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STAFF DRAFT REPORT

Renewables Portfolio Standard Verification Results

**San Francisco Public Utilities Commission –
Hetch Hetchy Power
Compliance Period 2 (2014-2016)**

**Gavin Newsom, Governor
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California Energy Commission

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RPS Verification Results: Compliance Period 2 San Francisco Public Utilities Commission (SFPUC) – Hetch Hetchy Power

Background

Established in 2002, California’s Renewables Portfolio Standard (RPS) is one of the most ambitious renewable energy policies in the nation. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California’s RPS establishes increasingly progressive renewable energy procurement targets for the state’s load-serving entities. Originally, California’s statewide RPS was restricted to retail sellers.¹ Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) expanded the statewide mandatory RPS to apply to local publicly owned electric utilities (POU) starting in 2011. Senate Bill 100 (De León, Chapter 312, Statutes of 2018) increased the procurement targets, requiring retail sellers and POUs to increase their procurement of eligible renewable energy resources to 60 percent of retail sales by 2030.

The California Energy Commission (CEC) verifies the eligibility of renewable energy procured by load-serving entities, which include retail sellers, POUs, and all other entities serving retail sales of electricity in California that are obligated to participate in California’s RPS. The CEC is also responsible for certifying RPS-eligible renewable energy resources, developing a tracking system to verify renewable energy procurement for all program participants, and overseeing compliance and enforcement for the POUs. The California Public Utilities Commission is responsible for compliance and enforcement for retail sellers.

Report Overview

This report covers the verification results for POU procurement claims for Compliance Period 2, which covered 2014 through 2016. The verification results provide an overview of the identified POU’s results and tables, including:²

- The POU’s procurement targets.
- The amount of eligible renewable energy retired and the amount applied to meet the RPS procurement requirements, both shown by Portfolio Content Category (PCC) and other classifications.
- Any deficits in meeting RPS procurement requirements.
- Any optional compliance measures being applied by the POU.
- A calculation of excess procurement accumulated per year.

1 Public Utilities Code Section 399.12 (j) defines retail seller as an Entity engaged in the retail sale of electricity to end-use customers within the state. Retail sellers include electrical corporations, community choice aggregators, and electric service providers, but not POUs.

2 The contents of verification results reports will vary for POUs with specific exclusions, exceptions, or different procurement requirements under the RPS statutes and as described in the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* based on the requirements specific to that POU.

- A summary of the POU's excess procurement and historical carryover, if any, including any prior balances, the amounts accumulated and used in each of the compliance years, and the ending balances.

In adopting this report, the CEC finds the procurement claim amounts listed in this report are consistent with RPS certification and procurement requirements specified in the [*Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)*](#) (RPS Eligibility Guidebook) and the [*Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*](#)³ (RPS POU Regulations) and are eligible for the RPS as indicated. Therefore, the procurement claim amounts can count toward meeting the identified POU's RPS procurement requirements. Both documents can be found at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard>.

Verification Process

The methods used by the CEC to verify load-serving entity procurement claims are detailed in the RPS Eligibility Guidebook and explained in the [*Renewables Portfolio Standard Verification Methodology Report, Second Edition*](#), which can be found at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard>.

The verification results presented in this report are not a compliance determination. After the CEC adopts a POU's verification results, it will begin determining if the POU complies with the RPS requirements for Compliance Period 2 in accordance with the RPS POU Regulations.

SFPUC – Hetch Hetchy Power Verification Results

Public Utilities Code (PUC) Section 399.30 (j) establishes alternative procurement requirements for a POU in a city and county that receives greater than 67 percent of its electricity sources from in-state owned hydroelectric facilities. To qualify, a POU must show that it meets the requirements of 20 CCR Section 3204 (a)(7) of the RPS POU Regulations by submitting documentation showing that it receives at least an average of 67 percent of its electricity demand in the seven years preceding each compliance period from qualifying hydroelectric generation.

If a POU can show that it meets the criteria for the alternative procurement requirements, the POU's procurement target is determined annually, instead of on a compliance period basis, and the POU is exempt from the portfolio balance requirements. If the POU has electricity demand unsatisfied by its qualifying hydroelectric generation in any given year, the POU's procurement target is set at the lesser of the following:

1. The portion of the POU's electricity demand unsatisfied by the POU's qualifying hydroelectric generation
2. The soft target corresponding to that year

³ The *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* are set forth in 20 CCR §§ 1240 and 3200–3208 and establish the rules and procedures by which the CEC will assess a POU's procurement actions and determine whether those actions meet the RPS requirements.

