

DOCKETED

Docket Number:	16-RPS-03
Project Title:	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
TN #:	235819
Document Title:	Transcript of January 10, 2020 Lead Commissioner Workshop
Description:	N/A
Filer:	Cody Goldthrite
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	12/1/2020 11:47:22 AM
Docketed Date:	12/1/2020

CALIFORNIA ENERGY COMMISSION

In the Matter of:

Pre-Rulemaking Amendments to) Docket No. 16-RPS-03
the Enforcement Procedures)
for The Renewables Portfolio)
Standard for Local Publicly)
Owned Electric Utilities)
_____)

LEAD COMMISSIONER WORKSHOP

WARREN-ALQUIST STATE ENERGY BUILDING
ARTHUR ROSENFELD HEARING ROOM, FIRST FLOOR
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

FRIDAY, JANUARY 10, 2020

10:00 A.M.

Reported by:

Gigi Lastra

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APPEARANCES

PUBLIC COMMENT

David Olivares, Modesto Irrigation District

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P R O C E E D I N G S

10:02 A.M.

SACRAMENTO, CALIFORNIA, FRIDAY, JANUARY 10, 2020

MS. LEE: Again, we are WebEx recording, but we also have a Court Reporter, so as you speak today, please introduce yourself and your affiliation. And if you have a business card with you, if you could drop that off with the Court Reporter, it will help her as she's transcribing.

COMMISSIONER DOUGLAS: All right, well, good morning everybody. I'd like to welcome all of you to our Pre-Rulemaking Workshop for the POU/RPS Regulations. I'm Karen Douglas. I'm the Lead Commissioner at the Energy Commission for renewables.

This workshop is the second workshop that we have had to update the regulations. We held a workshop in September 2019 to address long-term procurement requirements. Today's workshop focuses on the entirety of the proposed amendments to the RPS/POU Regulations, including long-term procurement. These amendments address four laws that have been passed since 2015 that change how the RPS Program is administered.

1 California's RPS Program is administered by the
2 Energy Commission for publicly owned utilities
3 and by the CPUC for IOUs, CCAs and ESPs. Lovely
4 acronyms.

5 I think, where applicable, we strive to
6 regulate the RPS consistently with the CPUC.
7 However, POUs are different than the entities
8 that the CPUC regulates and, at times, there are
9 some differences in underlying statutory
10 provisions. Therefore, there are portions of our
11 regulations that differ, to some degree, from
12 those of the CPUC.

13 I want to emphasize that having these
14 regulations in place by the end of 2020, the end
15 of the current compliance period, is a very high
16 priority for the Energy Commission and for my
17 office.

18 To that end, in December 2019, Staff
19 released a key topics paper and language for
20 proposed amendments to the regulations. We
21 released the key topics paper and the proposed
22 regulatory language well in advance of today's
23 workshop in order to give stakeholders,
24 interested agencies and the public the
25 opportunity to come here very well prepared to

1 address the issues that we are attempting to
2 address in this update.

3 We also gave a long lead time for comment
4 because we want to be able to go from pre-
5 rulemaking activities into formal rulemaking with
6 the strongest possible regulatory package, and
7 that includes us being informed by your very best
8 possible thoughts and comments. And so please
9 take advantage of the opportunity today and the
10 opportunity in submitting written comments to
11 give us thorough, well-considered and great ideas
12 that we can take forward. I strongly -- so I do
13 strongly encourage everyone to participate in the
14 discussions today and to submit their comments,
15 thorough and well considered and all of that, by
16 January 17th.

17 Before I turn the workshop over to
18 Katharine, I also want to thank the Energy
19 Commission staff for their efforts on these
20 proposed regulatory amendments and their efforts
21 in putting together today's workshop. Renewables
22 Program Staff, Natalie Lee, Armand Angulo --
23 okay, sorry Armand -- Gina Barkalow, Katharine
24 Larson, Greg Chin, and Legal Staff, Gabe Herrera
25 and Mona Badie, they're here today, they're

1 listening. I will have just -- my Advisors are
2 here, Kourtney Vaccaro and Eli Harland.

3 I will have to step out right at noon.
4 I'll be back after lunch. They're all here. I'm
5 working very closely with program staff and with
6 my advisors. So if I'm out of the room when you
7 say something that's just absolutely so perfect
8 and important, feel free to repeat it when I come
9 back in after lunch.

10 And, let's see here, I will be in full-on
11 listening mode. I may interject with questions,
12 my advisors may interject with questions, but the
13 workshop is going to be run by Staff.

14 So with this, I just want to thank you
15 all again for your attendance today.

16 And I'll turn this over to Katharine and
17 Tanya.

18 MS. LARSON: Thank you. And thanks,
19 everyone, for coming. It's nice to see the
20 turnout that we have.

21 Before we dive into the presentation,
22 we'll go over some quick housekeeping
23 information.

24 There are handouts on the desk when you
25 first enter the room. Hopefully, you've picked

1 some up. We've got copies of the presentation,
2 the pre-rulemaking amendments, key topics paper,
3 I think the notice, and a list of lunch spots
4 that are in close proximity for when we break.
5 There's also a sign-in sheet on that table, so
6 please do sign in if you haven't already.

7 There are restrooms located on the first
8 floor right as you exit these doors on your left
9 or directly as you exit on your left.

10 In the event of an emergency, please
11 follow Energy Commission staff out these doors
12 and across the street to Roosevelt Park.

13 There are vending machines on the second
14 floor in case you need sustenance in the interim.

15 As mentioned, we're running this meeting
16 through WebEx, and it's being recorded and we
17 have a Court Reporter.

18 Written comments are due next Friday, the
19 17th. They may be submitted directly in our
20 docket via the e-filing system. And we
21 understand it's an aggressive schedule but, as
22 Commissioner Douglas said, we're really aiming to
23 move forward as quickly as possible, and so we
24 appreciate your timely comments.

25 So the agenda for today, I will go over

1 some brief background information, and then we'll
2 dive into really the main event, which is hearing
3 from you on the key topic areas that are proposed
4 in the pre-rulemaking amendments. For each topic
5 of group of topics, I will provide a very, very
6 brief presentation just to tee up the issues that
7 we want to discuss, and then we'll ask you for
8 your input.

9 We're expecting these discussions will
10 last through the early to midafternoon, but we
11 will break for lunch around noon or just after.

12 Following conclusion of our discussions,
13 we'll have a very brief slide or two on the next
14 steps, we'll have a public comment period, and
15 then closing remarks and adjourn.

16 There we go. So just a very high level
17 background.

18 Part of our responsibilities under the
19 RPS are adopting regulations, specifying
20 enforcement procedures for POUs. We're planning
21 to update the regulations to address various
22 changes from legislation.

23 Our current activities following this
24 workshop are to initiate the formal rulemaking.
25 Our intent is to do so in April with the publish

1 of a publication of a Notice or Proposed Action.
2 And then by December, we intend to have the
3 regulations approved and effective. I'll talk a
4 little bit more about schedule at the end but we
5 wanted to highlight this here, just to give
6 everyone a sense of how quickly we intend this
7 rulemaking to move.

8 So really the key objective for today,
9 for this workshop, is to get substantive input
10 from you all on the policy areas that are
11 proposed in the pre-rulemaking amendments. There
12 are really two parts here.

13 So, first, we're looking to hear your
14 perspectives and arguments and support of or
15 counter to the proposals that are in the
16 amendments. The second part is to ensure
17 whether -- or to get your input on whether we
18 have sufficiently addressed all the diverse
19 procurement scenarios or unique circumstances
20 that are relevant to publicly owned utilities.
21 We do plan to rely on today's discussion to
22 support the development of our initial rulemaking
23 package. And we encourage you, in addition to
24 the comments that you make today, to follow up
25 with written comments by that January 17th

1 deadline.

2 It's a little bit of a busy slide, but we
3 plan to organize today's workshop around the
4 topic areas that are listed up on the board. As
5 I mentioned, we'll have, really, just a brief
6 presentation to tee up the topic areas, and then
7 we'll jump into the discussion.

8 The topics that are presented here are
9 not necessarily comprehensive of every single
10 change in the pre-rulemaking amendments and I'm
11 not going to spend a lot of time going through
12 background information because you have that in
13 the amendments themselves in the key topics paper
14 for prioritizing policy areas at the workshop
15 today, because we think that will get us furthest
16 in actually developing that initial rulemaking
17 package.

18 There will be an opportunity at the end,
19 though, as you can see in Topic 9, which is
20 Additional Changes, where you can pose comments
21 or ask questions on any other change that we're
22 not specifically addressing in the discussions
23 prior.

24 As you can see, there's a lot to cover
25 today. We've provided time estimates, just for -

1 - to give an idea of how the workshop is
2 organized and to help with planning but we want
3 to stress that they're really estimates only. If
4 we need more time on a particular topic, we may
5 spend that time or make adjustments. If we need
6 less time, similarly, we could shorten that.

7 It's possible, with the long-term
8 procurement requirement, we may end up extending
9 that 30 minutes a little bit longer. But,
10 really, we want to keep things moving.

11 Also, sort of to that same end, there may
12 be times when we need to move forward on a
13 particular topic to ensure we can get through
14 everything, even if there's more to say. And at
15 that point, we'll just ask you to follow up in
16 written comments. We'll encourage everyone to
17 keep their comments as brief as possible. And at
18 times, we may ask you to limit your comments or
19 questions to three minutes in duration. But
20 we're really just hoping to get through
21 everything with robust participation from
22 everyone.

23 Lastly, when we call on you, please do
24 state your name and affiliation for the Court
25 Reporter. And, as Natalie mentioned, please

1 provide the Court Reporter with your business
2 card before you leave today. That will really
3 help out.

4 So let's dive in.

5 Oh, I forgot to mention, for WebEx, if
6 you're on WebEx, you can either type your
7 question into the chat box or you can use the
8 raise-hand feature and we'll either un-mute you
9 or have your question read aloud.

10 Yes, and we also would like to mention
11 that Ken Rider from the Chair's Office is with us
12 today, so we're very lucky to have him here as
13 well.

14 For those of you in the room, as well,
15 there are two microphones. One is at the podium,
16 when we turn it over to the discussion portion.
17 The other, Greg, over in this corner, will be
18 walking around and passing the mike.

19 All right, long-term procurement is the
20 first topic we'll discuss today. And as
21 mentioned, it was a subject of last September's
22 workshop. We really appreciated the engagement
23 that we got at that workshop, in addition to the
24 discussion that we had, we received written
25 comments from 11 parties, some of which

1 represented multiple organizations. So we really
2 appreciated hearing that input.

3 We've considered the comments that we
4 received on the LCR in development the pre-
5 rulemaking amendments the key topics paper. We
6 think this requirement, still, is very
7 complicated and has such a big entities on a lot
8 of entities, so we do want to revisit some of the
9 topics that we discussed at that September
10 workshop to get additional input and more support
11 that will help us build our record.

12 We'll aim to spend 30 minutes, maybe a
13 little longer on this topic, and we'll talk about
14 implementation, amendments and assignments, other
15 considerations, which include voluntary early
16 compliance, counting full procurement and
17 historic carryover, pre-June 2010 procurement,
18 and general applicability.

19 I should mention that PPC-0 and pre-June
20 2020 procurement, they're not regulatory terms
21 but they're commonly used to refer to procurement
22 from contracts executed prior to June 1st, 2020
23 that did and did not, respectively, meet the
24 requirements to count in full.

25 And I should mention now that I'll go

1 through a slide for each of these topics and then
2 we'll stop, we'll prompt conversation, and give
3 folks an opportunity to weigh in because they're
4 different sort of distinct implementation
5 aspects.

6 Okay, so implementation. We've proposed
7 implementing the long-term procurement
8 requirement of a third independent RPS
9 procurement requirement in the pre-rulemaking
10 amendments. This is the same as the independent
11 compliance option that was proposed at the
12 September workshop. This implementation is
13 simple, straightforward, and consistent with the
14 established statutory and regulatory framework
15 for RPS procurement requirements for POU's.

16 While it's not identical to the treatment
17 for retail sellers implemented by the CPUC, we
18 think it's a comparable treatment for POU's. If a
19 POU fails to satisfy the long-term procurement
20 requirement as an independent requirement it will
21 still be subject to enforcement actions and
22 potentially exposed to penalties, so the LCR
23 still carries the full weight of an RPS
24 procurement requirement.

25 Also as proposed at the September 10th

1 workshop, we're proposing to calculate the LCR
2 based on the lesser of the RPS procurement target
3 and the RECs that are applied to the target.
4 This is consistent with how we're proposing to
5 clarify the PBR and we'll discuss that later in
6 the afternoon.

7 The last point I want to make here is
8 that we're proposing to allow both the cost
9 limitation and the delay of timely compliance
10 measures to address a deficit in the LTR subject
11 to the applicable statutory and regulatory
12 requirements. This does differ from what we
13 proposed at the September 10th workshop, which
14 suggested that only cost limitations would be
15 able to address the deficit. Either measure,
16 though, is -- we think that allowing either
17 measure is to address any RPS procurement
18 requirement, including the LTR is established --
19 if consistent with the established treatment of
20 optional compliance measures and how they apply
21 to any RPS procurement requirement in the
22 existing regulations. We also generally agree
23 with the policy arguments that were presented at
24 the September 10th workshop to allow use of this
25 measure, of both measures.

1 Again, while this isn't exactly
2 identical -- or it's not identical at all to the
3 treatment for resale sellers, we think it's
4 comparable, not identical but a comparable
5 treatment based on the way we've proposed
6 implementing the LTR. Retail sellers, if they
7 have insufficient long-term procurement, they can
8 address the target and the deficit that's caused
9 by that insufficient long-term procurement with
10 the delay of compliance measures. So we think
11 allowing the POU's to address a deficit in the LTR
12 is comparable. That's a little long way of
13 saying that but you can ask questions for
14 clarifications as you see fit.

15 So that's actually all we wanted to cover
16 on this first slide.

17 We would like to turn it back to you to
18 give us your thoughts on this proposed
19 implementation. If you agree, if you disagree,
20 why or why not? And if there's specific evidence
21 from legislative history that you want to raise,
22 please feel free to do so.

23 MS. DERIVI: Hi. This is Tanya Derivi
24 from the Southern California Public Power
25 Authority.

1 First, we wanted to thank CEC staff for
2 the robust amount of engagement we've had on the
3 pre-rulemaking phase, which I think we can all
4 agree has been very helpful to get us to the
5 point we are now, especially looking at an
6 expedited schedule.

7 I actually wanted to speak on behalf of
8 the Imperial Irrigation District, who was going
9 to have a representative here who, unfortunately,
10 had a family emergency population up, because
11 this is the first time that we see cost
12 limitations included on a slide for this
13 presentation. They really wanted to emphasize
14 the importance of ratepayer impacts for publicly
15 owned utilities that generally serve very
16 distinct communities. We have a number of SCPPA
17 members who almost predominantly serve the
18 disadvantaged communities in impoverished areas.
19 Imperial County, for example, is one of the
20 poorest counties in the state of California.

21 So ensuring that there are cost
22 limitations and ratepayer impacts front and
23 center for their local governing board is very
24 important going forward, and just wanted to
25 stress the importance of that as the Energy

1 Commission looks at implementation of RPS rules
2 and other things, like SB 100, going forward.

3 MR. WYNNE: Hi. Good morning. Justin
4 Wynne for the California Municipal Utilities
5 Association.

6 I think, as we've conveyed before, the
7 general consensus among the POU's is support for
8 an independent implementation, but that's
9 caveated by, I think, that it's really important
10 that we have the applicability of the delay of
11 timely compliance option.

12 In the joint comments that we filed on
13 Wednesday, we went through, I think, three
14 different arguments we think that help support
15 that, one of which is if you track how the long-
16 term procurement requirement has evolved in the
17 RPS going back to 2002, it was located in the
18 Section 39913, not as a separate requirement but,
19 originally, it was just direction that the CPUC
20 could approve short-term contracts. In 2006 that
21 was changed to the CPUC could approve short-term
22 contracts if they'd established a minimum
23 procurement requirement. And that's where this
24 general language had stayed as it evolved.

25 And then when we were going through in SB

1 350 and there was this discussion about can we
2 relax the requirements for excess procurement,
3 the compromise is if you relax that, you need to
4 make the procurement, the long-term procurement
5 requirement a mandatory obligation that would be
6 independent of this approval of short-term
7 contracts and, just because that's where the
8 language was, that's where the language stayed.

9 I think if there was this expectation
10 that there was going to be a major difference
11 between POUs and IOUs on this, it would have been
12 expressly discussed. But throughout that entire
13 legislative process and through 1393, SB 100,
14 that distinction never came up. It was never
15 anything that was discussed. And so I think that
16 it's clear that the intent is that all of the
17 optional compliance mechanisms would apply.

