Green Tariff, results in the generation of credits.

Under its Green Tariff, HHP retires RECs on behalf of Green Tariff customers (currently, the only customer on HHP's Green Tariff is SFMTA) within a separate WREGIS subaccount. These retired RECS are not further sold, transferred, or otherwise monetized. However, the number of RECs retired within the WREGIS subaccount is considered by CARB in calculating SFMTA's LCFS credit generation. San Francisco would like to ensure that there is no inconsistency between the Commission's proposed regulations regarding Green Tariff programs and CARB's LCFS program that could potentially impact the State's goal of achieving widespread transportation electrification in order to reduce greenhouse gas emissions.⁴

San Francisco looks forward to working with Commission Staff on amendments to the RPS POU Regulations, and appreciates Staff's consideration of these issues.

Please feel free to contact me with any questions or follow-up at (415) 554-1526 or at jhendry@sfgov.org.

Sincerely,

James Hendry
Regulatory and Legislative Affairs

cc: Suzy Hong, Deputy City Attorney

⁴ Public Utilities Code § 740.12.