To determine the POU's procurement target for any given year, the POU must report its electricity demand, instead of retail sales, and its qualifying hydroelectric generation.

SFPUC – Hetch Hetchy Power provided documentation demonstrating that it qualifies for the alternative procurement requirements in 20 CCR Section 3204 (a)(7) of the RPS POU Regulations during Compliance Period 2. Therefore, SFPUC — Hetch Hetchy Power must meet stand-alone procurement targets in 2014, 2015, and 2016 that are determined by the annual amount of electricity demand unsatisfied by SFPUC — Hetch Hetchy Power's qualifying hydroelectric generation. Furthermore, SFPUC — Hetch Hetchy Power does not have a Category 1 portfolio balance requirement or limitation on Category 3 procurement during Compliance Years 2014–2016.

For Compliance Year 2014, SFPUC — Hetch Hetchy Power's electricity demand unsatisfied by qualifying hydroelectric generation was equal to 88,935 renewable energy credits (RECs) or 9.04 percent of its total electricity demand. SFPUC — Hetch Hetchy Power retired and reported 792,521 renewable energy credits (RECs), and 792,521 were verified by the CEC as RPS-eligible. SFPUC – Hetch Hetchy Power applied 88,935 RECs toward the 2014 RPS procurement requirements, meeting the annual procurement target.

For Compliance Year 2015, SFPUC — Hetch Hetchy Power's electricity demand unsatisfied by qualifying hydroelectric generation was equal to 63,510 RECs or 6.50 percent of its total electricity demand. SFPUC — Hetch Hetchy Power retired and reported 63,528 RECs, and 63,528 were verified by the CEC as RPS-eligible. SFPUC – Hetch Hetchy Power applied 63,528 RECs toward the 2015 RPS procurement requirements, meeting the annual procurement target.

For Compliance Year 2016, SFPUC — Hetch Hetchy Power's electricity demand unsatisfied by qualifying hydroelectric generation was equal to 7,831 RECs or 0.82 percent of its total electricity demand. SFPUC - Hetch Hetchy Power retired and reported 10,095 RECs, and 10,095 were verified by the CEC as RPS-eligible. SFPUC – Hetch Hetchy Power applied 7,831 RECs toward the 2016 RPS procurement requirements, meeting the annual procurement target.



Procurement Target Calculation (MWh) ¹	Total Electricity Demand	Qualifying Hydroelectric Generation	Electricity Demand not met by Hydroelectric Generation	Soft Target Percentage	Soft Target
	983,928	894,993	88,935	20%	196,785
	Procurement Target²				88,935

Verification Results	
Target	88,935
Applied	88,935
Deficit	0
Renewable Percentage	9.04%

RECs Available ³	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
Eligible RECs Retired	14,015	209	734,780	0	43,517	0		792,521
Prior Balances Available	0	0	0	0			0	0
Total RECs Available	14,015	209	734,780	0	43,517	0	0	792,521

RECs Applied	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
RECs Applied to 2014	14,015	209	31,194	0	43,517	0	0	88,935

RPS Portfolio Balance Requirements (MWh) ⁴	
Category 1 Balance Requirement	N/A
Category 1 Requirement Deficit	N/A
Category 3 Balance Limitation	N/A
Category 3 Disallowed	N/A

Optional Compliance Measures Applied	
Cost Limitation	No
Delay of Timely Compliance	No
Portfolio Balance Reduction	N/A

2014 Excess Procurement Calculation (MWh) ⁵	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)
Eligible RECs Retired	14,015	209	734,780	0
RECs Applied	-14,015	-209	-31,194	0
Deductions	0	0	0	0
Accumulated in 2014	0	0	703,586	0

Balance of Excess Procurement and Historic Carryover (MWh)	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Historic Carryover
Beginning Balance	0	0	0	0	0
Applied in 2014	0	0	0	0	0
Accumulated in 2014	0	0	703,586	0	
Ending Balance	0	0	703,586	0	0

1. "Soft Target" is defined in section 3201 of the RPS POU Regulations.
 2. Equal to the lesser of the Soft Target or the electricity demand not met by the qualifying hydroelectric generation.
 3. Total RECs Available does not include Disallowed PCC 3 RECs.
 4. Calculated as specified in section 3204(c) of the RPS POU Regulations.
 5. Calculated as described in the RPS Verification Methodology Report, Second Edition and in section 3206(a)(1) of the RPS POU Regulations.