18 I think we also went through that the
19 delay of timely compliance really serves and
20 essential function in the RPS compliance. So if
21 a utility has done everything reasonable, they've
22 done all the planning that they need to, they've
23 taken all the steps that they need to take and
24 then, through no fault of their own, there's a
25 project that fails or maybe there's a permitting

1 issue or there's a problem with the actual
2 facility, there should be a way that the utility
3 would be excused from their -- any potential
4 penalties. And if you remove this, then that
5 would be a major part of the RPS that the POUs
6 would be exposed to.

7 And so I think it's consistent, just with
8 the way that, generally, these types of
9 regulations would be applied, but also with the
10 application that applies for the retail sellers
11 at the PUC.

12 So I think those are two of the main
13 arguments.

14 I think we also went through, and Susie
15 did this one, so I might pass it on, too, there's
16 a real misalignment then, that you would
17 essentially be providing protection for short-
18 term contracts, but you would not be providing
19 the protection for long-term contracts, and that
20 doesn't really make sense. It would be sort of
21 an irrational way to implement the regulations.

22 So those are three of the ones. We laid
23 them out in a little bit brief way in the
24 comments. And I think we can go into more detail
25 in the comments on the 17th. But I don't know if

1 there's any initial response or any question
2 whether you think that that provides adequate
3 support for the delay of timely compliance
4 applying to the long-term procurement
5 requirement?

6 MS. LEE: Anyone else that would like to
7 speak, raise your hand and Greg will bring the
8 microphone.

9 MS. BERLIN: This is Susie Berlin. I was
10 just curious, does Staff have any questions or
11 feedback based on the preliminary comments that
12 were submitted?

13 MS. LEE: I think at this point, we'd
14 kind of like to hear the conversation, which may
15 address any clarifications that we need, right
16 now, kind of hear all of the perspectives, even
17 from folks that were not able to submit written.
18 And then we may have some questions, or the
19 Commissioner and her staff may have questions.
20 Thanks Susie.

21 Could we give the microphone to Greg and
22 let some other folks weigh in?

23 Oh, yes, please go ahead, Tanya, and then
24 Greg.

25 MS. DERIVI: Tanya Derivi with SCPPA.

1 I wanted to reemphasize the point that
2 Justin made. As we get further and further into
3 reaching the 60 percent RPS compliance and the
4 long-term procurement requirement from SB 350, we
5 are undertaking, through SCPPA, a joint powers
6 authority, a number of joint ownership projects
7 amongst POU's. A number of our POU's in the SCPPA
8 membership are actually very small utilities.
9 And we didn't want to subject them to a potential
10 regulatory requirement where they could be two
11 years into a ten-year long contract and, by no
12 fault of their own, the contract or the developer
13 fails. And that would expose them and their
14 mostly disadvantaged communities to severe rate
15 shocks for regulatory compliance that was
16 noncompliance that was outside of their control.

17 We have one other SCPPA member who, by
18 phone, could speak to that issue directly for
19 personal impact.

20 MS. LEE: And we will turn to the phone.

21 Folks on WebEx, don't worry, we will get
22 to you, I promise.

23 COMMISSIONER DOUGLAS: Yeah. And when we
24 do, that would be very helpful.

25 MR. FREEDMAN: Hi. Matt Freedman with

1 The Utility Reform Network. It's good to be
2 here. Appreciate the opportunity to talk about
3 this and, hopefully, a bunch of other issues
4 today.

5 The long-term contracting requirement is
6 really an essentially feature of the revised
7 Renewable Portfolio Standard Program. This was
8 not an accidental addition to state law. It was
9 something that was very deliberately intended
10 to drive the development of new renewable
11 resources and to ensure that market participants
12 are procuring in a manner that allows us to have
13 confidence that the state is going to meet its
14 goals, which continue to get increasingly
15 aggressive.

16 We did file early comments on the staff's
17 proposal. And it does not appear our comments
18 have been taken into account in the revisions.
19 I'd like to address a couple of things that we've
20 noticed so far in looking at the revised draft
21 language.

22 I think at a high level I just want to
23 say that we recognize that publicly owned
24 utilities have engaged in a lot of long-term
25 contracting and in ownership of projects that

1 goes well beyond a ten-year time horizon. And
2 POU's have been among the best actors in the state
3 in this respect. But you cannot assume, in
4 drafting the rules, that every entity is a good
5 actor. The rules are designed to address
6 situations where entities are not acting in good
7 faith and are trying to skirt the rules. And in
8 this respect we think that the draft rules miss
9 the mark in several respects.

10 First of all, we support the dependent
11 compliance option, not the independent compliance
12 option. We think the dependent option
13 establishes, really, the primacy of the long-term
14 contracting obligation as a core feature of RPS
15 compliance and not a side obligation that gets
16 satisfied on top of other obligations. We think
17 the dependent compliance approach really
18 motivates load-serving entities to make all best
19 efforts that they can to enter into these long-
20 term agreements. And we urge you to consider
21 that proposal.

22 The other thing that we notice is that
23 the definition of long-term contract is pretty
24 vague. It simply says a ten-year contract.
25 There are many types of contracts that a bad

1 actor could enter into. I could enter into a
2 contract with somebody for indeterminate
3 quantities at indeterminate prices but it's ten
4 years' long. I'll take something from you, maybe
5 in a future year. How are you going to police
6 that?

7 Not providing any markers with respect to
8 what is an actual long-term contract will invite
9 very sketchy proposals that you may later be
10 forced to deal with. And the Energy Commission
11 has had a number of instances in the past where
12 entities have engaged in bad-faith compliance.
13 And I point to pipeline biomethane contracts that
14 the Commission had to suspend back in 2012. And
15 there's always this challenge of dealing with
16 grandfathering and going back and providing
17 additional clarifications later.

18 We're already seeing some of these, what
19 I would call, sham contracts at the Public
20 Utilities Commission. The pioneers of these
21 appear to be the direct-access providers who are
22 looking for every way to enter into what are in
23 name-only long-term contracts but, in practice,
24 are really short-term or nonexistent agreements
25 that provide no binding obligations on the buyer

1 and can never be used to finance the development
2 of new projects.

3 We have proposed in our comments that a
4 valid long-term contract should include fixed
5 quantities, very specified quantities, over the
6 ten-year duration. That could include, also, a
7 percentage of project output that is defined in
8 the contract. Those are things that could
9 provide much better assurances that a contract
10 really meets the definition of what we would all
11 understand to be long-term.

12 The proposed rules also allow for
13 assignments of long-term contracts and would base
14 the long-term contract eligibility based on the
15 initial term of the original agreement. While
16 this may seem like a reasonable approach, I can
17 imagine a scenario in which an entity enters into
18 a long-term contract and, effectively, engages in
19 what we'd call slice and dice, where they pass it
20 around one year at a time, assigning -- providing
21 a temporary assignment or one or two or three
22 years to various entities who take that contract
23 and are able to get the long-term credit.

24 It's for this reason that the Public
25 Utilities Commission adopted very specific rules

1 around what they call repackaging. And I know
2 repackaging is a concept here. But I think
3 assignment looks a lot like that and it could be
4 the exception that swallows the rule.

5 On a repackaging contract, you have to
6 enter into an additional ten-year commitment.
7 The buyer must commit to ten years. If you allow
8 assignment to skirt that rule, I think you may
9 see a lot of instances where contracts that are
10 entered into by wholesale market participants at
11 ten years or more are simply passed around to
12 buyers on a very short-term basis, which really
13 could undermine the importance of the rule.

14 Finally, the requirements of Section
15 399.15(b)(5), which are the waiver provisions
16 that are mentioned in the draft report and that
17 have been identified already, I just want to
18 point out that the very specific rationales for
19 waivers in that section are not accidental. They
20 were extremely deliberately negotiated

21 A number of people in this room, I'm one
22 of them, sat around a table and we spent a lot of
23 time figuring out exactly what features or what
24 rationales could be identified as the basis for a
25 waiver. And they came down to issues around

1 transmission capacity, contract delays due to
2 permitting and interconnection problems,
3 unanticipated curtailment, unanticipated
4 increases in retail sales due to transportation
5 electrification. These are the only rationales
6 that can be cited under this provision. This is
7 not an open invitation for a publicly owned
8 utility or other load-serving entity to come in
9 and say, I've got another reason that's not on
10 the list, but really it fits within the spirit of
11 this provision.

12 That is not what the law says. And had
13 it intended to allow any rationale to apply,
14 that's what it would have said. But you should
15 read the law, understanding that it was the
16 product of a very specific negotiating process.
17 And for each of the exemptions and rationales
18 that a load-serving entity can identify, there is
19 a countervailing obligation on that load-serving
20 entity to demonstrate that they engaged in all
21 reasonable measures in advance to identify,
22 mitigate and cure those problems.

23 So if an entity comes in and says, well,
24 I entered into a last-minute deal, three minutes
25 before the compliance deadline and, guess what,

1 the developer didn't come through, there's a
2 deeper inquiry that must take place before that
3 kind of an argument can be given weight. And,
4 again, you really should not entertain proposals
5 to go beyond the specific rationales identified
6 in that paragraph of Section 399.15.

7 We'll identify these in comments and
8 place more items but those are some thoughts to
9 lead off the discussion. I'm sure others will
10 react to that.

11 COMMISSIONER DOUGLAS: Well, thank you.
12 And just, too, I want just to encourage you and
13 others, you know, where you see areas where you
14 think certain provisions should be tightened, it
15 would be -- or changed in various ways, I mean,
16 even giving us proposed line edits and explaining
17 the rationale for that will be helpful. Because
18 it's one thing to say to us, you know, we should
19 be more mindful of different kinds of contract
20 transactions and how those could be manipulated
21 but giving us specific ideas for what we should
22 ask for or look for would be very helpful.

23 MR. FREEDMAN: And I'll certainly do
24 that. And our comments did identify one such
25 restriction for the definition of long-term

1 contract. And we'll provide others that are
2 specific and can be actually considered in this
3 process.

4 MS. LEE: Who else in the room would like
5 to speak? Hands please?

6 Mr. Uhler, I'm sorry, I didn't see you
7 back there.

8 MR. UHLER: Yeah. My name is Steven
9 Uhler, U-H-L-E-R.

10 Contract execution date would seem to be
11 the start of the contract for this long-term
12 calculation. The party that last executes, what
13 if it is as somebody who involves themselves in
14 something, such as solar shares where they are
15 given a share of generation capacity, not
16 actually kilowatt hours, just a share of
17 capacity, does those move into then a short-term
18 contract?

19 Another area kind of hard for me to
20 figure because I'm really not sure what the
21 definition of an RPS procurement target is.
22 399.30(a)(1) talks about this as a specified
23 percentage of total kilowatt hours sold to
24 utilities, retail, end-use customers each
25 compliance period. And that's -- those targets,

1 it talks about targets being defined in (c).
2 Also, a compliance period is defined in (b). Now
3 the RPS procurement target definition means the
4 specified percentage of retail sales that a POU
5 must secure of electricity products from eligible
6 renewable energy resources each compliance
7 period.

8 So is there a connection between that
9 definition and the 33 percent renewables for
10 2020? Does that mean that you have to do 33
11 percent renewables for the entire compliance
12 period?

13 MS. LEE: Mr. Uhler, it sounds like we're
14 touching on a lot of topics that we'll be
15 addressing later in the presentation.

16 MR. UHLER: Except that I can't figure.

17 As a ratepayer, if I'm going to enter
18 into one of these contracts, first of all, would
19 I be the person who would be --

20 MS. LEE: These contracts would be
21 entered into by the load-serving entity. So as
22 an individual customer --

23 MR. UHLER: So I could become --

24 MS. LEE: -- it would not.

25 MR. UHLER: -- load-serving entity

1 because I contracted for a percentage of that?
2 Throughout the regulation it talks about part,
3 somebody can take --

4 MS. LEE: Okay.

5 MR. UHLER: -- part of it. So I would
6 like an answer to that? Because I would have a
7 contract giving me part of that generation. I
8 would be --

9 MS. LEE: Good. So --

10 MR. UHLER: -- a load-serving entity.

11 MS. LEE: -- we can certainly address
12 that --

13 MR. UHLER: Okay. Thanks.

14 MS. LEE: -- a little later in the day.
15 Thank you.

16 I believe we had a hand up over here to
17 the right.

18 MS. SAMRA: Hi. Mandip Samra from the
19 City of Pasadena. And I really appreciate the
20 CEC holding this workshop because I think it
21 provides a great opportunity for us to discuss
22 some of the issues.

23 In reference to long-term contracts, I
24 will say that Pasadena does have an aggressive
25 voluntary goal of 40 percent by 2020, as well,

1 but we do have a lot of unavoidable long-term
2 contracts that we cannot get out of. So a lot of
3 our direction from our governing board has been
4 to do maybe 11- to 15-year contracts until we
5 have that open space after long-term contracts
6 dissipate and go away.

7 So I do want to let you know that we have
8 entered into contracts that are long-term prior
9 to the rules being put in place but they have,
10 you know, different types of portfolio
11 categories. But there is a certain amount of
12 renewable energy that is delivered year to year.
13 But the only way to secure some of these
14 contracts was if we bundled them with other
15 projects, such as PCC-1, PCC-2, PCC-3. So when
16 we signed those contracts, we definitely did it
17 with the intent of meeting the long-term
18 requirements, they are 11 years, but there are
19 zero megawatts for a few of the years in between,
20 so that's one of the clarifications we would like
21 to seek, but there is generation every year for
22 the entire 11 years there is generation coming in
23 at a set amount. But for some of the portfolio
24 content categories, there's zero.

25 But it is an 11-year contract, so we are

1 asking for just some clarification. Because we
2 went to the board, and this is kind of the
3 discussion we had with their board, was the
4 intent that both categories or all three
5 categories would be long term. And I'm sure the
6 CEC is aware, it's really difficult to find any
7 PCC-2s or 3s out there that are long-term, so you
8 really focus in on the ones. But we are trying
9 to just be very pragmatic in trying to secure
10 everything in a long-term manner if we can, and
11 that's what we've been trying for, but it's
12 really difficult.

13 But we do want to also just thank you for
14 the optionality. And we are pushing for some of
15 these contracts to be grandfathered because we
16 did it with the intent for this to be 11 years
17 and we would like to work very closely with you
18 to kind of figure that out, so, yeah, but thank
19 you so much.

20 MS. LEE: Okay, Greg, I'm going to ask
21 you to go into the second row for folks that
22 haven't spoken yet.

23 And then we will come back up to you,
24 Justin and Susie.

25 MR. CHOW: David Chow with Roseville

1 Electric. I just wanted to thank the Energy
2 Commission for having this workshop today and
3 taking our input. The regulations, for the most
4 part, look very good. And we have just a few
5 questions and clarifications but wanted to
6 provide, sort of on the same note as Pasadena, a
7 sort of example of why it might be helpful to
8 have a bit of flexibility for some of the
9 contracts.

10 As we mentioned before when we had a
11 workshop a few months ago for the long-term
12 procurement, it's helpful to have the flexibility
13 because you don't know -- you can't account for
14 every situation, and it does keep our costs down
15 for our consumers. So similar to Pasadena, we
16 had a bundled Category 1, Category 2 and Category
17 3 long-term contract. And an interesting feature
18 of this is we had them deliver the RECs and the
19 energy by compliance period, not by calendar
20 year.

21 So one thing we wanted to clarify, again,
22 similar to Pasadena is whether that would count
23 as long-term procurement or not and, you know,
24 making sure that, theoretically, this contract
25 could only deliver three years out of that ten.

1 But it goes back to the principles and
2 what California is trying to accomplish; correct?
3 We want to encourage the development of new
4 renewables. And we want to make sure that
5 existing renewables are supported and they're not
6 left stranded.

7 To give you another example of why
8 flexibility is important to enable the
9 development of renewables, we developed, went
10 into a contract with PG&E for Blackwell and Lost
11 Hills. So the way this contract was structured
12 for Roseville Electric was we took on the
13 frontloading of the energy, because PG&E did not
14 need it, and then we sort of swapped with them
15 and we went down to one percent in later years in
16 order to have it count as long term and meet our
17 needs but also, you know, make sure that this
18 project was actually viable. If we put in too
19 many restrictions without knowing, you know, what
20 the future regulations could be or what the
21 particular needs of particular entities are, I
22 think the end result is going to be discourage
23 renewables or at least raise their prices.

24 And as, you know, a good actor, we want
25 to make sure that we're, first of all and

1 foremost, meeting all of the requirements but
2 also protecting our consumers and providing them
3 safe, reliable and affordable energy.

4 So, you know, again, just going back to
5 principles, we want to make sure that these rules
6 are, I think, encouraging new renewables and
7 sustaining the existing ones. You know,
8 California is a leader in developing renewable
9 energy and addressing climate change. But I want
10 to remind the Commission, which I'm sure you know
11 this, we cannot be leaders if we do not have
12 people following us. If these rules are too, you
13 know, restrictive or too -- or result in
14 renewables that are too expensive, we're going to
15 be doing this alone.

