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SONOMA CLEAN POWER AUTHORITYâ€™S COMMENTS ON THE REQUEST FOR INFORMATION, POWER SOURCE DISCLOSURE

Additional submitted attachment is included below.

STATE OF CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

IN THE MATTER OF: RULEMAKING TO AMEND REGULATIONS GOVERNING THE POWER SOURCE DISCLOSURE PROGRAM	DOCKET No.: 21-OIR-01 ORDER INSTITUTING RULEMAKING

SONOMA CLEAN POWER AUTHORITY'S COMMENTS ON THE REQUEST FOR INFORMATION, POWER SOURCE DISCLOSURE

Neal Reardon,
Director of Regulatory Affairs
SONOMA CLEAN POWER AUTHORITY
431 E. St.
Santa Rosa, CA 95404
(707) 890-8488
nreardon@sonomacleanpower.org

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SONOMA CLEAN POWER AUTHORITY'S COMMENTS ON THE REQUEST FOR INFORMATION, POWER SOURCE DISCLOSURE

Sonoma Clean Power Authority[1] (SCP) submits these Comments pursuant to the Request for Information, Power Source Disclosure[2] (RFI), dated March 22, 2023.

I. INTRODUCTION

SCP appreciates the opportunity to respond to the questions offered by the Commission. Implementing the framework for hourly accounting of greenhouse gas emissions developed in SB 1158 (Becker, 2022) by 2028 will require leveraging existing data and consistently applying treatment at the Load Serving Entity (LSE) and grid level. Specifically, the Commission should:

- Collaborate with the ISO and utilize grid-level generation data to compare with LSE filings,
- Consider expanding WREGIS to track RECs on an hourly basis,
- Facilitate accurate and timely provision of hourly data from generators to LSEs,
- Incorporate avoided emissions and allow for netting out these from LSE emissions, and,
- Rely on CAISO to support development of line-loss adjustments.

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[1] *Sonoma Clean Power is the public power provider for Sonoma and Mendocino counties, serving a population of about a half-million. In downtown Santa Rosa, SCP operates the only Advanced Energy Center in the United States dedicated to helping customers transition to 100% renewable energy for their homes, businesses, and cars.*

[2] *Request for Information, Power Source Disclosure*, 21-OIR-01 (Mar. 22, 2023).

II. QUESTIONS FOR RETAIL ELECTRICITY SUPPLIERS

1. Discuss the feasibility and financial impact of obtaining hourly delivery data for each specified procurement for each hour of the year, organizing that hourly data into an Excel template provided by the CEC, and reporting that data to the CEC annually.

See responses below to specific elements of this question.

a. Feasibility of obtaining data for resources connected to the CAISO grid

SB 1158 (Becker, 202) amended Public Utilities Code Section 398.6 to require that all sellers of electricity provide purchasing LSEs with hourly data for GHG reporting. This provision also applies to those receiving allocations from a central procurement entity.[3] The Energy Commission should monitor sellers to ensure that this information is being provided to LSEs accurately and in timely fashion. As sellers already have access to hourly generation data from facilities they own or operate, there is also no justification for delays or increased costs to comply with SB 1158.

The Energy Commission should leverage existing data to facilitate ease of implementation and to best monitor compliance. To achieve this, CEC staff should collaborate with the California Independent System Operator (CAISO). The CAISO has generation data for facilities in its footprint in 5-minute increments. This data should be aggregated to hourly impacts and shared with CEC staff or uploaded to a clearinghouse. This would enable Commission staff to then compare CAISO data on hourly GHG impacts with the collective submittals of LSEs. With the appropriate security protocols, this clearinghouse should also be accessible by LSEs to validate alignment on emissions impact and accounting.

[3] See PU Code 398.*6 Section 3(f)(1-3).*

Alternatively, the current framework for Renewable Energy Credit (REC) accounting could be expanded. RECs are currently monitored and accounted for as they are generated across the West and imported into CAISO territory, but with no tracking for the time of the energy delivered. The Western Renewable Energy Generation Information System (WREGIS) could be enhanced to track time-based RECs. Relying on the existing WREGIS system which has proven itself to be robust and accurate over the past two decades would facilitate a more effective implementation of hourly GHG accounting. To fully implement the requirements of SB 1158, the system would also need to be expanded to include non-RPS generation (e.g. large hydropower).

Finally, the California Public Utilities Commission (CPUC) has recently adopted a Voluntary Allocation and Market Offer (VAMO) process for LSEs to receive an allocation or to purchase RPS eligible energy from the Investor-Owned Utility (IOU). Fortunately, this scenario was contemplated in SB 1158 and hourly generation information for VAMO allocations are required to be provided to participating LSEs. For equitable implementation, the CEC should stipulate that, for cases of allocations or purchases made by multiple buyers (including VAMO but also bilateral contracts unless otherwise specified), the hourly impacts should be allocated by volume. For example, if LSE A purchases 80% of a facility's output and LSE B purchases the remaining 20%, LSE A should be allocated 80% of the hourly GHG impact and generation profile of the facility, with LSE B taking the other 20%.

b. Feasibility of obtaining data for resources outside of the CAISO grid

NERC requires import resources to submit an E-Tag for energy imported to CAISO, which includes hourly volumes. LSEs buying imports generally have access to this data from suppliers, but it is possible that it is not specific to a generator or even a technology and may be

difficult for the Energy Commission to validate. Additionally, suppliers outside of CAISO will likely be less motivated to implement systems and protocols to comply with SB1158.

