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California Energy Commission
Docket Office, MS-4
Re: Docket No. 21-OIR-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission's Staff Report on Power Source Disclosure Proposals on Hourly and Annual Accounting Docket No. 21-OIR-01

Dear Commissioners:

Southern California Edison Company (SCE) appreciates the opportunity to respond to the California Energy Commission's (CEC) Staff Report on Power Source Disclosure on Hourly and Annual Accounting (Staff Report). SCE generally supports the CEC's Staff Report to implement Senate Bill (SB) 1158 reporting requirements on electricity and associated Greenhouse Gas (GHG) serving hourly load for retail suppliers that are accurate, reliable, and easy to understand. SCE supports the CEC's objectives to implement a complete and accurate power source disclosure program for the electric sector, however SCE recommends the CEC clarify and modify several issues in the Staff Report. First, the over-procurement adjustment of resources in the Staff Report holds the retail supplier responsible to report the total emissions from an emitting resource even if the retail supplier only utilizes a portion of that resource to serve its loss-adjusted load. This result is inconsistent with the current accounting methodology adopted in CEC's current Power Source Disclosure (PSD) program where the investor-owned utilities (IOUs) are only required to report GHG emissions from their attributable share of the resource. Next, the Staff Report has the potential to double-count emissions if both the retail supplier of a resource with excess power or over-procurement and the purchasing party of unspecified power report emissions. Finally, SCE recommends the CEC revisit the accuracy and use of the California Air Resources Board's (CARB) default unspecified emissions rate of 0.428 MT CO_2e/MWh as a cap to determine emissions from unspecified power. The use of a capped emission rate for all hours of the day likely results in emissions under-reporting especially in the super peak hours of the day when the CAISO electric grid might be highly stressed and unspecified power would likely have a higher emissions rate than 0.428 MT CO2e/MWh. SCE discusses these issues in more detail below.

Emissions Should be Attributed to the Customers for Whom Resources Were Procured

SCE supports the CEC staff's efforts to fully account for GHG emissions that might not otherwise be fully reported in the current PSD program and to avoid GHG emissions leakage. However, SCE disagrees with the Staff Report that, "GHG emissions are attributable to the retail supplier that paid for an emitting resource to generate and deliver electricity to the grid."[1] For example, the CEC Staff Report does not clarify how an IOU that was ordered by California Public Utilities Commission (CPUC) to purchase a resource for the purpose of system or local reliability needs that benefit other electricity retail suppliers should report emissions. The costs for these shared resources ordered by the CPUC and procured by the IOUs are shared by all customers who benefit from the resources.[2] The CEC should clarify that GHG emissions from such resources should be allocated to each benefitting electric supplier or load serving entity based upon its proportionate load share. This is consistent with the CPUC's cost allocation treatment of shared system reliability resources.

The current PSD program follows a similar allocation for emissions reporting and requires the IOUs who have been directed to procure resources for system or local reliability to report only their respective portion of procurement as specified in Accounting Methodology §393 (a)(5).[3] The proposal in the Staff Report is inconsistent with this current allocation principle and does not provide adequate justification for this deviation. SCE recommends the CEC clarify that it is not the intent of the Staff Report to modify the existing allocation of GHG emissions; the IOUs should continue to report only their share of GHG emissions from shared resources and other benefiting entities should be required to report their share of GHG emissions. This will ensure all GHG emissions from shared resources are accounted for in the PSD program. The CEC should modify its third core principle with the following:

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[1] See Staff Report at 9.
[2] See CPUC Decision (D.) 06-07-029 and D.14-06-050.
[3] See Modification of Regulations Governing the Power Source Disclosure Program, May 4, 2020, at 9.

To avoid GHG emissions leakage, emissions remain attributable to the retail supplier that paid for an emitting resource to generate and deliver electricity to the grid, or the purchasing party in a specified resale. ***All benefiting retail suppliers shall report their proportional share of emissions from shared resources, or resources where a single retail supplier (IOU) has been ordered to purchase a resource that provides system and/or local benefits on behalf of the customers of other retail suppliers.***

Potential Double Counting of Emissions

The Staff Report proposes that if a retail supplier purchased an emitting resource to serve their adjusted load, "[r]etail suppliers must claim these emissions even if they did not use or load-match the underlying electricity."[4] Any excess electricity or over-procurement beyond the loss-adjusted load could be made available in the Integrated Forward Market (IFM) as unspecified power and the Staff Report proposes for retail suppliers purchasing unspecified power to report the associated emissions. This results in double-counting of GHG emissions related to the over-procurement amount made available and purchased by retail suppliers in the IFM where both parties would be potentially reporting emissions for the same electricity. SCE recommends that any excess electricity or over-procurement not used or attributed to load-matching and made available as unspecified power not be reported by the retail supplier who paid for that emitting resource. The entity who purchased the unspecified power should be responsible for reporting its GHG emissions, therefore minimizing the potential double-counting of GHG emissions from resource over-procurement and unspecified power.

Use of CARB's 0.428 Emissions Factor for Unspecified Power Needs to be Revisited for Peak Hours

The Staff Report proposes to use CARB's default unspecified emissions rate of 0.428 MT CO2e/MWh for unspecified imports and unclaimed in-state natural gas in its emissions factor for each hour of unspecified power.[5] While the Staff Report seems to cap emissions using the 0.428

[4] See Staff Report at 9.

[5] See *Id* at 11.

MT CO2e/MWh emissions rate for hourly emissions reporting, emissions will likely be under-reported in the super peak hours of the day and especially when the electric grid is experiencing stressed conditions. During the super peak hours, the unspecified resources available are less likely to be from clean resources and are more likely to be from over-procured gas fired generation resources with much higher emission rates than 0.428 MT CO2e/MWh. Therefore, applying and capping GHG emissions using a lower emissions rate than what might be expected from available gas fired resources would result in under-reporting of emissions during the super peak hours. SCE recommends the CEC review the resources generating during the super peak hours and assess whether 0.428 MT CO2e/MWh is adequate to account for the emissions from these generating resources. If 0.428 MT CO2e/MWh is not appropriate the CEC should consider developing a separate emission rate factor applicable for super peak hours for GHG emissions reporting.

SCE Supports Additional Workshops

SCE recommends the CEC convene additional workshops to continue stakeholder engagement and solicit additional feedback and recommendations for revisions to the Staff Report and continue to refine the PSD Program to ensure GHG emissions are fully accounted for in a fair and equitable manner and that it is clear and easy to understand. It remains unclear how over-procurement will be treated from an hourly accounting perspective and whether over-procurement in one hour can be used to offset under-procurement in another hour in a single day. It is in the best interest of all stakeholders that there be transparency for how GHG emissions are accounted for in both annual and hourly reporting and that the reporting be accurate and easy to understand.

P. Schofield

Conclusion

SCE thanks the CEC for consideration of the above comments. Please do not hesitate to contact me at (626) 302-0905 or Dawn.Anaiscourt@sce.com or Philip.Schofield@sce.com with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt

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