16 So just wanted to provide that input.
17 Thank you.

18 MS. LEE: Thank you. Can you pass the
19 microphone forward to Susie?

20 MS. BERLIN: Good morning. Susie Berlin.
21 Thank you. I want to make two points.

22 One, on the contract flexibility, we
23 certainly think that the rules should be in place
24 to avoid sham contracts. But I also think that
25 we should avoid labeling a contract a sham simply

1 because it doesn't include requirements that some
2 people think should be in there. The requirement
3 is for a long-term agreement. And that long-term
4 agreement can take many different forms.

5 As long as it's incentivizing a long-term
6 investment, it should not be unduly restrictive
7 so that the long-term investment comes with
8 minimum requirements for every year and whatnot.
9 That's not the statutory requirement.

10 And I think that, as David and Mandip and
11 others have said, trying to put too many
12 restrictions on these requirements without
13 looking at the statutory intent of a duration of
14 a contract is going to be counterproductive to
15 development projects and end up costing
16 ratepayers a lot more.

17 The other point I want to touch on is in
18 response to something that Matt raised with
19 regard to the waiver provisions. And we agree
20 that the waiver provisions -- I wasn't one of the
21 people in that room at that time when those were
22 developed, but it is clear that they're very
23 tailored and they're aimed at addressing specific
24 real-world issues that cannot be avoided in some
25 instances, and that there are requirements to

1 demonstrate why they cannot be avoided. And we
2 think that those provisions are particularly
3 germane to long-term contracts and don't see that
4 the applicability of those waiver provisions to
5 the LTR requirement is in any way seeking to
6 expand them. As worded they're -- and as drafted
7 in the regulations currently, and the statute,
8 they include very important protections that are
9 necessary for long-term contract delivery.

10 And I'd like to, if Justin doesn't mind,
11 pass it to Scott to give a specific example in
12 real-world/real-time of why that's so germane to
13 this discussion.

14 MR. TOMASHEFSKY: Thanks Susie.

15 Scott Tomashefsky. I'm a NCPA.

16 And in the unfortunate nature of dealing
17 with wildfires, we actually now have experiences
18 with dealing with those. We have two plants
19 within the NCPA family that have been impacted
20 and are still out. One goes back to our
21 geothermal plants. We have 100 megawatts of load
22 that's generally running off of two particular
23 plants. One of the two lines, the transmission
24 line that takes power out of the, will be down
25 through March. And, really, we have -- we're

1 subject to whatever PG&E has to do to get that
2 line operational. So, effectively, half of the
3 generation for roughly a five- to six-month
4 period is now offline. And that is a major
5 resource, especially for some of our smaller
6 members, and for our larger members as well.

7 But it does create some challenges in
8 terms of dealing with trying to get replacement
9 generation. And if you have that happen at the
10 end of a compliance period, you don't have the
11 ability to catch up, so you start to get into the
12 issue of -- things happen during a compliance
13 period but if it happens late you don't have the
14 ability to make amends to that, if you will.

15 And the second one is, as in the Santa
16 Clara, there's a 20 megawatt hydro plant that's
17 on the upside of the camp, where the Campfire
18 went down, the transmission line has been down
19 since, for more than a year.

20 So there's two instances where you
21 actually have renewable generation that's not
22 available that needs to be replaced. And the
23 suggestion that, if something happens, there's
24 not going to be some alternatives addressed to
25 try to take care of the situation is not the case

1 because you're looking at trying to replace some
2 of that particular power. It's not an
3 opportunity to just take a pass on the situation.
4 It's just trying to find the best ways of
5 complying. And there's a cost implication
6 associated with that. If you're turning around
7 and you've got power you were expected to have,
8 you still have debt service to pay on that, and
9 you have to replace that power.

10 So these waivers and exclusions are
11 not -- I would almost characterize those as
12 accommodations to address trying to be compliant
13 with the rules. You know, the intent of all of
14 this is to try and make sure that we're all
15 successful in dealing with renewables and not to
16 try find ways out of it. And to the extent
17 you've got the majority of folks looking at that,
18 we just have to make sure that the regulations
19 allow us to address that without finding
20 ourselves in a noncompliance situation,
21 especially when it's situations we don't have
22 control on.

23 MS. LEE: Okay. We have Justin. There's
24 a gentleman in the back of the room. And then
25 we're going to go to a hand raised on the WebEx

1 before we come back to the room.

2 MR. WYNNE: Thanks. Justin Wynne for
3 CMUA. Just one clarification to something that
4 Matt had raised.

5 My understanding, when looking at
6 independent versus dependent is that if you took
7 any real-world scenario and you looked at the
8 actual impact of whether there would be a
9 shortfall, that they would be equivalent. So
10 if -- whether it's a portfolio balance shortfall,
11 procurement quantity shortfall, or a long-term
12 shortfall, your penalty exposure would be the
13 same. And whether it's dependent of independent,
14 when you actually run the math, through most
15 scenarios, it would be the same number of
16 megawatt hours. And so I wouldn't view
17 independent is treating this as an afterthought
18 and that the end result and the penalty exposure
19 is the same.

20 And so I don't see there being the
21 significance in the same way as what TURN had
22 raised. But it would be helpful if my
23 understanding of that is correct -- incorrect.
24 And maybe it might be worthwhile to work through
25 some examples to make sure that that is true. I

1 understand that you might be able to maximize by
2 over procuring some resources that would not
3 be -- would not count as a sort of penalty
4 reduction scenario but the actual shortfall would
5 remain the same.

6 On the issue of assignments, so POU's are
7 public agencies. Their contracts are typically
8 approved at public meetings. I don't think that
9 there's going to be a situation where we're going
10 to have rapid fire assignments out to multiple
11 entities. I think there would have to be --
12 that's just not something that makes sense based
13 off of my understanding of how contracting works
14 for POU's.

15 And I think one of the things that TURN
16 also mentioned was that you can have a wholesale
17 agency procure a long-term contract and then
18 assign that out, that's not my understanding of
19 what the Energy Commission's proposal is, is that
20 if a POU has a contract, and say they lose their
21 largest customer and so they don't need this
22 generation anymore, there's another POU that has
23 the need for some long-term contract, they could
24 go through the assignment process, which is not
25 simple. It has to get -- the financing and

1 everything else has to get approved. It has to
2 go through their approval process. So it's not a
3 simple thing they would do quickly but you'd have
4 one POU assigning a project over to another POU
5 but there wouldn't be a third party that would
6 have one contract and then assign it out to
7 multiple POUs. That's not what we've proposed.
8 That's not my understanding of what the CEC is
9 proposing.

10 And then sort of to Scott's point, and
11 then what Susie had mentioned, I know don't think
12 any of the POUs have supported that you would
13 have the delay of timely compliance, just
14 compliance of anything. I think we recognize
15 that there are some statutory conditions there.
16 And I think that's all that we are asking for is
17 that those do apply to long-term procurement, not
18 that there would be different standards.

19 MS. LEE: Okay. Thank you.

20 Greg, the gentleman in the back of the
21 room.

22 MR. WONG: Thank you. My name is Basil
23 Wong. I'm with Silicon Valley Power, Santa
24 Clara.

25 To support Scott's comments, Santa Clara

1 is one of the MCEs. We are about 600 megawatts
2 peak. We have shares of the geothermal project
3 that is now stranded, as well as the Grizzly
4 Project, which has also been stranded for over a
5 year with no end in sight as to when PG&E would
6 bring back transmission to that power plant.

7 It's that uncertainty that causes
8 concerns for us. And we want to address our
9 customers concerns of wanting and using renewable
10 energy that we would need to go out and procure
11 alternatives to replace those -- some of those
12 long-term contracts while they're in outages.

13 We also have -- we also support having
14 these alternative compliance mechanisms because
15 there could be a confluence of events that could
16 happen that could -- that we would need optional
17 compliance. For example, we were just made aware
18 of some delays in some of our future projects,
19 one being stranded because there's lack of
20 transmission, and the other one is being held up
21 in permitting by -- that's now involving the
22 State Attorney General.

23 So some -- if you have that, combined
24 with load growth -- you know, as you probably all
25 know, we have data centers that are coming

1 online, so we see extreme load. We see some
2 significant load growth over the years, combined
3 with outages that are out of our control,
4 combined with delays of project developments,
5 could produce some situations for us where we
6 would need to use alternative compliance
7 measures.

8 Thank you.

9 MS. LEE: Great. Thank you. We're going
10 to go to the hand raised on the WebEx.

11 And then, Matt, we'll come back to you.

12 We do want to take a break and address
13 Justin's suggestion of maybe confirming with an
14 example what the intent was on the independent
15 option if penalties would equally apply. So
16 we're going to also ask Katharine to speak to
17 that. And we are watching the time on this
18 topic.

19 So on the WebEx?

20 UNIDENTIFIED STAFF MEMBER: This question
21 is from Rebecca Gallegos. I'm going to go ahead
22 and un-mute all call-in users to allow her to
23 speak.

24 MS. GALLEGOS: Hi. This is Rebecca
25 Gallegos from the City of Colton. And Colton

1 wants to say we really appreciate the
2 consideration for delay of timely compliance for
3 an optional compliance measure because Colton is
4 a smaller utility and we are in about a 96
5 percent disadvantaged area. So our real concern
6 is we enter into long-term agreements but because
7 our load is about 41 megawatts and double in the
8 (indiscernible), most of our contracts raise from
9 5 to 15 megawatts and (indiscernible) 20 years or
10 more, generally. But if one of those can't
11 deliver for something that's out of our control,
12 we want to be able to fill that void with a
13 short-term procurement.

14 Like we have an example. We're part of a
15 landfill project that when we entered into it in
16 2015, we expected ten megawatts and second year
17 in we're only getting six because it's degrading
18 that fast. But we don't know if it's really
19 going to go the whole 20-year term of if it's
20 going to last 8 years.

21 So when we get to that point we need to
22 have that flexibility to find what's going to
23 meet our ratepayers because we don't have the
24 ability just to go in and adjust our rates.

25 So that's all we -- our concern is and we

1 really appreciate that consideration.

2 MS. LEE: Thank you, Rebecca.

3 We're going to go ahead and, again, mute
4 all the WebEx callers. If you do have a comment,
5 please, again, type that into the chat function
6 of use the raise-your-hand feature.

7 Matt, you had another comment?

8 Greg, do we have the microphone for Matt?

9 And the Katharine, again, is going to
10 revisit the example.

11 MR. FREEDMAN: Thank you. Matt Freedman
12 on behalf of The Utility Reform Network.

13 Just to respond to Justin, who had said,
14 and I think everybody here would agree, that the
15 intent of the assignment provision is to deal
16 with situations where the publicly owned utility
17 itself is the counterparty and assigns the
18 contract. And I would bet that 99 of 100 people
19 here would say, yeah, that wouldn't apply if it's
20 just a whole contract between two wholesale
21 parties, but I don't see that in the language.
22 And there's the understanding we might have, as
23 reasonable people sitting in this room, and then
24 there's what bad actors would attempt to do years
25 in the future, looking at the letter of the

1 language and saying, well, I don't see any
2 prohibition that creates a problem here.

3 So I would encourage the Commission to
4 think about this. We've already seen situations
5 at the PUC where load-serving entities there are
6 attempting to rely on long-term wholesale
7 contracts of which they're getting a piece or a
8 slice over a shorter term as the basis for
9 compliance. And it would be great to clarify
10 that that's not permissible under the assignment
11 provisions here.

12 COMMISSIONER DOUGLAS: So, Matt, that's
13 very helpful. I'm just going to speak up again
14 and encourage you and encourage all, everyone
15 here, to give us suggestions for language. We
16 are on a timeline in which it's not always
17 going -- you know, it will be helpful to us to
18 get our language right on the first try. And
19 therefore, to the degree that you can work with
20 the POUs and clarify some things that really may
21 be joint understandings but, of course, might be
22 written differently and might lead to
23 misunderstandings unless you talk first.

24 I mean, to the extent that stakeholders
25 can work together and get us consensus comments

1 on things where there is agreement, that would be
2 just very helpful.

3 MR. FREEDMAN: Okay. Thank you.

4 COMMISSIONER DOUGLAS: Thank you.

5 MS. LEE: Okay. Katharine, would you
6 mention the -- yeah.

7 MS. LARSON: Yeah. So we actually had an
8 example of how the impacts for the independent
9 versus dependent LTR options would vary in the
10 September workshop. And I think some of the
11 comments that we got at the workshop is that, as
12 a practice matter, depending on the procurement
13 application decisions that a POU made, there may
14 or may not be a difference in the outcome.
15 However, if you assumed that a POU applied,
16 depending on the application decisions that they
17 made, there could be a very real difference in
18 the outcome of the two calculations.

19 So under the independent compliance
20 option if a POU has insufficient long-term
21 procurement and it comes up short, that's just a
22 straight calculation, whatever your LTR was, 65
23 percent of target minus the amount that you
24 applied, that's the amount that you're short, so
25 it's just a straight calculation. What you

1 needed minus what you applied is what you're
2 short.

3 In the, excuse me, dependent compliance
4 calculation the compliance with the target
5 depends on meeting that 65 percent LTR threshold
6 and so the calculation isn't as straightforward.
7 Essentially, you are reducing the amount of
8 short-term procurement that can be applied to
9 conform with the ratio of 65 long-term to 35
10 percent short-term. I could give some example of
11 numbers quickly. It may not make a lot of sense
12 without having the table in front of you to go
13 through every single step.

14 But for an example of a POU that has a
15 procurement target of 100,000 RECs, they had
16 long-term procurement requirement, in principle,
17 of 65,000 and they only apply 50,000 long-term
18 RECs to satisfy that target, their deficit, their
19 initial deficit, is the difference between the
20 LTR, which is 65,000, in principle, minus what
21 they applied, 50,000, and so for the independent
22 compliance requirement it comes out to a deficit
23 of 15,000 RECs.

24 Under the dependent compliance option,
25 you've only applied 50,000 long-term RECs, so you

1 have to start reducing your short-term RECs until
2 the ratio of long-term to short-term is 65/35.
3 At that point you have to disallow, let's see, I
4 have this number somewhere, 23,000 RECs,
5 approximately, in order to come into that ratio.
6 So the actual amount of deficit depends
7 between -- does actually depend between the two
8 different implementation options. We can
9 potentially pull this up later for reference, get
10 copies of this paper to pass out, but I think it
11 might be helpful to revisit the examples in the
12 September LTR paper.

13 MS. LEE: And I just want to add, I think
14 at the core of Justin's question was would the
15 penalty structure apply equally on the
16 requirements, on the three requirements, as
17 proposed in the independent proposal? And the
18 short answer there is, yes. The short answer is
19 any deficit could be addressed in this as
20 proposed by an optional compliance measure or
21 would be subject to a penalty structure if that
22 deficit was not addressed sufficiently by an
23 optional compliance measure. Yeah.

24 Any other questions at the table?

25 MS. BERLIN: So, Katharine, I just want

1 to be sure, you're talking about the examples
2 that were in that initial implementation paper?

3 MS. LARSON: Yes.

4 MS. BERLIN: Yeah. Okay. Yeah. Thank
5 you.

6 MS. LARSON: But, of course, these are
7 just examples based on assumed procurement
8 decisions, depending on how a POU actually makes
9 those procurement application decisions, the
10 results may vary, so --

11 MS. LEE: Oh, yeah, Tanya.

12 MS. DERIVI: Sorry. Tanya Derivi with
13 SCPPA. Not to belabor the issue but also wanted
14 to address one other issue raised by Matt
15 Friedman with TURN about trying to ratchet down
16 the ten-year requirement to potentially make it
17 more stringent.

18 We, at SCPPA, are already running into
19 problems with being able to guarantee a firm
20 amount of power delivered for a renewables
21 contract. And this is a contract that was
22 mandated by the State of California that we enter
23 into for renewables, specifically biomass, first
24 for five years. And then we are mandated to seek
25 to extend it for another five years, which would

1 make a ten-year-continuous contract for an
2 extremely expensive RPS resource that the fuel
3 suppliers for the developer are already having a
4 difficult time meeting.

5 And we're also being told that not only
6 is this contract intended to reach RPS goals but
7 it's also intended to reach climate change-
8 related goals due to California's exposure to
9 catastrophic wildfires. These are resources that
10 are far removed from Southern California
11 utilities. They're extremely expensive. And
12 would, in a real-world practice sense, have an
13 extremely difficult time reaching a regulation
14 that would say the developer must produce X
15 amount of power every single year when they're
16 having issues with getting the fuel to the plant
17 to produce the renewables. So that's just one
18 example we wanted to put out there for you.

19 MS. LEE: I'm actually really glad you
20 spoke to that. This is an area that we did
21 receive some early comments on and we were silent
22 on in the proposal to date, and that would be any
23 regulatory or mandated procurement, how that
24 would be treated within the LTR if the mandate
25 potentially was short-term in nature. So we are

1 silent currently so this is an opportunity,
2 certainly, to solicit additional comment on that.