Procurement Target Calculation (MWh) ¹	Total Electricity Demand	Qualifying Hydroelectric Generation	Electricity Demand not met by Hydroelectric Generation	Soft Target Percentage	Soft Target
	976,339	912,829	63,510	20%	195,267
	Procurement Target ²				63,510

Verification Results	
Target	63,510
Applied	63,528
Deficit	0
Renewable Percentage	6.51%

RECs Available ³	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
Eligible RECs Retired	8,636	622	1,070	0	53,200	0		63,528
Prior Balances Available	0	0	703,586	0			0	703,586
Total RECs Available	8,636	622	704,656	0	53,200	0	0	767,114

RECs Applied	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
RECs Applied to 2015	8,636	622	1,070	0	53,200	0	0	63,528

RPS Portfolio Balance Requirements (MWh) ⁴	
Category 1 Balance Requirement	N/A
Category 1 Requirement Deficit	N/A
Category 3 Balance Limitation	N/A
Category 3 Disallowed	N/A

Optional Compliance Measures Applied	
Cost Limitation	No
Delay of Timely Compliance	No
Portfolio Balance Reduction	N/A

2015 Excess Procurement Calculation (MWh) ⁵	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)
Eligible RECs Retired	8,636	622	1,070	0
RECs Applied	-8,636	-622	-1,070	0
Deductions	0	0	0	0
Accumulated in 2015	0	0	0	0

Balance of Excess Procurement and Historic Carryover (MWh)	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Historic Carryover
Beginning Balance	0	0	703,586	0	0
Applied in 2015	0	0	0	0	0
Accumulated in 2015	0	0	0	0	
Ending Balance	0	0	703,586	0	0

1. "Soft Target" is defined in section 3201 of the RPS POU Regulations.
 2. Equal to the lesser of the Soft Target or the electricity demand not met by the qualifying hydroelectric generation.
 3. Total RECs Available does not include Disallowed PCC 3 RECs.
 4. Calculated as specified in section 3204(c) of the RPS POU Regulations.
 5. Calculated as described in the RPS Verification Methodology Report, Second Edition and in section 3206(a)(1) of the RPS POU Regulations.



Procurement Target Calculation (MWh) ¹	Total Electricity Demand	Qualifying Hydroelectric Generation	Electricity Demand not met by Hydroelectric Generation	Soft Target Percentage	Soft Target
	954,488	946,657	7,831	25%	238,622
	Procurement Target²				7,831

Verification Results	
Target	7,831
Applied	7,831
Deficit	0
Renewable Percentage	0.82%

RECs Available ³	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
Eligible RECs Retired	0	0	0	0	10,095	0		10,095
Prior Balances Available	0	0	703,586	0			0	703,586
Total RECs Available	0	0	703,586	0	10,095	0	0	713,681

RECs Applied	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Category 3 (PCC 3)	Pre June 2010 PCC 3	Historic Carryover	Total
RECs Applied to 2016	0	0	0	0	7,831	0	0	7,831

RPS Portfolio Balance Requirements (MWh) ⁴	
Category 1 Balance Requirement	N/A
Category 1 Requirement Deficit	N/A
Category 3 Balance Limitation	N/A
Category 3 Disallowed	N/A

Optional Compliance Measures Applied	
Cost Limitation	No
Delay of Timely Compliance	No
Portfolio Balance Reduction	N/A

2016 Excess Procurement Calculation (MWh) ⁵	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)
Eligible RECs Retired	0	0	0	0
RECs Applied	0	0	0	0
Deductions	0	0	0	0
Accumulated in 2016	0	0	0	0

Balance of Excess Procurement and Historic Carryover (MWh)	Category 0 (PCC 0)	Category 1 (PCC 1)	Pre June 2010 PCC 1	Category 2 (PCC 2)	Historic Carryover
Beginning Balance	0	0	703,586	0	0
Applied in 2016	0	0	0	0	0
Accumulated in 2016	0	0	0	0	
Ending Balance	0	0	703,586	0	0

1. "Soft Target" is defined in section 3201 of the RPS POU Regulations.
 2. Equal to the lesser of the Soft Target or the electricity demand not met by the qualifying hydroelectric generation.
 3. Total RECs Available does not include Disallowed PCC 3 RECs.
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