Although obtaining and reporting data outside of CAISO should be highly feasible for LSEs, the Energy Commission should explore approaches that facilitate implementation. The WREGIS time-based REC solution described above would work for import resources. Given the importance of Pacific Northwest hydropower to LSEs, special consideration should be given to the capability to track non-RPS large hydropower times of delivery. The Energy Commission could also work with CAISO on augmenting tagging requirements and adding import data to a clearinghouse similar to the other option described above.

c. Financial impacts of hourly reporting

As owners and operators of generation facilities already have access to hourly generation information from participating in wholesale markets, they should be required to provide this information to LSEs at no additional charge. The overhead required for LSEs to aggregate and timely report hourly data from suppliers should be negligeable.

Incorporating hourly emissions impacts in the Power Source Disclosure may have the impact of increasing the value of clean generation during hours with high grid emissions. This is a positive outcome, as it will drive LSEs to concentrate procurement on resources that replace the least efficient fossil capacity and increase the reliability of the grid.

d. Excel template suggestions

Any Excel template should include the calculations CEC staff will use for determining emissions. This could be used to develop forecasted values for year-ahead emissions that LSEs could rely upon for planning purposes and achieving or exceeding GHG goals. The Statute

stipulates that the Commission also publish "The total avoided greenhouse gas emissions."[4] The template should include this calculation by applying the unspecified emissions rate to an LSE's excess generation. Although not stipulated in statute, the Commission should also calculate a net emissions value by crediting incurred emissions with the result of the avoided emissions calculation. This netting process will provide for transparent accounting of emissions impacts. It will also facilitate ease of compliance monitoring by CEC staff: the aggregated total LSE emissions, net of avoided greenhouse gas reductions, could be compared with the CAISO's grid-level GHG reporting to ensure accuracy. Finally, it should be made clear that credits for avoided emissions will naturally decline toward near-zero as all LSEs move closer toward SB 100 obligations and there are fewer emissions available to offset.

2. Discuss the feasibility and financial impact of obtaining and reporting hourly settlement data from your retailer's balancing authority.

Please see response in II.1.A.

III. GENERAL QUESTIONS

1. Under an hourly load matching framework, what should be the load order for determining which resources are matched to load first? In other words, which resource types should be deemed to be over-procured/overdelivered during hours in which a retailer's specified procurements exceed its hourly loss-adjusted load?

Hourly assessments of GHG impacts should be made by comparing all specified resources versus LSE load and later netting out any impacts made upon the emissions intensity of the grid by an individual LSE's procurement. Current practice is to count RPS and GHG-free resources first, but this yields an inaccurate representation of LSE portfolios for two reasons: it does not consider the time of delivery of the resources and therefore overstates the climate

[4] See PU Code 398.*6 Section 3(e)(5).*

benefit of some variable renewable sources, and it also ignores the fact that resources are not dispatched with all renewables running before natural gas since that is impossible with today's mix of renewable sources. Explicitly ignoring emitting resources in cases when LSEs have procured in excess of their need does not accurately account for GHG impacts. It also creates a perverse incentive for LSEs to over-procure or avoid selling excess RPS resources for marketing purposes while having no climate or reliability benefit. Best practice and the clear intent of SB 1158 is to evaluate each LSE's portfolio and load in a given hour, add up the emissions from ALL of the LSE's procured resources and then net out any GHGs offset on the grid to produce a total figure. If the total generation exceeds an LSE's need for a given hour, SB 1158 stipulates that the LSE accrues avoided emissions at the unspecified emissions rate. For example, if an LSE has excess wind power in an hour where the grid has natural gas power on margin, that LSE should be credited with reducing the GHGs of that marginal unit. The language in SB 1158 to credit this kind of situation was expressly written to ensure that storage resources are accounted for properly as well, meaning they incur the GHG emissions associated with their charging energy and are credited the marginal grid emissions when they discharge.

2. How will hourly load matching affect grid reliability in the state, particularly during emergency events?

Hourly load matching will discourage LSEs from procuring resources in excess of their own load - even if they provide clean energy during much needed "ramp" hours. The primary value of CAISO and the significant investments made in transmission infrastructure is that we lean on each other for capacity in order to protect ratepayers from the excessive costs associated with every LSE having to self-balance. To ensure that there is no penalty for LSEs contributing to decarbonizing the grid, SB1158 explicitly included the avoided emissions category. The CEC should make sure that this credit is prominently reported in the Power Source Disclosure. The

CEC should also consider calculating a net measure of the incurred hourly emissions and avoided emissions, so LSEs that don't match their own load but provide significant GHG benefits to the grid can use that in their own marketing and planning.

3. How should in-state and out-of-state line losses be calculated for determining loss-adjusted load?

The current Power Source Disclosure does not include line losses. SB 1158 amended that process by requiring LSEs to report loss-adjusted load. Although data on hourly load with distribution losses is readily available to LSEs, transmission losses are not. As line losses experienced at the transmission level are impacted by a host of factors including weather and congestion, CEC staff should rely upon expertise from the ISO in incorporating line losses in a transparent and accurate manner. LSEs should be provided with advanced notice of how these losses are going to be implemented. Doing so will provide them with the incentive to make operational and portfolio adjustments in advance.

IV. CONCLUSION

Accurate, timely, and cost-effective implementation of SB 1158 is critical to maximizing the transparency and benefits envisioned. SCP appreciates staff's consideration of our feedback and welcomes further collaboration.

Respectfully Submitted,

Neal Reardon,
Director of Regulatory Affairs
SONOMA CLEAN POWER AUTHORITY
431 E. St.
Santa Rosa, CA 95404
(707) 890-8488
nreardon@sonomacleanpower.org

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