3 Due to time considerations, I'm going to
4 ask for one last show of any critical points that
5 have not already been raised in the room.

6 Tony, please.

7 MR. GONZALEZ: Hi. My name is Tony
8 Gonzalez and I'm with SMUD. And, again, we
9 appreciate all of the Commissions and the
10 Commissioners hard work on this.

11 And I don't know if this falls as a
12 critical point but just to add a little bit to
13 the flexibility on the definition of contract
14 term, there certainly are many situations under a
15 long-term contract where the generation that's
16 delivered throughout the timeframe could be less
17 than what's expected in the contract. Just like
18 the wildfires, SMUD does have, not a wildfire,
19 but we do have a very small hydro facility that
20 had some major damage that was down and will be
21 down for a while. And so the generation that we
22 receive from that is going to be significantly
23 lower or zero for a number of years. And that
24 should not cause any issues or cause the nature
25 of the long-term contract to be considered short-

1 term.

2 The other consideration is that we do
3 have long-term contracts. And while we haven't
4 necessarily really resold energy from those over
5 short periods of time, you know, SMUD does have a
6 significant surplus. And there may circumstances
7 in which, you know, a utility may decide to
8 resell part or all of the generation from a
9 contract for a year or two, not the assignment,
10 so the resale would not be considered long-term
11 for the purchaser. But that should not affect
12 the nature of the long-term contract, the
13 original contract that, for example, SMUD would
14 have with somebody just because we sold off all
15 of the generation or part of the generation or
16 didn't receive RECs for a year or two, either for
17 over procurement or for other financial
18 considerations.

19 MS. LEE: Thank you, Tony.

20 Do we have anything -- any more hands
21 raised on WebEx, Ryan? Okay.

22 All right, Commissioner Douglas.

23 COMMISSIONER DOUGLAS: So I'll just make
24 a brief comment.

25 Obviously, on this issue, your continued

1 comments and written comments will be helpful. I
2 just wanted to speak one more time to the concern
3 that Matt raised about the implication, and
4 Justin, about the implications of the independent
5 versus dependent approaches. I think my
6 perspective is that, really, regardless of which
7 approach you were to take the Commission's role
8 would be the same in adjudicating the facts
9 behind noncompliance. The underlying facts would
10 be the same and the statutory scheme is the same
11 in terms of what the legislature intends and the
12 increased importance the legislature placed on
13 long-term contracts in this.

14 And so I do want to just say that from my
15 perspective, I don't think that, for example, the
16 proposed method understates or undervalues the
17 importance of long-term contracts. I think the
18 legislature spoke on that. But to the extent
19 that there are remaining concerns or to the
20 extent that there is language that you want the
21 Commission to consider, or to the extent that you
22 think that we've missed something, you know,
23 obviously, please get that to us in comments.

24 So thanks.

25 MS. LEE: So in the initial structure of

1 the presentation, Katharine had broken some of
2 the topic areas into three slides. We've
3 actually had a really great conversation around
4 most of the content in those other slides as
5 well. She's going to go ahead and walk through
6 those. If you have additional comment beyond
7 what's already been raised we, of course,
8 encourage you to raise your hand, but we think we
9 may be able to move through these next two fairly
10 quickly. Okay.

11 MS. LARSON: Great. Thank you.

12 So we did touch on these topics, as
13 Natalie mentioned, but I just wanted to highlight
14 here how we propose treating the amendments and
15 assignments in the pre-rulemaking amendments, how
16 we propose to measure contract duration, and how
17 amendments to a contract can or cannot affect
18 that duration, and how we have proposed to treat
19 amendments and assignments that do not
20 specifically modify the contract duration, what
21 could be considered in changing the nature of a
22 contract?

23 And as was pointed out, this is fairly
24 vague in the pre-rulemaking amendments, so we
25 really appreciate specific suggestions of areas

1 that we need to make the language more clear, for
2 instance, or particular issues to address.

3 I'm going to move quickly onto the next
4 slide, just to tee this up. And then if there
5 are any other comments, we can go through them.

6 Just briefly, the voluntary early
7 compliance process in the regulations is the same
8 as what was proposed at the September 10th
9 workshop. The POU can adopt governing -- the
10 governing board can adopt rules that permit a
11 voluntary early compliance election with the LTR.
12 In the pre-rulemaking amendments, we characterize
13 PCC-0 and start carryover as long term by
14 definition because they meet the requirements for
15 counting in full toward the RPS procurement
16 requirements. We do propose treating pre-June
17 2010 differently because that procurement does
18 not meet the requirements to count in full toward
19 all RPS procurement requirements.

20 The last item we wanted to hit is that
21 the LTR as written in the pre-rulemaking
22 amendments applies to all POUs, even those who
23 have special exemptions or procurement target
24 adjustments, or maybe aren't subject to the PBR
25 requirements. And we wanted to make sure if

1 there are -- if you have comments in that, to
2 please let us know.

3 And with that --

4 MS. LEE: Okay. We have one comment, or
5 maybe more.

6 MR. GONZALEZ: Tony Gonzalez with SMUD
7 again. And I think the pre-June 2010 procurement
8 treatment, we included some comments in our
9 initial comments. We supported all of the joint
10 comments and then we just added a couple of other
11 ones.

12 I think from our perspective the pre-June
13 2010, we believe, should be considered long term.
14 There were a couple of arguments we had.

15 One, they are, well, I guess technically
16 not count in full, which I misstated in my
17 comments. They are treated very similarly or
18 almost identically to the way you treat a PCC-0.
19 They are contracts that were in place prior to
20 the June '10 timeframe, they just couldn't be
21 certified at that time. They are retired, at
22 least from SMUD's perspective, as a PCC-3 but
23 they are excluded, or they're actually subtracted
24 before the calculation of the PBR calculation, so
25 they come out of that. They don't count as a

1 PCC-3 in looking at the PCC-3 maximum amounts
2 allowed. And so they really look and feel like a
3 PCC-0 and we feel that they should be considered
4 long term.

5 The other thing is that by the times
6 these regulations are adopted we'll be more than
7 ten years past that date. And so the likelihood
8 that any of those, which are probably a very
9 limited number of contracts that are out there,
10 are not long term, may not -- may be something
11 that just isn't worth kind of having to do that.
12 So we feel that they should be kind of grouped in
13 with the PCC-0 and the historic carryover.

14 The other item that I have, and it's not
15 necessarily fully addressed here but it is -- it
16 ties to the contract amendments and what
17 constitutes a significant, or whatever the exact
18 term is, amendment and that's with regards to the
19 capacity increases. And it's the nuance of a
20 biomethane contract where we have pipeline
21 biomethane where the biomethane contract doesn't
22 change. But SMUD had some recent upgrades to our
23 facility, our (indiscernible) this power plant
24 where the capacity was increased just due to
25 efficiency upgrades. There was no change to the

1 biomethane contract but that constitutes a
2 significant change that requires a full
3 amendment.

4 And so we'd ask that you kind of revisit
5 that and maybe take a look at those special
6 circumstances where, really, that's not changing
7 the amount of generation that's going to come out
8 of that contract, it's not changing the
9 biomethane that's provided. But because of the
10 nuance there of the capacity change being
11 considered a significant change, it requires a
12 full amendment. So just something that we'd like
13 you to kind of consider.

14 MS. LEE: Thanks Tony.

15 I saw a couple possible hands. Okay.

16 MR. OLIVARES: Good morning. David
17 Olivares here from Modesto Irrigated District.
18 MID appreciates the opportunity to provide
19 comments today in this process. As we
20 preliminary commented in our preliminary filed
21 comments, we're in support of the comments that
22 have been filed by CMUA, as well as jointly with
23 NCPA and SCPPA, as well as those filed and
24 discussed by M-S-R Public Power Agency. Rather
25 than reiterate those comments, I want to focus on

1 this specific slide. MID appreciates Staff
2 affirmation that the qualifying electricity
3 products in Section 3202, it has -- as it has
4 pertained to the PCC-0 products is proposed for
5 the classification of long-term and short-term
6 procurement requirements outlined in the amended
7 Section 3204.

8 MID notes, though, that the assignment
9 provisions explicitly addressed within the long-
10 term procurement requirement section in
11 3204(d)(2)(F) of the proposed amendments are also
12 consistent with the original intention of the
13 criteria for the categorization of electricity
14 products as PCC-0. As such, MID recommends that
15 the regulations also clarify that these types of
16 amendments would not alter the PCC-0
17 categorization of the electricity products.

18 Because the amendment and assignment
19 conditions were addressed in the new amended
20 sections pertaining to the long-term and short-
21 term classification of agreements, MID would
22 recommend that the Energy Commission directly
23 apply the same language on amendments that
24 effectuate assignments that don't touch the PCC-0
25 categorization triggers, like the post June 1st,

1 2010 amendments that increased (indiscernible)
2 capacity or substitute a different renewable
3 energy resource.

4 Providing this clarity is critical in
5 that it allows for utilities to clearly assess
6 the risk associated with transactions that would
7 otherwise be beneficial to our ratepayers while
8 the state advances its clean energy policy. This
9 level of certainty is required so that utilities
10 are able to make decisions on potential
11 opportunities that could provide significant cost
12 savings to our ratepayers. If MID does not have
13 this level of certainty, for example, we could
14 potentially forego a contract amendment that
15 would result in foregoing a \$20 million benefit
16 to our ratepayers over a five-year period without
17 otherwise altering the essential terms of the
18 agreement.

19 MID appreciates this opportunity to
20 comment today and we'll be filing written
21 comments as well.

22 Thank you.

23 MS. LEE: Greg, I think Scott, here in
24 the front row, has it. Thanks. Thank you, Greg.

25 MR. TOMASHEFSKY: Thank you. Scott

1 Tomashefsky again. I just wanted to just issue
2 our support for the treatment of PCC-0,
3 especially as being characterized as long term.

4 And, again, going back to some of our
5 smaller members, a significant amount of their
6 load is tied to PCC-0 resources which does
7 actually include continuing investment in those
8 particular projects to make sure that they're
9 actually viable going forward. So the extent
10 that someone wants to make an argument that
11 there's nothing going on in terms of renewable
12 development, even in a project that's existing,
13 we have a good example of that up at the geysers.

14 The importance of PCC-0 from a long-term
15 perspective is that we want the growth of
16 renewables to really reflect looking at new
17 projects. And the last thing that I think the
18 state wants to do is have -- look for
19 alternatives that sort of devalue the benefits
20 that are being provided by existing plants. Some
21 of these longer-term plants are important. And
22 as the RPS threshold gets higher what you're
23 going to find is, you know, we're going to start
24 to get into those areas where have to go ahead.

25 This is sort of a short-term situation

1 for those that are concerned that that should not
2 -- that a PCC-0 shouldn't be considered long
3 term. At some point every utility in the state
4 is going to be looking for additional resources.
5 And so this allows existing resource stock to not
6 be devalued which is extremely important.

7 MS. LEE: Thank you, Scott.

8 Okay, I think we're ready to move on.
9 Again, written comments will be valuable.

10 Oh, do we have another hand raised? Oh,
11 they snuck it in there. Okay.

12 Rebecca? Okay.

13 MS. GALLEGOS: Okay. I just, on
14 assignments, I had one other comment.

15 We are in support of assignment being
16 allowed, not because we assign our contracts but
17 we have instances where, through SCPPA, we have
18 multiple members participate in a project because
19 Colton will only need small amounts and we can't
20 subscribe to a large. And we have, on occasion,
21 found it makes more economic sense and it's
22 better for our ratepayers if we either assign a
23 small amount, you know, our interest to another
24 member, or in our case we have swapped equal
25 shares of two different projects, just because it

1 made more sense to us when we were maybe three
2 years down the road. And if we weren't allowed
3 to consider that as long term, even though the
4 contract itself is, it would be detrimental to
5 our ratepayers.

6 MS. LEE: Thank you, Rebecca.

7 All right, Katharine, are you ready to
8 move into our next topic?

9 MS. LARSON: Okay, so next we're going to
10 talk about excess procurement. There are just a
11 few topic areas to cover here, the new
12 requirements for compliance period four and
13 beyond, some special considerations for prior
14 accrued excess procurement, requirements for --
15 some clarifications and changes to requirements
16 for compliance periods one through three.

17 So the pre-rulemaking amendments
18 incorporate the -- (clears throat) excuse me --
19 SB 350 changes that modified the rules for excess
20 procurement, concurrent with the effective date
21 of the long-term procurement requirement.
22 Specifically, PCC-2 can no longer count as excess
23 procurement, and contract duration is no longer
24 relevant for the purposes of calculating new
25 excess procurement. PCC-1 of any duration can be

1 banked if there's excess. And short-term RECs
2 are no longer subtracted in the excess
3 procurement calculation.

4 We did also make a clarifying change in
5 the regulations that excess procurement can only
6 be banked in a given compliance period if a POU
7 has met the requirements for that compliance
8 period, all RPS procurement requirements for that
9 compliance period without use of another optional
10 compliance measure, like cost limitations or
11 delay of timely compliance.

12 I think I'm going to move on, because
13 these are all pretty similar, and then we'll have
14 questions at the end.

15 The next aspect we'd like to tee up is
16 the treatment of certain types of previously
17 accrued excess procurement. The pre-rulemaking
18 amendments require a POU that has previously accrued
19 a PCC-2 excess procurement to apply it no later
20 than compliance period four in order to harmonize
21 existing rules for the application of excess
22 procurement with the SB 350 changes that specify
23 that PCC-2 RECs can no longer be counted as
24 excess procurement. We are proposing the same
25 treatment for POUs that elect for voluntary early

1 compliance beginning in compliance period three,
2 so no difference in the treatment for those two
3 as currently written.

4 We also propose clarifying that excess
5 procurement that is accrued in compliance periods
6 one through three should count as long-term for
7 purposes of satisfying the LTR when it is applied
8 in a future compliance period. We recognize that
9 the proposed requirements for contract duration
10 change from what was considered previously for
11 excess procurement in compliance periods one
12 through three and what is relevant now for the
13 LTR for compliance period four and beyond.
14 However, we think that the excess procurement
15 that was previously accrued based on the
16 requirements in place at the time for a ten-year
17 contract should be able to retain the full value
18 of that when it's applied in a future compliance
19 period for purposes of satisfying all RPS
20 procurement requirements.

21 We do want to clarify here that this
22 treatment is specific only to the prior bank.
23 We're not proposing to extend it to grandfather
24 any contract that was entered into prior to the
25 long-term procurement requirement. It's only

1 specific to the existing bank.

2 The last topic I want to touch on really
3 quickly is a few clarifications that we made for
4 compliance period one through three. We tried
5 to -- first of all, we made the same
6 clarification that we did for compliance period
7 four and beyond, that you can only bank excess
8 procurement in a given compliance period if
9 you've satisfied all of your procurement
10 requirements without using other optional
11 compliance measures.

12 We made some minor changes to the
13 equation that's used to calculate excess
14 procurement to better align with important in CP-
15 1 and CP-2 and, hopefully, make that a little
16 clearer and easier to follow.

17 We also provided the option in CP-3 for
18 the compliance period four rules to apply early
19 if a POU elects for voluntary early compliance
20 with the LTR.

21 And that's all I have to tee up these
22 topics but we imagine there's some input that
23 we'd like to share.

24 MS. LEE: Okay. So on the broad topic of
25 excess procurement, who wants to start?

1 All right, Greg. Thank you.

2 MR. CHOW: Thank you. David Chow again
3 with Roseville Electric.

4 So we like most of these proposals and
5 would support them. We just have sort of one
6 minor request or clarification regarding the
7 treatment of banked bucket two, PCC-2 and their
8 use after 2020.

9 In Roseville's situation, we realized a
10 few years ago that we could apply the self-
11 generation rule to our load. And, basically, I
12 won't bore you with the calculations, but that
13 left us with a certain amount of excess banked
14 bucket two RECs. And we've sort of been looking
15 out past 2020 and seeing how we could apply that.

16 We have about low to mid five-figure
17 amounts of excess banked bucket two RECs. And
18 our concern is, while to a certain degree we
19 could move back some RECs post 2021 for bucket
20 two and retire them in later compliance periods,
21 we're not going to be able to retire all of our
22 excess banked bucket two RECs in compliance
23 period four. And it would also limit our
24 flexibility in terms of retiring our RECs.

25 So we're not asking to, you know, use

1 these into the future indefinitely. We have a,
2 you know, definitely limited amount of banked
3 bucket without RECs that we'd like to retire.
4 And we're just requesting that we extend their
5 application out to compliance period five so we
6 can retire them in an orderly manner and protect
7 their value for our ratepayers.

8 Thank you.

9 MS. LEE: Thanks, David.

10 Anyone else like to speak on this topic?

11 Wow. Surprisingly quiet.

12 Do we have anyone on WebEx? All right.

13 MS. SAMRA: This is Mandip Samra.

14 MS. LEE: All right.

15 MS. SAMRA: And I'm from the City of
16 Pasadena. I do want to echo and support what
17 David just said as well.

18 As I mentioned earlier, we did some
19 pseudo long-term contracts for PCC-2 RECs in
20 order to comply with some of our requirements.
21 However, we are seeing a pretty significant
22 decline in our retail sales going forward, even
23 with transportation electrification put into it.
24 So it is possible that we may have some excess of
25 PCC-2s and we would like some flexibility there

1 to be able to use them beyond the 36 months, or
2 if we do have excess when we retire them to use
3 them at different times because they were quite
4 expensive in comparison for a long-term.

5 Thank you.

6 MS. LEE: And another comment in the back
7 of the room here, Greg.

8 MR. WONG: This is Basil with Silicon
9 Valley Power. Just a question here.

10 When we say that excess procurement may
11 not be banked unless we meet all RPS
12 requirements, well, what if we don't meet our LTR
13 or our long-term procurement requirement but we
14 still have excess procurement, excess procured
15 RECs?

16 MS. LEE: So, as proposed, with the LTR
17 being an independent requirement, you would not
18 be eligible to bank any excess procedure.

19 MR. WONG: And so that, I mean, that
20 becomes a little bit of a problem; right?
21 Because we have excess -- if we have excess
22 procurement but we can't meet our LTR because of
23 these extenuating circumstances or confluence of
24 events, we kind of need to be able to bank some
25 for excess procurement for future uses if we do

1 have excess.

2 MS. LEE: So that would be an issue to
3 explore in your written comments for us, the
4 specific scenario that you're envisioning and
5 what you would recommend as a solution there.

6 MR. WONG: Okay. Thank you.

7 MS. LEE: Is there anyone -- so we've
8 heard support of the approach -- anyone -- and
9 some requests to extend the eligibility of PCC-2
10 beyond compliance period four, which, as
11 proposed, harmonizes with CPUC's implementation.
12 Any points of concern in the room if we were to
13 consider extending? No hands.

14 If we were -- the request in the room --
15 I see some confused looks -- the request in the
16 room was to consider extending the use of PCC-2
17 excess procurement banks beyond CP-4 into CP-5.
18 Okay.

19 Any raised hands or chat on the WebEx?

20 Okay.

21 Commissioner, anything else you'd like to
22 explore? Okay.

23 Let's move past excess procurement and
24 into changes to the optional compliance measures.

25 As Katharine starts these slides, I do

1 just want to frame that this reference to
2 optional compliance measures is to look at the
3 proposed changes, not the use of optional
4 compliance measures for specific -- or the delay
5 of timely compliance specific to the LTR. So
6 we're not stepping back to the LTR here, we've
7 moving into a different area of comment.

8 Katharine?

9 MS. LARSON: Thanks.

10 So the three areas of change that we've
11 made in the regulations are for cost limitations,
12 delay of timely compliance, and the PBR
13 reduction.

14 So for cost limitations, we have updated
15 the regulatory requirements for cost -- using
16 cost limitations in parallel with the changes
17 from SB 350 that removed some certain statutory
18 restrictions on the use of these measures.

19 Separate from those changes, we've added
20 a clarification to one of the existing regulatory
21 requirements for cost limitations, specifically
22 that a cost limitation should include panned
23 actions in the event that the procurement
24 expenditures exceed the cost limitation amount.
25 And we've done so, to provide guidance, just by

1 providing an example of what such an action might
2 be.

3 We've also made some changes to
4 reporting, both to conform with implementation in
5 compliance period one and compliance period two,
6 and to ensure that we get complete reporting
7 related to a POU's adoption and application of
8 its cost limitation rule.

9 For delay of timely compliance, we have
10 updated the allowable conditions for delaying
11 timely compliance based on changes from SB 350,
12 but modified conditions based on unanticipated
13 curtailment to specify that the waiver cannot
14 result in an increase in greenhouse gas
15 emissions.

16 Also, added a condition based on
17 unanticipated increase in retail sales due to
18 transportation electrification. Our intent in
19 the pre-rulemaking amendments was to incorporate
20 this condition in a way that minimizes
21 duplicative requirements or forecasts from what
22 already might be used. But we understand, from
23 the initial comments, there might be concerns on
24 how we've sought to provide that option, so we're
25 certainly interested in having more of that

1 discussion now.

2 In addition to the statutory changes --
3 or incorporating statutory changes, we also made
4 minor additional clarifications to better
5 identify the information a POU needs to report to
6 us, showing that it experienced one of more of
7 the causes for delay that's allowed in law, which
8 is consistent with our implementation to date.

9 Finally, on PBR reduction, there actually
10 haven't been any statutory changes driving
11 changes to these requirements, but we did propose
12 minor clarifications to remove a requirement that
13 we thought was duplicative, as well as
14 notification requirement, and provided additional
15 guidance on reporting, again, consistent with
16 implementation to date.

17 MS. LEE: Okay, now's your turn. Anyone
18 have any comments they'd like to make on these
19 changes?

20 MS. SAMRA: This is Mandip again from the
21 City of Pasadena.

22 Not that we intend to do this or we would
23 ever take advantage of this, we really hope it
24 never happens, but with the delay of timely
25 compliance, if there is an unavoidable

1 curtailment, most likely it's probably due to our
2 import limitation, and we do have a severe import
3 limitation. So if something were to happen to
4 prevent resources from coming in we would have to
5 run our internal gas units, so that would lead to
6 an increase in natural gas -- or, sorry, natural
7 gas facilities, so an increase in greenhouse gas.

8 So in certain instances where there are
9 POUs that have an import limitation where there
10 is a curtailment for a very long time or, for
11 some reason, a transmission line is out where we
12 can't bring any energy in, then we have to rely
13 on our natural gas units. I don't know how we
14 could apply for this and still meet the
15 requirements and just kind of -- it would be
16 something to talk offline about, but just a
17 consideration. I think there's several POUs out
18 there that have similar considerations.

19 MS. LEE: Is there anyone else in the
20 room that would like to speak on this topic?

21 Justin, are you thinking about it?

22 MR. WYNNE: Thank you. Justin Wynne for
23 CMUA.

24 Just on that last point, as a point of
25 clarification, is it the curtailment itself that

1 can increase greenhouse gases or is it the
2 granting of the delay of timely compliance
3 condition that can result in an increase in
4 greenhouse gases?

5 Because I think that would -- in the
6 example that was given, I think that's a
7 distinction that's relevant because there may be,
8 I mean, there may be this need to run the whole
9 generation for reliability. But whether you
10 grant or don't grant the delay of timely
11 compliance, there may not be an increase in
12 greenhouse gases because that would have happened
13 anyways, regardless of the outcome of this.

14 MS. LARSON: So I think as currently
15 written we are assuming that the increase in
16 greenhouse gas emissions would be due to the
17 curtailment itself. I'm not sure if I see,
18 offhand, scenarios where like a waiver would ever
19 increase greenhouse gas emissions. So trying to
20 understand what practical scenario might exist if
21 we interpreted the law to mean just the waiver or
22 the act of allowing delay of timely compliance.

23 MR. WYNNE: I think the language is if
24 the delay of timely compliance would not result
25 in an increase in greenhouse gas emissions, not

1 the curtailment itself.

2 MS. LARSON: Okay. That's something I
3 think we need to think a little bit more --

4 MS. LEE: Yeah.

5 MS. LARSON: -- about.

6 MS. LEE: Yeah. I can see Katharine's
7 question that the administrative action of
8 granting the delay doesn't change the
9 circumstance of what has previously occurred.
10 So, yeah, this would -- we'd really welcome some
11 additional conversation because we did not
12 interpret the language in the way that you're
13 reading it.

14 MS. DERIVI: Tanya Derivi with SCPPA.
15 Also to address the issue on
16 unanticipated increase in retail sales due to
17 transportation electrification, in Southern
18 California, this could become a particularly
19 large issue for a heavily urbanized area,
20 especially as we look to electrify major
21 transportation corridors, one example of which
22 being going from the general Los Angeles
23 metropolitan area out to Las Vegas. We're
24 already seeing some of our inland, smaller
25 publicly owned utilities facing some potential

1 challenges with the potential installation of
2 fast-charging banks of chargers to get folks from
3 L.A. to Las Vegas, where there are significant
4 spikes around the weekends to get electric
5 vehicles to and from that area.

6 Transportation electrification, I'll
7 remind, also includes ports. We have two major
8 ports in Los Angeles. And electrifying boats
9 takes a lot of load.

10 Also taking a lot of load, potentially,
11 could be mandates by the Air Resources Board to
12 electrify medium- and heavy-duty size vehicles in
13 your fleets. For publicly owned utilities,
14 especially the larger ones, that could
15 potentially require a significant load increase,
16 although we do reiterate that all electric
17 vehicles and all applications don't necessarily
18 make sense all of the time.

19 So one of the challenges we see is in
20 trying to project where that's going. One is
21 customer uptake. We can't predict that
22 accurately. And so a document, like the
23 Integrated Resource Plan, for those of the 16
24 large POU's that are mandated to do those per SB
25 350, long-term planning for transportation

1 electrification could be extremely difficult when
2 changes and mandates come down through the state.
3 And we don't want to be punished -- I see nodding
4 of heads -- we don't want to be punished for that
5 if the potential forecast in a five-year-old
6 document over projected that or under projected
7 that. That's just a concern we wanted to raise.

8 MS. LEE: I think that's a really
9 important part of the conversation we were hoping
10 to have today.

11 When we included the reference to the
12 IRPs, one of the questions we have is where would
13 you be -- what would you be looking for to
14 validate that you met the criteria of, you know,
15 above your forecast? So we suggested IRPs as a
16 possible but not intended to a restriction, that
17 if you put a forecast in an IRP, that's the only
18 thing you can refer to.

19 So I think, you know, we'd be interested
20 in hearing if including suggested potentials is a
21 benefit or if it seems that your concern is that
22 that would appear to restrict you to using those
23 forecasts.

24 So, you know, we want to provide
25 sufficient guidance so you know what we'll

1 evaluate, that there is some sense of a forecast
2 that you're speaking to. So any suggestions you
3 would have on how we can create regulatory
4 language that provides guidance but doesn't
5 impose unnecessary restriction is what we could
6 use some help with.

7 Anything else for the conversation today?

8 We can move on to the next topic and then
9 look for additional comment in written. Okay.

10 All right, Katharine.

11 MS. LARSON: Great. So the next topic
12 we'll discuss is the Green Pricing Program retail
13 sales reduction.

14 The pre-rulemaking amendments implement
15 this provision that was created by SB 350 for
16 POU's with voluntary green pricing or shared
17 renewable generation programs. The provision
18 allows POU's to reduce the retail sales that are
19 used to calculate its RPS procurement
20 requirements by the amount of qualifying
21 procurement that's served to participating
22 customers. The provision took effect in 2014 and
23 was available to all POU's in compliance period
24 two.

25 When we implemented this proposed

1 implementation of this exemption in the pre-
2 rulemaking amendments, we did use the word
3 "subtract" in lieu of "exclude," which is used in
4 statute, to better reflect the process that's
5 actually going on in reducing retail sales
6 pursuant to this exemption. But we saw in
7 initial comments that there may be some concerns
8 there, so we'd like to hear that shortly.

9 Generally speaking, our goal for the pre-
10 rulemaking amendments is to reflect all statutory
11 requirements by requirement the qualifying
12 procurement that's used to reduce retail sales to
13 come from RPS-certified facilities and meet the
14 criteria of PCC-1. PCC-0 can be included if it
15 also meets the criteria of PCC-1. We do want to
16 mention that the pre-rulemaking amendments don't
17 differentiate between POUs -- don't differentiate
18 treatment for POUs that are not interconnected to
19 a California Balancing Authority. So if there
20 are comments on that, we'd welcome your input
21 here as well.

22 The pre-rulemaking amendments require the
23 RECs that are associated with qualifying
24 procurement to be retired in a Regis (phonetic)
25 subaccount on behalf of participating customers.

1 It specifies that these RECs cannot be used for
2 compliance, including compliance with the LTR, or
3 be further sold, monetized, transferred,
4 otherwise monetized. For purposes of this
5 provision the pre-rulemaking amendments do define
6 monetizing as earning revenue from the retired
7 RECs, other than is through the program
8 subscription of tariff, as applicable.

9 We've made a conforming change in the
10 definition of retire in Section 3201 to address
11 the fact that these RECs have to be retired on
12 behalf of participating customers and not used
13 for compliance.

14 Last, the pre-rulemaking amendments
15 require POU's to seek to procure, to the extent
16 possible, qualifying electricity products from
17 resources located within reasonable proximity to
18 program participants. This reflects the
19 statutory requirements from SB 350 and may be
20 sufficient as proposed. However, we do want to
21 hear your input on what factors come into play
22 for reasonable proximity seeking to procure to
23 the extent possible, especially given the diverse
24 size and geography of POU service territories,
25 and also keeping mind that the RPS is primarily

1 concerned with utility-scale generation. And we
2 know there were some initial comments submitted
3 but we'd like to hear more in the room in the
4 discussion.

5 MS. LEE: All right, Greg, could you take
6 the microphone to Tony?

7 MR. GONZALEZ: Tony Gonzalez with SMUD.
8 And thank you for the language here. And SMUD is
9 supportive of all of the language.

10 The one exception, as we included in our
11 comments, is the use of subtraction rather than
12 exclusion in the language. We're very supportive
13 and we agree that the mechanism by which we
14 accomplish this and the calculation is a
15 subtraction. And we don't have any issues with
16 using subtract to identify how you would go about
17 calculating the retail sales that are used. But
18 we do believe that there is a distinction between
19 exclusion and subtraction and we think that it
20 could cause some confusion and we would like to
21 make sure that the language doesn't result in
22 that.

23 As you may be aware, there was an issue,
24 probably about a year-and-a-half ago, regarding
25 SMUD's participation in the RPS and the Air

1 Resources Board Voluntary Renewable Energy
2 Program. And there were questions regarding
3 whether the RECs were being used for that via REC
4 Program and being used for the RPS. Most of our
5 arguments and letters were with CARB as they,
6 ultimately, were looking at the VREP (phonetic)
7 Program. And we'd like to make the argument here
8 that an exclusion means that it's never a part
9 of -- it cannot be a part of, as opposed to
10 subtract where it could be a part of and is
11 considered part of the RPS.

12 So when we retire RECs for our voluntary
13 programs, those are retired in Regis under a
14 subaccount that's categorized as a Voluntary
15 Renewable Program retirement and they are retired
16 on behalf of our customers participating in those
17 programs and only for those customers, the
18 submittal over to the RPS of Regis reports, which
19 we think is appropriate, as a way to verify that
20 the RECs were retired for those customers and,
21 two, so that you can verify that they are
22 qualifying RECs, that are PCC-1 or 0s that look
23 like a 1. But that doesn't mean that we're using
24 those RECs in the RPS. That just means that
25 we're providing that documentation to verify.

1 And so we want to make sure that there's
2 no confusion in there between the potential that
3 somebody might take the word "subtract," if we're
4 characterizing that as a subtraction as opposed
5 to the mechanism that you use to calculate, that
6 that might mean that they're being used for the
7 RPS, so that's our concern. And we are fine with
8 using subtract to describe how you calculate it.
9 But we think that it should be at least
10 characterized as an exclusion, just as it is in
11 the statute.

12 And then I'll address the reasonable
13 proximity. We do support a broad definition.
14 SMUD's progs are quite large. In 2018, we were
15 over one terawatt hour of load, so close to ten
16 percent of SMUD's overall load. And as our
17 programs have grown over time, it's important to
18 be able to reach out to a broad spectrum of
19 projects in order to make sure that these
20 programs are viable and cost effective for our
21 customers. We want to make sure that there isn't
22 any cost shifting between our voluntary customers
23 and the other customers. And so it's important
24 to be able to go out to a broad range of
25 projects, utility-scale, that we can use to serve

1 these customers.

2 MS. LEE: Thanks Tony.

3 Greg, Mandip in the back.

4 MS. SAMRA: Hi. This is Mandip from City
5 of Pasadena Water and Power.

6

7 Just, we are in the process of revamping our
8 green policy. We're thinking of maybe redoing
9 it. But one of the issues that we had and one of
10 the concerns is it's really difficult to have
11 anything within the service territory. We have
12 one resource that's about 9,000 megawatt hours
13 that's within the service territory. Everything
14 else in terms of large-scale renewable is
15 actually, you know, Northern California, Southern
16 California, different states. We're landlocked,
17 so we would aim to try to get things that are
18 local. Local, for us, would really mean probably
19 the state of California because we are
20 landlocked.

21 But we do just want to highlight that a
22 lot of utilities, maybe like Pasadena where you
23 have no vacant land and no space, even in L.A.
24 County, in particular, there really isn't a lot
25 of space to build some of these projects, so we

1 also support what SMUD said for a broad
2 definition that maybe works with each respective
3 POU with consideration for some POUs that are
4 landlocked.

5 MS. LEE: Tanya?

6 MS. DERIVI: Tanya Derivi with SCPPA.

7 To reiterate the points from SMUD and
8 Pasadena, there are potential projects we are
9 looking at now of doing something that would be a
10 community solar-type project in Southern
11 California that would be joint ownership projects
12 amongst multiple of our members, a number of whom
13 are not only landlocked but also fully built out.
14 Vernon and Cerritos, for example, there's
15 literally no space to put these types of projects
16 in.

17 One available area amongst the SCPPA
18 family, though, would be Imperial County which
19 has a lot of sun-exposed land. And we don't want
20 to see a regulatory restriction that prevent --
21 would prevent a community solar-based project,
22 not only in prime real estate but also in a
23 disadvantage area where jobs would be very much
24 welcomed, to help meet various goals.

25 MR. CHOW: David Chow again with

1 Roseville Electric.

2 Just to add one more voice to this
3 conversation, for example, we have what we like
4 to call community solar. It's not technically a
5 Green Pricing Program but it's about a megawatt
6 of solar that we have on the grounds of our
7 plant, the Roseville Energy Park. When we were
8 looking at locations for that site, we only had
9 two sites to choose from. And, you know, if the
10 future, if we choose to expand or have a bigger
11 project, it's not clear that we're going to have
12 any space within our city limits to have more
13 community solar, so it might be within the
14 county, it might be within the next county, we're
15 not exactly sure.

16 But, again, just want to reiterate the
17 general point of if we could get a bit of
18 flexibility in terms of where we could locate
19 this, we'd like to, you know, keep it as local as
20 possible to encourage jobs and all that. But
21 practically speaking, it's not something we would
22 be likely to have within our city limits and our
23 service territory.

24 That's all.

25 MS. LEE: Okay. Anyone else like to

1 speak on this area? All right.

2 Katharine, let's move on.

3 MS. LARSON: Okay. This is our last
4 topic for the morning, so we may be able to break
5 at noon as hoped.

6 Topic five is special exemption for
7 qualifying procurement of coal-fired generation.
8 There will be additional discussion of exemptions
9 later this afternoon but just we wanted to
10 prioritize this one early in the schedule due to
11 availability of folks attending the workshop. So
12 that's why it's a little out of -- otherwise
13 out of place.

14 So the pre-rulemaking amendments
15 implement the new procurement requirement created
16 by SB 350 for compliance period four only for a
17 POU with qualifying procurement of coal-fired
18 generation from unavoidable long-term contracts
19 and ownership agreements. In order to use this
20 procurement exemption a POU has to satisfy
21 certain conditions, including demonstrating in
22 its RPS Procurement Plan that it has an
23 obligation for the qualifying unavoidable
24 procurement and that it cannot cancel or divest
25 that qualifying procurement without significant

1 economic harm to its ratepayers that cannot be
2 mitigated through feasible measures.

3 As currently written, we didn't propose
4 any specific feasible measures. Our initial
5 thought was that maybe the POU's governing board
6 best knows what measures are feasible in their
7 own specific circumstances. But we did see an
8 initial comment which proposed one measure, and
9 so we're happy to hear any discussions or
10 thoughts on measures as well.

11 The pre-rulemaking amendments also
12 specify that a POU qualifying for this exemption
13 can reduce its RPS procurement target, again, for
14 compliance period four only to the greater of its
15 retail sales for the compliance period that are
16 not satisfied by the qualifying procurement of
17 coal-fired generation, or an average of 33
18 percent of the POU's retail sales for that
19 compliance period but to no less than an average
20 of 33 percent.

21 I'm sorry. I think I said that a little
22 wrong.

23 Basically, the intent here is to address
24 the statutory requirement that the RPS
25 procurement for that compliance period, in

1 combination with the procurement of electricity
2 of unavoidable coal-fired contracts, does not
3 exceed the POU's retail sales for that compliance
4 period but, again, can't be reduced to 33 percent
5 of retail sales.

6 And with that, I think I saw Tanya
7 pointing to Mandip.

8 MS. SAMRA: This is Mandip from the City
9 of Pasadena.

10 We happen to be one of the sign-ons to
11 the Intermountain Power Plant which expires in
12 2027 but converts to natural gas in 2025, so we
13 really do appreciate this language being put into
14 the rulemaking. We're not quite sure we'd ever
15 pull the trigger for this. We really are trying
16 our best to meet all the RPS requirements. But
17 this does protect our ratepayers and our rate
18 basis in making sure that we can continue to
19 provide good quality power, consistent power, to
20 our ratepayers. So this is really a good
21 ratepayer protection mechanism, so we really
22 appreciate that.

23 Thank you.

24 MS. LEE: Any other parties in the room
25 like to speak to this topic?

1 Any WebEx participants?

2 Wow, we're going to get out early. All
3 right. All right. So let's plan on reconvening
4 at one o'clock today. There are some references
5 for places you can eat. And we'll see you back
6 then. Thank you all for your comments today.

7 (Off the record at 11:47 p.m.)

8 (On the record at 1:04 p.m.)

9 MS. LEE: Okay, I think we're ready to
10 get started. Thank you everyone who was able to
11 come back for the afternoon. We have lost a few
12 participants and so we'll be looking for those
13 written comments and follow up as needed.

14 Katharine, do you want to get us started
15 for the afternoon?

16 MS. LARSON: Yes, unless, Commissioner
17 Douglas, did you want to say anything? Okay.
18 Great. I'll just get started then. Okay.

19 So the afternoon topics we're going to
20 discuss are procurement requirements, followed by
21 exemptions, the other exemptions we haven't
22 discussed yet, reporting changes, and then the
23 opportunity to go over additional changes in the
24 regulations that aren't specifically addressed.

25 So the first topic we'll dive into is

1 procurement targets. And I should say, there's
2 two parts to this. First, we'll go over
3 procurement targets, then we'll go over the
4 portfolio balance requirement changes, but we'll
5 focus on this to get started.

6 The table up here shows the soft targets
7 that are proposed in the pre-rulemaking
8 amendments for compliance period four through
9 six, as well as the soft targets for the proposed
10 three-year compliance periods beginning after
11 January 1st, 2031, on and after. The percentages
12 and the years that are in bold represent targets
13 for the final year of the compliance periods that
14 are set in statute, as amended by SB 100.
15 Consistent with the established regulatory
16 structure, the target -- the POU's procurement
17 target for the compliance period is the product
18 of the annual retail sales and the soft target
19 percentage for that year summed for all years in
20 the compliance period.

21 For compliance periods four and six the
22 pre-rulemaking amendments incorporate soft
23 targets based on linear progression. For
24 compliance period five, though, we proposed soft
25 targets that diverge from linear progression in

1 order to address legislative intent of achieving
2 a 50 percent RPS by 2026. That percent is
3 highlighted in red, the legislative intent
4 percentage.

5 However, we set the soft target for 2025
6 at such a level that the POU's procurement target
7 for the compliance period, compliance period
8 five, would be the same as if all soft targets
9 were based on linear progression, assuming a
10 POU's retail sales were the same for each year of
11 the compliance period. We understand that's not
12 necessarily a realistic assumption but the
13 calculation is roughly the same.

14 We do also want to be clear here that
15 setting the soft target at 50 percent for 2026 is
16 specifically to harmonize legislative intent. As
17 with all soft targets, POU's aren't required to
18 procure a specific amount of RPS resources for
19 any given year in the compliance period. And our
20 proposal here would not change that or establish
21 a special requirement for 2026 that needed to be
22 separately achieved or verified for that year.

23 And so to mention, for compliance periods
24 after 2030 the amendments incorporate three-year
25 compliance periods, consistent with those

1 required by law for retailer sellers, and
2 maintain the requirement to achieve a 60 percent
3 average for the compliance period.

4 We heard from -- or we saw in initial
5 pre-rulemaking comments that were submitted that
6 you may have some thoughts on our treatment of
7 soft target for 2026 and so we'd like to turn
8 that back to you.

9 MS. LEE: Okay. Thank you, Justin.

10 MR. WYNNE: Thank you. Justin Wynne for
11 CMUA.

12 And first, I don't think that this is a
13 major issue. And I think that the relative
14 difference would be pretty small. But I do think
15 that, based on the participation we had during
16 the legislative process, and if you look at the
17 CPUC's implementation, I think it's pretty clear
18 that the intent was to follow the same straight
19 line averaging methodology.

20 We referenced in the comments we filed
21 that the legislature was very aware, and I think
22 they've amended twice since the original straight
23 line averaging methodology was implemented,
24 they've amended that section twice and both times
25 they've made no changes to that core language.

1 And I think if you look at the CPUC
2 decision, there's a reference to the 50 percent
3 target in 399 being sort of a leftover from
4 earlier versions of the bill. And I also think
5 it was sort of a politically-useful target to
6 clarify what happened to the 50 percent but not
7 meant to actually change what the formula would
8 be.

9 And so I think that we agree that it is
10 important for there to be distinctions between
11 the CPUC's implementation and your
12 implementation. But I don't think that this is
13 one of those areas where there's any real
14 rationale for deviating from what the CPUC has
15 done.

16 MS. LEE: All right. Do we have anyone
17 else who'd like to comment?

18 For those just joining us, we're talking
19 about compliance periods and procurement targets
20 as proposed in the current amendments.

21 Tony?

22 MR. GONZALEZ: Tony Gonzalez with SMUD.
23 And I'm sure I'm just reiterating what Justin --
24 or what folks have said here.

25 And just for consistency purposes, going

1 with the straight line is kind of -- was kind of
2 our preference. I understand it's probably a
3 minor difference but I think consistency
4 throughout, the fact that the 50 percent language
5 is an intent section of the statute, I think that
6 leaves the CEC some room to interpret this and
7 maintain the same linear targets throughout all
8 of the compliance periods.

9 MS. LEE: Thank you, Tony.

10 I know we still have some folks coming
11 back in from lunch. So, again, we're talking
12 through procurement targets and compliance
13 periods as proposed, if you have any specific
14 comments? What we've heard so is some preference
15 to a linear approach and not moving away from
16 that in 2016 by calling out a 50 percent target
17 for that individual year.

18 Do we have anyone else in the room that
19 would like to comment?

20 And anyone on the WebEx, Ryan? Okay.

21 And no indication on the WebEx.

22 So I think we're ready to move on. As
23 people join, we can revisit this if folks are
24 just having -- coming back late from lunch.

25 MS. LARSON: Great. So the next topic

1 we'll discuss is the portfolio balance
2 requirement changes and clarifications.

3 So the main one here is that the pre-
4 rulemaking amendments incorporate or implement
5 the statutory requirement of a PCC-1 minimum of
6 75 percent and a PCC-3 maximum limit of 10
7 percent for compliance period four and beyond.

8 Separate from the statutory change the
9 pre-rulemaking amendments implement proposed
10 clarifications to better identify the PCC-3
11 maximum component of the PBR as a limit. So
12 based on this clarification the PCC-3 maximum
13 limit is evaluated prior to the PCC-1 minimum and
14 the LTR so that the PCC-1 minimum and the LTR are
15 calculate after any PCC-3 RECs in excess of the
16 maximum limit are disallowed. So, essentially,
17 if you have any disallowed PCC-3 RECs that are in
18 excess of the maximum, your LTR and your PCC-1
19 minimum will be calculated after their excluded.

20 The pre-rulemaking amendments also
21 clarify the equations in the PBR equations to
22 provide better guidance on different procurement
23 application scenarios, such as if a POU applies
24 procurement toward the target at a greater level
25 than what's required for compliance and, say,

1 they c choose to apply all the procurement toward
2 their target in lieu of banking any eligible
3 excess procedure. In this case the PCC-1 minimum
4 and the PCC-3 maximum would be calculated based
5 on the procurement target, the amount that's
6 needed for compliance, not the total that was
7 actually applied.

8 And we are happy to answer any questions
9 or take any comments on these proposed changes.

10 MS. LEE: Justin?

11 MR. WYNNE: Justin Wynne for CMUA.

12 So just to confirm, though the changes to
13 the calculations for PCC maximum and PCC-1
14 minimum are consistent with how you've already
15 been applying, I think there was a formula coded
16 into the existing, going back to compliance
17 period one even, the formula that was coded into
18 the spreadsheet at that time is the same
19 calculation that you were describing now, just
20 described in this draft? There's no change to
21 what you're proposing here from what has been
22 applied in the prior compliance periods, it's
23 just now you're expressly putting it into the
24 regulations; is that correct?

25 MS. LARSON: So -- oh, that's loud. In

1 part. The clarification of how procurement that
2 is in excess of the amount needed for compliance,
3 how the rules are applied, that is consistent
4 with implementation to date. The clarification
5 of the PCC-3 maximum as a limit does differ from
6 implementation and compliance periods one and two
7 in showing that that procurement is subtracted
8 out before PCC-1 is calculated.

9 MR. WYNNE: And this might be too
10 difficult to do. I think maybe an example would
11 be helpful and so this is maybe something we can
12 include in comments. But there does seem to be,
13 unless I'm misunderstanding this, an
14 inconsistency in the calculation in that when you
15 are calculating the allowable percentage, you are
16 taking into consideration the full amount of PCC-
17 3. So if you -- if there was a 1,000 megawatt
18 hour RPS obligation and, say, a POU had procured
19 500 megawatt hours of bucket one and 100 megawatt
20 hours of bucket three, that would exceed the
21 allowable limit?

22 I don't know if -- maybe this isn't good
23 for a workshop structure. But I think that an
24 example -- it seems like you were taking -- it
25 gets a little complicated because you're

1 calculating the whole amount of bucket three RECs
2 and figuring out what the percentage is but then
3 you're going to disallow the bucket three RECs.
4 And so it seems like you're using something that
5 you're going to be disallowing in the next step
6 to figure out what that percentage is, if that
7 makes sense. And there's -- we were going
8 through some examples with the larger POU group
9 and there was just some questions about that
10 there seems to be some inconsistencies there.

11 I think our preference from the beginning
12 would be you'd have the limit, you'd have ten
13 percent of that is what you can get for a PCC-3,
14 and then it's relatively straightforward. But by
15 introducing this calculation first, it adds some
16 complexities here. And it also, I think,
17 deviates from what a lot of the expectations
18 were. I know that that's how it's been applied
19 and I think we've disallowed PCC RECs -- three
20 RECs because of that. But the way that the
21 formula is structured seems a little unusual.

22 MS. LEE: I think, actually, the scenario
23 that you're describing is what we're trying to
24 resolve, is that -- and Gabe, Mona, please weigh
25 in on this -- because we recognize the same

1 inconsistency, that if we were calculating your
2 requirements based on procurement that we were
3 then going to disallow the use of. So that is
4 one of the -- that is the clarification we were
5 seeking to resolve with this update that was
6 previously unclear. So you could show -- have
7 your PCC-1 minimum calculated on your overall
8 procured and applied. Then we would subsequently
9 reduce -- or disallow your bucket three. It is
10 hard to say without actually walking through it.

11 MR. WYNNE: So --

12 MS. LEE: But I think what you're saying
13 is exactly what we were trying to resolve so that
14 you weren't being required to procure PCC-1 based
15 on procurement that we were then going to
16 disallow if you were over your bucket three. So
17 we're trying to create a scenario where we apply
18 the bucket three limit first and foremost, then
19 we subsequently will do the PCC -- the portfolio
20 balance one calculation.

21 MR. WYNNE: So an example where -- so say
22 there's a 1,000 megawatt hour obligation, a POU
23 has done 500 megawatt hours of PCC-1, 100
24 megawatt hours of PCC-3, they would -- ten
25 percent -- so if you have -- that's 600 total,

1 you would apply 10 percent to that, and so the
2 max PCC-3 would be 60 megawatt hours. And so you
3 would take 40 and you would remove that and
4 that's before you would evaluate their compliance
5 with the PCC-1 requirement?

6 MS. LARSON: Right. So it would
7 effectively lower the PCC-1 requirement.

8 MR. WYNNE: I think the confusing part is
9 that the 100, the full 100, is used to calculate
10 the 60 percent. So you're using -- you were
11 using disallowed RECs to calculate the allowable
12 RECs and that's where it gets confusing I think.

13 MS. LARSON: So I think that's where
14 we're trying to clarify that, to us, PCC-3 is a
15 limit. It's not a requirement that needs to be
16 satisfied in the same way that like PCC-1 minimum
17 of LTR needs to be satisfied. It's a limiting
18 condition on what you can actually count for
19 compliance and for the LTR, so --

20 MR. WYNNE: So in this example, so say
21 instead of the 500 PCC-1, if they went and did
22 500 PCC-3, they've now increased their limit of
23 PCC-3. So, I mean, it seems like you could over
24 procure disallowed PCC-3 and increase what
25 counts, and maybe I'm incorrect. And that's why

1 --

2 MS. LEE: No, I'm glad you're raising it
3 because that is exactly what we're trying to
4 resolve. So if we've written it in a manner
5 where that is either not clear or that we have
6 had inadvertently continued that construct, what
7 we're trying to resolve is in the scenario,
8 especially where you're under target but you have
9 excess, it becomes a circular calculation unless
10 you, first and foremost, look at the lesser of
11 target or what's applied, what the POU has chosen
12 to apply, and calculate the bucket three,
13 eliminate those, then calculate the bucket one.
14 That's the linear progression we're trying to
15 create.

16 But, Gabe, Mona, is there anything on
17 that you'd like to speak to?

18 MR. HERRERA: No. Just, Justin, if you
19 have some suggestions on how to approve the
20 equation, please provide them in your comments.
21 The thing about it is it does get very
22 complicated and it seems like you get into this
23 kind of do loop where you have to do some
24 recalculation based upon the adjustments that are
25 made and -- yeah.

1 MS. LEE: And it does vary if you're over
2 procured to target, if you're meeting target,
3 where you're at in that bucket three, if you're
4 over your limit. Yeah. And the most complicated
5 case being you're below target but you have
6 arguably exceeded a bucket -- that initial bucket
7 three calculation. So trying to create one
8 calculation that addresses all of these scenarios
9 sufficiently has been a challenge. So, yeah, I
10 agree, Gabe, any help that you can provide us.

11 So I think that that is another area
12 that, you know, we would welcome your input on is
13 embedding the calculations in the regulation can
14 be a benefit if we do it effectively. So we have
15 a lot of calculations that seek to clarify our --
16 the narrative description of the regulation. And
17 where those are beneficial, it's valuable for us
18 to understand. But where they complicate things
19 or maybe can even counter what the narrative is
20 describing, we would be interested in
21 understanding how to effectively construct the
22 regulation to provide equations where they are
23 beneficial.

24 Is there any other comments specific to
25 the portfolio balance requirement clarifications?

1 Okay, let's move on.

2 MS. LARSON: All right. Now our next --
3 we'll get into our next set up topics which is
4 exemptions. And these allow POUs an alternative
5 or reduced procurement target calculation based
6 on specific requirements and conditions.

7 Ooh, that's a lot of text on this slide.

8 The first one we'll talk about today is a
9 new exemption from SB 350 that applies to POUs
10 with qualifying procurement of large
11 hydroelectric generation. The exemption -- the
12 requirements for this exemption were subsequently
13 amended by SB 100. So the pre-rulemaking
14 amendments incorporate the initial requirements
15 under SB in a separate subsection from the
16 amended requirements under SB 100. Consistent
17 with the statutory changes under -- the statutory
18 language, excuse me, the pre-rulemaking
19 amendments clarify that the amended exemption
20 from SB 100 only applies to compliance period six
21 and isn't available after 2030.

22 The very bottom part of this slide
23 highlights a few key differences in the statutory
24 requirements for the exemption that's in effect
25 for the years between -- excuse me, 2017 and 2018

1 is the set of criteria on the right. And then
2 2019 and 2030 are the requirements -- this is
3 backwards. 2017 and 2018 are the requirements on
4 the left and 2019 through 2030 are the
5 requirements on the right. My apologies for the
6 typo in the years there. These requirements are
7 incorporated in the pre-rulemaking amendments in
8 separate subsections, as I said.

9 One of the topic areas in particular that
10 we'd like input on is whether one or both of the
11 provisions that require qualifying generation to
12 provide electricity to a POU or for a POU to
13 receive qualifying generation, if either of those
14 require the POU to actually apply the generation
15 to its retail sales in order to avail itself of
16 this exemption.

17 Another topic area we're like your
18 thoughts on is the dates of availability for
19 these exemptions. As I said, we understand the
20 statute as it currently exists to limit the
21 applicability of the exemptions to within
22 compliance period six and not have it available
23 afterward.

24 And last, we wanted to draw attention to
25 the proposed treatment of renewals and extensions

1 in the pre-rulemaking amendments since we know
2 that was an area of concern before and see if the
3 proposed treatment is sufficient or if there are
4 additional areas that we need to address.

5 MR. WYNNE: Justin Wynne. Here, I'm on
6 behalf of the Merced Irrigation District.

7 Just to clarify on this first question
8 about the providing electricity to a POU, we
9 spent quite a bit of time on this issue back in,
10 I think this was 2014 and 2015, if that's
11 correct, Gabe? And I don't believe the relevant
12 language for that has changed. And so I'm not
13 sure why there would be a question about
14 revisiting it within the context of what would
15 apply in the prior, this 2016 to 2018 period.

16 MS. LARSON: So I think -- sorry. There
17 are two -- we have two different slides, one for
18 the exemption that has historically applied to
19 Merced, that's the one I'm going to talk about
20 next, and these are just the SB --

21 MR. WYNNE: Okay.

22 MS. LARSON: -- 350 and SB 100 changes.

23 MR. WYNNE: That's helpful. Thank you.

24 MS. LARSON: So in the -- yes. I could
25 have made that a little clearer. My apologies.

1 MR. WYNNE: Okay.

2 MS. LARSON: In this first SB 350
3 language there is a provision that requires
4 qualifying generation to provide electricity to a
5 POU. That was amended in SB 100 and the language
6 switched back to qualifying generation needs to
7 be received by a POU, which is what was the
8 language used for the exemptions that we
9 understand to apply to Merced in the past.

10 MS. BERLIN: So this is Susie Berlin.

11 On this issue, we believe that the not
12 available after compliance period six is a
13 product of some poor drafting. And when you look
14 at the totality of the legislation, it's clear
15 that this provision was intended to be invoked at
16 the time when the RPS went up. It does reference
17 section -- subsection (b) which has specifically
18 delineated compliance periods. But in subsection
19 (c) it says that the publicly owned utilities are
20 responsible for doing certain things, including
21 ensuring that the CEC adopts compliance periods
22 for after the specifically delineated compliance
23 periods.

24 So I think when you -- when they're
25 taking it whole, that the reference to subsection

1 (b) was just to what was already the delineated
2 compliance periods and it applies beginning with
3 that, with the 60 percent, and then it goes
4 onward.

5 And we, obviously, will be providing
6 written comments and provide more information.
7 But the purpose of this section was to deal with
8 these federal contracts, these long-term hydro
9 contracts, so it just doesn't make sense to read
10 it as saying you're -- we're accommodating,
11 recognizing these long-term contracts and, by the
12 way, only for a few years and these contracts
13 that go out 30-plus years cannot be recognized
14 after that.

15 MR. TOMASHEFSKY: Just to add a couple
16 things.

17 When you look at, under the --

18 MS. LEE: And this is Scott --

19 MR. TOMASHEFSKY: Thank you.

20 MS. LEE: -- Tomashefsky.

21 MR. TOMASHEFSKY: Thank you, Natalie.

22 When we start looking at being consistent
23 with and whether it's identical or not with PUC
24 rules, if you look at 39915 there's a reference
25 point to the compliance periods that are in there

1 that go out to 2030. And then, of course,
2 there's additional language that talks about the
3 establishment of additional compliance periods
4 above and beyond that.

5 So where that reference point is -- shows
6 up in 39930(b) and (c) creates inconsistencies in
7 terms of what the intent is. And so if you're
8 looking at it from that standpoint there would be
9 an expectation that that type of provision would
10 go forward.

11 The other component of it is just from a
12 practical matter. As we've talked about this
13 exemption or accommodation over the years, the
14 tie-in to the federal resource projects was
15 important, which we actually recognized at the
16 end of the AB 1110 discussion when we're talking
17 about how to normalize hydro and other non-
18 California-eligible renewable on the label and we
19 wanted to make sure that the retail sales
20 component was kept intact with that. So it was
21 the intent that you could not lay off this
22 resource. And by virtue of that, as we got to 60
23 percent and beyond, it became much more of a
24 challenge for a lot of public entities.

25 And so that fits in really well with what

1 happens in 2030 and beyond. And it also fits
2 well with respect to the 2045 decarbonization
3 goals.

4 So there's a lot of factors surrounding
5 why this is important. But the tie-in to long-
6 term and contractual agreement with the federal
7 government to take something that's provided to
8 public entities was really paramount to having
9 this thing put in here in the first place. And
10 so we just want to make sure that the
11 technicalities or maybe the non-tight nature of
12 the statutory language doesn't become the problem
13 associated with trying to implement this in the
14 way it was intended to be.

15 MS. LEE: Thank you. That's really
16 helpful.

17 Are there any other comments in the room?

18 MR. HERRERA: So, Natalie, can I follow
19 up with Scott real quick?

20 Scott, do you think -- I mean, there were
21 a number of changes made to provisions that apply
22 to exemptions for large hydro that there may be a
23 need in the near future to get some clarifying
24 language, some legislative fixes to address those
25 ambiguities that might appear in the statute.

1 And, if so, is that an opportunity for POUs to
2 seek some clarification of this issue, if you
3 think it was really such a drafting error?

4 MR. TOMASHEFSKY: Yeah. I think the
5 simplest drafting fix, if you will, is really
6 tied to the Commission having the authority to
7 establish multi-year compliance periods beyond
8 2030 so that you don't have to keep going back to
9 the statutory language and fixing it. If you
10 decide, well, we're going to now extend it to
11 2040, now we're going to add three more
12 compliance periods. Now we go back in 2040 and
13 we say we're going to add more compliance
14 periods.

15 So what I would think would be the most
16 useful thing is really designing the language in
17 a way that allows you to sort of take care of
18 that administratively, is to go back to make a
19 statutory change, because it really does become
20 not the most useful, not the greatest use of
21 everyone's time because it's not really a
22 discussion on public policy, it's a discussion on
23 how you're administering the program. So just a
24 technical oversight, I think, really, that this
25 particular provision gets caught in the middle

1 of.

2 MS. LEE: No more hands raised in the
3 room.

4 Anything on WebEx?

5 All right, then we're ready to move on to
6 the next one.

7 MS. LARSON: Great. So this is the other
8 large hydro exemption that -- for which there
9 have been some changes in law, in this case by SB
10 1393, and then subsequently by SB 100.

11 So this exemption was originally enacted
12 by SB 591 with such narrow eligibility criteria
13 that we really understand it to apply only to one
14 POU, Merced. It was amended in SB 1393, the
15 calculations and eligible criteria, and then in
16 2018 these criteria and calculations were removed
17 and replaced by SB 100, concurrent with this
18 large hydro exemption that we just talked about
19 with different requirements.

20 So the pre-rulemaking amendments
21 incorporate the SB 1393 changes to the exemption
22 which applied for the years in which SB 1393 was
23 in effect through the SB 100 effective date.
24 These changes include changing the procurement
25 requirement reduction from a compliance period

1 basis to an annual basis and changing the
2 eligibility criteria to no longer exclude
3 qualifying generation that could meet the
4 definition of an eligible renewable energy
5 resource.

6 For the requirements that were in place
7 in compliance period two, so prior to the 1393
8 amendments, we did make a few clarifications in
9 the regulations to replace the statutory
10 references to Public Utilities Code 39930(k)
11 because it was subsequently amended a couple of
12 times. So we, instead, incorporated the language
13 that was actually contained in that provision
14 before it was amended. Otherwise, our intent for
15 those years is that the requirements did not
16 change. The changes for those years were to
17 address the fact that 39930(k) had been amended
18 multiple times.

19 And that's all we have to tee it up.

20 MS. LEE: Okay. Any comments on the
21 application for this exemption? I kind of
22 expected limited comment on this. Okay.

23 All right, Katharine, go ahead and move
24 on.

25 MS. LARSON: So on the topic of

1 exemptions with fairly limited applicability, we
2 have a new procurement target reduction for a POU
3 with qualifying procurement from gas-fired power
4 plants that was established by SB 1110. So we
5 understand this provision to only apply to two
6 POU's that address the statutory requirement to
7 notify the CEC by last April of their intent to
8 ask and use this provision in the future.

9 The pre-rulemaking amendments incorporate
10 the eligibility criteria for this exemption and
11 for gas-fired power plants based on the statutory
12 requirements. This includes the requirement that
13 a qualifying power plant must be operating at or
14 below a 20 percent capacity factor each year of
15 the applicable compliance period for which the
16 POU avails itself of the exemption.

17 The pre-rulemaking amendments also
18 propose requiring that a given a POU must procure
19 RPS resources equal to 45 percent of retail sales
20 by the end of 2027, 50 percent by 2030, and 50
21 percent for each compliance period thereafter,
22 and incorporate corresponding soft targets. This
23 is based on the statutory requirement that a POU
24 must procure eligible renewable resources as
25 required by Public Utilities Code section 39930

1 as it existed on January 1st, 2018. However, in
2 developing this implementation, we understand
3 that there could be alternative -- reasonable
4 alternatives to what Staff has proposed. And so
5 we'd really like to get your input on what, if
6 any, those might be and why they may be the best
7 implementation, or if you agree with us as well.

8 Last, the pre-rulemaking amendments
9 specified that this procurement target exemption
10 takes effect beginning in compliance period five.
11 That's the first compliance period that has an
12 RPS target that's greater than 50 percent. And,
13 again, this is based on the statutory requirement
14 that the provision takes effect if the
15 procurement requirements of the RPS article
16 require more than 50 percent of retail sales to
17 come from RPS resources. Again, though, we
18 understand there could be reasonable
19 alternatives, other than we've proposed, so we'd
20 like to get feedback on that as well. And we
21 understand that this provision does only apply to
22 a limited number of POUs but we do welcome
23 comments from anyone who has them.

24 MR. CHOW: So David Chow with Roseville
25 Electric and speaking for half of the qualifying

1 POU's that this applies to.

2 Again, just to give a little context, we
3 have the Roseville Energy Park which was built in
4 response to the energy crisis and to provide
5 local reliability and support our, you know,
6 keeping the lights on. So the bonds will not be
7 paid off until 2037, so this is something that we
8 hope to never use but it's a good sort of, I
9 guess, insurance policy to protect our ratepayers
10 and the money that they've invested in that.

11 No requests, per se, except for a
12 clarification. My understanding is that this was
13 sort of passed when SB 350 was, you know, the law
14 of the land and the goal was 50 percent by 2030.
15 So we just want to clarify, with SB 100 pushing
16 that 50 percent goal a couple of years earlier
17 to, I believe, 2026 whether the trigger point
18 would be that year, 2026, or whether it would
19 remain at 2030? Just a minor clarification.

20 Thank you.

21 MS. LARSON: That's a good one to think
22 about. We had -- in my mind, 2026 was the
23 rule -- the reason that made sense, but we'll
24 certainly look into other possibilities. And if
25 you have suggestions for why one might be

1 preferable or make more sense, we'd certainly
2 appreciate that in your comments.

3 MS. LEE: Any comments on WebEx on this
4 topic? Okay.

5 All right, Katharine, you ready to move
6 on?

7 MS. LARSON: Okay. The next couple
8 slides we're going to discuss have to do with
9 reporting. First, we'll talk about compliance
10 reporting, and then some changes to annual
11 reporting.

12 So the pre-rulemaking amendments propose
13 a two-step compliance reporting process in which
14 there's modified information submitted in the
15 annual report for the last year of a given
16 compliance period which would later be followed
17 by a compliance report that's submitted after the
18 CEC has completed initial verification results
19 for REC eligibility, PCC classification, and
20 longer short-term duration of the RECs.

21 The intent here is to provide POUs better
22 information on the eligible RECs that they have
23 available to apply for the procurement
24 requirements of a compliance period. This is
25 relevant, in our mind, because the PBR and LTR

1 depend on the actual RECs that are applied to the
2 target and in what classification they are in.

3 So in the compliance period that's --
4 compliance period report that's submitted based
5 on the actual -- the verification results from
6 the CEC, the initial verification results, the
7 POU would need to identify the amounts of RECs in
8 each portfolio content category classification
9 and the long- or short-term classification that
10 it intends to apply to the RPS procurement target
11 for a given compliance period. Similarly, the
12 POU would be identifying any new excess
13 procurement that it is accruing in the compliance
14 period, again, based on those initial
15 verification results from the CEC.

16 So in initial comments we received there
17 was a request to increase the time frame for that
18 second step of the process, the compliance
19 report, to 60 business days from the proposed 60
20 calendar days, and also a process by which a POU
21 could request an extension for this report
22 process.

23 We understand the reasons that were
24 cited, for why the 60 calendar days may be
25 insufficient, although conceptually we think it

1 might be easier to follow calendar days than
2 business days. And so one, you know, question we
3 had in looking at those comments is if we had
4 said 90 calendar days, would that achieve the
5 same result as the request for 60 business days
6 in the initial comments?

7 In addition, we do think that the report
8 extension process in the guidebook might -- would
9 probably be sufficient to allow for an extension
10 of this as a reporting requirement but -- and we
11 would prefer to not be duplicative in general --
12 but we are open to considering this if it is, in
13 fact, necessary to separately address, so --

14 MS. DERIVI: Tanya Derivi, SCPA.

15 On behalf of a number of our members,
16 some of whom are very, very large utilities, I
17 think we'd be very supportive of 90 days instead
18 of 60 days, if you do go with a calendar date,
19 and if it is allowable, to allow some sort of
20 trigger mechanism to ask for additional time. The
21 concern becomes at the end of the year, when
22 there's a lot of holidays and a lot of staff who
23 might be out that would otherwise be working on
24 this one, there may be staff constraints, both
25 for our largest utilities in the state, but also

1 for our very small utilities where one person may
2 be doing this at the end of the year and wears
3 multiple hats and may not, simply, have enough
4 time to get it done when there's only one person
5 at a small utility working on it. So any
6 additional flexibility, we'd greatly appreciate.

7 MR. WYNNE: Justin Wynne for CMUA.

8 Just to clarify what you were mentioning
9 from the eligible guidebook, are you saying that
10 that, on its own, would allow a request for an
11 extension of this report or you would need to
12 take parallel language from the guidebook and put
13 something into regulations? I didn't --

14 MS. LEE: We are -- we'd like to explore
15 if the provision in the guidebook allow for the
16 submittal of a request to extend already so that
17 we don't need to duplicate because we'd prefer
18 not to duplicate in both sets of rules. If you
19 feel like the guidebook provisions are
20 insufficient, you know, then how we could
21 develop, such as Tanya said, maybe a trigger or
22 something of that nature, again, to avoid being
23 duplicative but to allow for this.

24 (Off mike colloquy.)

25 MS. LEE: No. The guidebook provisions

1 on requesting and extension of time.

2 MR. WYNNE: And I haven't reviewed those.
3 Is that -- the Executive Director would -- you
4 could request the Executive Director to grant you
5 the extension if you showed good cause?

6 MS. LEE: Yeah, I think so. That's what
7 we were hoping provides sufficient.

8 Gabe, please?

9 MR. HERRERA: There was a proposed
10 amendment to the reporting deadlines that allow
11 for parties to seek an extension if the reports
12 they submit are incomplete or if they don't
13 submit a report within the deadline, so proposed
14 amendments would allow them to seek an extension.
15 It just seems like that might be available to
16 POU's as well. And I'm talking about language
17 that's right in 3207(h) -- or, excuse me, (p), P,
18 as in Paul.

19 MS. LEE: So I think, generally,
20 speaking, we're certainly open to providing that
21 process, we just want to do it the most efficient
22 and appropriate place.

23 So any other comments regarding the
24 proposed change to compliance reporting, or
25 questions, clarifications, anything?

1 Oh, okay. Sorry. You weren't quite
2 yielding the microphone, so --

3 MR. WYNNE: So the POU reporting is the
4 next slide, correct, on --

5 MS. LARSON: Annual reporting.

6 MR. WYNNE: Yes --

7 MS. LEE: Annual reporting.

8 MR. WYNNE: -- for the --

9 MS. LARSON: So as for annual reporting,
10 we have proposed a number of minor clarifications
11 to the existing reporting process, primarily to
12 align with the actual implementation, as well as
13 to reflect the removal of the Public Goods Fund
14 reporting requirement in accordance with SB 1393.

15 One topic in annual reporting that got
16 initial comments was a proposed clarification to
17 the reporting requirement for POU energy
18 consumption. So because POU's exclude or they may
19 exclude energy consumption from the retail sales
20 for purposes of calculating RPS procurement
21 requirements the intent behind this change is to
22 help Energy Commission staff better verify that
23 the excluded generation is associated with POU
24 consumption, as well as to be able to compare
25 retail sales for consistency with other programs.

1 Some POU's, we recognize, do provide more
2 information on what's included in the consumption
3 by a POU. But the intent here is to provide more
4 consistency in that reporting to help us, again,
5 better verify.

6 We've also added additional language in
7 the annual reporting that applies to annual
8 reporting, as well as other reporting, that
9 clarifies the CEC may request additional
10 information from a POU to demonstrate compliance
11 with an RPS procurement requirement or any RPS-
12 related requirement, so we wanted to call that
13 out as well here.

14 MS. LEE: So I can see the look of
15 question or for clarification. So the request
16 for additional information, in large part, is to
17 help us as we try to validate the amount
18 submitted for retail sales, and sometimes those
19 differ from the retail sales numbers reported
20 under other reporting programs. So by having
21 that kind of broader view into how the POU is
22 assessing what they're putting to retail sales
23 or, arguably, municipal load or pumping loads,
24 things of that nature, that just will help us to
25 validate that the retail sales that they've

1 reported under the RPS is consistent with retail
2 sales as reported in other venues.

3 MR. WYNNE: This is Justin Wynne for
4 CMUA.

5 And just so I understand, would it be
6 things like including categories? So you would
7 have street lighting and then the number of
8 megawatt hours, you'd have city hall load, you'd
9 have water pumping for the sewage treatment
10 plant, so you would break it out by those types
11 of categories?

12 MS. LEE: Generally speaking, yes. I
13 think we did not prescribe categories. We're
14 looking for the POU to describe to us. And then
15 if we have additional questions of clarifications
16 needed we would seek them. We really expect this
17 to be just additional clarification so as the POU
18 chose to distinguish that, if they wanted to roll
19 things up into municipal load and things appeared
20 consistent with other reporting structures,
21 there's no need to additionally clarify. If
22 there were some kind of a broader difference in
23 those numbers, then we might follow up with
24 another request to better distinguish what's
25 included in those values.

1 MR. WYNNE: And I think maybe it wouldn't
2 be necessary in regulations but it might be
3 something that there could be some additional
4 instructions that you would put out around
5 reporting time just to make sure that we're
6 aligning with what you're looking for, but we
7 wouldn't need to put it in the actual
8 regulations, just so we make sure we're meeting
9 your --

10 MS. LEE: That seems very reasonable.

11 MR. WYNNE: -- expectations.

12 MS. LEE: Yeah.

13 MR. TOMASHEFSKY: Scott Tomashefsky here.

14 In the interest of sort of our ongoing
15 efforts for streamlining and just efficiency
16 reporting, to the extent that there's -- I mean,
17 when you look at the Power Source Disclosure
18 Report that's provided and you have the
19 distinction between your retail sales number and
20 what's self-consumed, and granted, there's just
21 one column right now but that can change, as
22 well, we start to run down that slope of multiple
23 reports for, basically, the same type of
24 information, s what I was hoping we would not
25 start going back down that path of duplicative

1 reporting for different purposes.

2 So I'd like to at least address this
3 thing a little bit more before you build it into
4 the regulations, just as far as how we can
5 address the needs that you have. Because I know
6 in terms of the Power Source Disclosure Report
7 itself, it's a compliance report but it doesn't
8 necessarily call for you to describe what's in
9 your self-consumption load. It's just sort of
10 assumed that this is what is going to be
11 consistent with the regulations.

12 So the extent that we can kind of deal
13 with that, if there's an area where we don't have
14 to do it twice, that would be ideal. As you
15 said, it's not a major piece of information but
16 it sort of goes down that same path of we don't
17 want to start getting into the habit of just
18 reporting in multiple trenches, even within an
19 agency.

20 So I'm not quite convinced this kind of
21 deals with it. We really haven't talked much
22 about that.

23 MS. LEE: Yeah.

24 MR. TOMASHEFSKY: But I think it warrants
25 a conversation or two before you build it into

1 something we're going to provide.

2 MS. LEE: Absolutely. I think, you know,
3 our attempt here was because we do see
4 disparities in retail sales reporting when we
5 compare it to power source or other reporting
6 venues as well. We see disparities among, you
7 know, many of the POU's. So then we have to kind
8 of go back and try to validate with the POU how
9 the -- the RPS-specific number. So our intent
10 was to try to alleviate that need for additional
11 follow up by getting enough information up front.
12 But we're always interested in streamlining
13 reporting and reducing reporting burden, so
14 absolutely agree.

15 Did we have some other parties that would
16 like to -- we can give you a minute to talk.

17 David, did you have something you'd like
18 to --

19 MR. CHOW: Yes. Can I answer your
20 question with a question? So when you --

21 MS. LEE: That's what this is about.

22 MR. CHOW: -- when you were comparing the
23 RPS annual compliance reporting to other reports,
24 were you referring to the power content label?

25 MS. LEE: So power source is one --

1 MR. CHOW: Okay. Sure.

2 MS. LEE: -- is one source. But there
3 are other reporting programs in which retail
4 sales or demand numbers are provided that we do
5 look to validate.

6 MR. CHOW: Okay. Well, just speaking
7 narrowly for Roseville Electric and the power
8 content label slash power source disclosure and
9 the RPS report, what we used to do is we would
10 take the self-generation exemption and apply that
11 to our RPS numbers, but we would not do that for
12 the power source disclosure because, you know, it
13 wasn't clear in the regulations that we were
14 treating those numbers the same way. However,
15 with the passage of AB 1110, I think that's
16 explicitly called out.

17 So, you know, again, just speaking for
18 Roseville Electric, I think those numbers should
19 be consistent going forward. But that being
20 said, we're happy to provide the numbers that
21 you're looking for. We have it broken down by
22 kilowatt hour and individual buildings. So if we
23 can provide it like that or we can aggregate them
24 to different uses like, you know, water pumping
25 or powering or heating buildings, just wanted to

1 provide some context, at least from our
2 perspective, on that.

3 MS. LEE: Great. No, I appreciate that,
4 and I think the staff. And, you know, we would
5 welcome the conversation of showing some of the
6 POUs where we have seen --

7 MR. CHOW: Um-hmm.

8 MS. LEE: -- differences. And, you know,
9 some of our questions are how folks are defining
10 municipal load and things of that nature?

11 MR. CHOW: Sure.

12 MS. LEE: So --

13 MR. CHOW: And to that point, if there's
14 other reports that you're aware of that maybe
15 seem to be inconsistent, at least as applies to
16 Roseville Electric, we'd be happy to work with
17 you and your staff on that in clarifying any
18 discrepancies.

19 MS. LEE: Okay. Any other comments in
20 the room? Well, good.

21 All right, we can keep moving forward.
22 Making great time.

23 MS. LARSON: That we are. Okay. This is
24 the last topic slide I have for the day, and it
25 is on additional changes. This is, once again,

1 not a comprehensive overview of every change in
2 the pre-rulemaking amendments but it provides or
3 attempts to provide an overview of most of the
4 other minor clarifying other changes that aren't
5 related to topics that we've already addressed.

6 So in Section 3201, we added definitions
7 for contract and ownership execution date which
8 are used to determine whether an agreement is
9 executed prior to June 1st, 2010. We also
10 updated the statutory reference in the definition
11 of compliance periods.

12 In Section 3202, we clarified how
13 additional procurement that is due to an
14 amendment of a PCC-0 contract is classified.
15 This is just a clarification but it was based on
16 a comment that we received, actually, in the last
17 draft amendments.

18 In Section 3204, we updated requirements
19 for a POU that has a regulatory exemption from
20 the portfolio balance requirement that's based on
21 satisfying the criteria of PUC, Public Utilities
22 Code, section 39918. This update was made in
23 parallel with STATE BOARD 350's amendments to the
24 criteria of Public Utilities Code section 39918.

25 In Section 3205, we removed specific

1 notification requirements for procurement plans
2 and enforcement programs that are pursuant to
3 changes from SB 1393.

4 And in Section 1240, we proposed
5 requiring a copy of the NOV to be sent, if
6 applicable, to be sent to a POU, in addition to
7 the Air Resources Board, as well as updating
8 statutory references to reflect remembering of
9 statutory provisions. There's also a lot of
10 renumbering throughout the pre-rulemaking
11 amendments, as I'm sure you've noticed.

12 So we encourage you, again, to take the
13 opportunity to provide input on these changes, or
14 if there are any other changes in the pre-
15 rulemaking amendments that we haven't already
16 discussed that you want to bring up, this is a
17 good opportunity to do so.

18 MS. LEE: Okay. Anyone in the room have
19 any other topics they'd like the opportunity to
20 discuss?

21 COMMISSIONER DOUGLAS: Thank you.

22 MS. LEE: We could narrow that a little
23 for you.

24 Any hands raised on WebEx?

25 Okay, you guys are all tired after lunch,

1 aren't you? Okay.

2 Let me check in here and see if there's
3 any comments from Commissioner's office staff?
4 Got a couple? Okay. All right.

5 MS. LARSON: Okay. So now we're on to
6 next steps.

7 As mentioned earlier, comments on the
8 pre-rulemaking draft amendments are due by five
9 o'clock on January 17th. You can use our e-
10 filing system to submit, and there are
11 instructions in the workshop notice.

12 In addition to the policy areas that
13 we've discussed here, we also encourage, as was
14 said, specific feedback on the pre-rulemaking
15 amendment language. If you have changes that you
16 recommend based on some of our policy
17 discussions, or even if you, say, catch a typo
18 that you think we should address, we really
19 appreciate that specific feedback in your written
20 comments.

21 We've included a copy of our current
22 schedule here which we are planning for the
23 formal rulemaking. And it's really to give
24 everyone an idea of what comes next and how
25 quickly.

1 So based on our discussion today and the
2 comments that we receive, we'll start drafting
3 the 45-day language and the rest of the initial
4 rulemaking package. We will be available for
5 meetings and conference calls between now and the
6 sort of formal, but you can see that time is
7 going to go by pretty quickly since we, again,
8 anticipate initiating it in April with the
9 publication of the Notice of Proposed Action.

10 We intend to have the regulations adopted
11 by the Commission in the third quarter and to
12 submit the final package to OAL in the fourth
13 quarter with the request for an immediate
14 effective date. So it is very much our intention
15 that the regulations will be adopted and
16 effective prior to the end of the compliance
17 period.

18 We plan to give a public comment period
19 in case there's anything else to discuss. We may
20 or may not have a need for -- well, we noticed
21 it, so we'll give the opportunity for public
22 comment, but we have discussed a lot to date,
23 so --

24 MS. LEE: Are there any members of the
25 public or any participants that have additional

1 points to raise? We have one.

2 Greg, do have the microphone? Thank you.

3 MS. BERLIN: I'm usually louder.

4 On the previous slide, when you say
5 public hearing, do you mean the meeting?

6 MS. LEE: This is Tanya -- I'm sorry.

7 MS. BERLIN: No. Sorry.

8 MS. LEE: This is Susie Berlin.

9 MS. BERLIN: Sorry.

10 MS. LEE: I'm looking at Tanya, so --

11 MS. BERLIN: With regard to public
12 hearing, is that the -- that's separate from the
13 hearing at the meeting where it would be adopted?
14 That would -- are you anticipating like a
15 workshop hearing on the 45-day language?

16 MS. LARSON: So we're anticipating that
17 we'll have a 45-day language workshop. While not
18 technically required, unless someone asks, we
19 anticipate that we'll hold one.

20 MS. BERLIN: Thank you.

21 MS. LEE: We do anticipate -- well, we
22 are required, of course, to have a public hearing
23 for the adoption in quarter three as well.

24 Okay, I'm not seeing any indication that
25 there's additional public comment.

1 Is there anything on the WebEx?

2 Okay, so we'll move past this slide.

3 MS. LARSON: And that is actually all
4 that I have. My contact information is here, of
5 course, and I think most of you have it but
6 you're welcome to contact me with any questions.

7 And I'll turn it back to Commissioner
8 Douglas.

9 COMMISSIONER DOUGLAS: All right. Well,
10 I just wanted to say I appreciate everyone's
11 participation in the workshop. I know some folks
12 had to leave early but I know that everyone who
13 was here will -- and on WebEx and generally aware
14 of the proceedings, will submit comments. And
15 we've got our comment deadline.

16 My philosophy on these things, especially
17 with a timeline such as the one we have, is that
18 we are going to do our best to put the cleanest,
19 most comprehensive, most perfect set of 45-day
20 proposed regulations forward. We will utilize
21 your comments to the maximum extent we can,
22 everybody's comments to the maximum extent we can
23 in doing so. And, of course, you'll comment on
24 that. And there may be things that aren't
25 perfect and we'll fix what absolutely needs to be

1 fixed, but your most brilliant ideas should come
2 to us now, please, not later.

3 So I really appreciate everyone being
4 here. I really appreciate the fact that you came
5 prepared to speak to the proposals that we put
6 forward and look forward to further engagement
7 through this process, so thank you.

8 MS. LEE: All right. For folks on WebEx,
9 we're going to be closing down the WebEx.

10 Thank you all for your participation.

11 (The workshop adjourned at 2:00 p.m.)

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REPORTER' S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of December, 2020.



Eduwiges Lastra
CER-915

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IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of December, 2020.



Myra Severtson
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