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Via e-mail

COMMENTS OF THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION ON PROPOSED CHANGES TO THE POWER SOURCE DISCLOSURE REPORTING REQUIREMENTS

CEC DOCKET: 21-OIR-01

Dear Sir/Madam,

The San Francisco Public Utilities Commission (SFPUC), on behalf of the City and County of San Francisco offers the following initial comments on the California Energy Commission's (CEC's) proposed changes to its Power Source Disclosure (PSD) regulations. The SFPUC operates both Hetch Hetchy Power, a publicly-owned utility (POU) and CleanPowerSF, a community choice aggregator (CCA) which are subject to the CEC's PSD reporting requirements. The CEC is proposing changes to the annual reporting requirement as well as implementation of an hourly reporting requirement starting in 2028 as required by SB1158.[1]

COMMENTS ON SB1158 HOURLY REPORTING REQUIREMENTS

SB 1158 requires the hourly reporting of Greenhouse Gas (GHG) emissions from each electric generator and/or purchased power contract used to meet retail needs. This will create an exponential increase in a retail seller's reporting requirements. Under the current PSD regulations, for example, Hetch Hetchy Power only has to report three data points (annual generation, annual resales, and used for retail sales) for each of its approximately forty units for a combined total of about 120 data points. Under the Proposed Regulations,[2] Hetch Hetchy Power will now have to report on an hourly basis five data points

[1] Statutes 2022, Ch. 367
[2] Pre-Rulemaking Amendments to the Power Source Disclosure Program (hereinafter referred to as Proposed Regulations.)

for calculating its hourly retail sales and at least three data points (generation, resales, and generation used for storage) for each generating unit.[3] This would exponentially increase Hetch Hetchy Power's PSD reporting requirement to almost 70,000 data points per unit (8 data points per hour X 8,760 hours = 70,080.) or over three million data points for Hetch Hetchy Power's forty generating units.[4]

Reporting requirements for CleanPowerSF would be similar, but also could be several orders of magnitude greater if it must report its share of investor-owned utility (IOU) resources that it will receive under the California Public Utilities Commission's (CPUC) Voluntary Allocation and Market Offer (VAMO) process.[5]

Requiring hourly reporting also appears to suffer from the "80/20 rule" of diminishing returns that applies not only to Hetch Hetchy Power but also likely applies to many other retail sellers. 98% of Hetch Hetchy Power's generation comes from eight (20%) of its generating units with twenty of its units (50%), primarily small solar, only contributing 1%. The remaining 1% is from purchases from the Western Area Power Administration (WAPA).[6]

The extensive reporting requirement necessary to meet 'the SB1158 requirements should be compared to the benefits it is supposed to provide. An initial justification was that while California forecasts its expected GHG reductions from the electric sector it does not measure if these goals have been achieved.[7] This is incorrect. As the legislative analysis of SB1158 noted, California's GHG emissions from the electric sector are already calculated yearly by both the California Air Resources Board (CARB), through its Mandatory Reporting Requirements (MRR)[8] and by the CEC itself through its PSD program.[9] This is in addition to retail sellers' yearly RPS compliance reporting. [10]

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[3] Proposed Regulations, Section 1392.2.
[4] Proposed Regulations, Section 1392.2.
[5] CPUC Decision (D.)21-05-030.
[6] SFPUC Hetch Hetchy Power 2022 Power Source Disclosure Report.
[7] Senate Third Reading Analysis of SB1158 as Amended August 15, 2022, p. 3.
[8] Senate Rules Committee Analysis of SB1158 as amended August 25, 2022, p. 6.
[9] Ibid. Since 2019, under the requirements of AB1110 (Statutes 2016, Ch. 656), the CEC is required to; "Calculate the GHG emissions intensity associated with state-wide retail electricity sales based on the GHG emissions for total California systemelectricity." (Public Utilities Code Section 398.4(k)(2)(B).)
[10] Additionally, California's electric systemis also subject to CARB cap-and-trade obligations which are based on a total California, rather than electric sector specific, GHG reduction target.

A second justification for SB1158 is that;

> The annual accounting approach obscures where our electricity is really coming from. During daylight hours, suppliers sometimes have more clean energy than they can use while continuing to rely heavily on fossil fuels to provide power at night.[11]

As discussed further below, the above example actually benefits the electric grid. The surplus renewable energy produced during the day is not lost but is instead being used by another retail seller to displace its use of a fossil-fueled resource to meet its demand, thus reducing overall grid GHG emissions.

The prevalence of the above example is also likely to diminish over time due to on-going regulatory and economic changes. Negative energy prices in the California ISO wholesale market during times of overgeneration should deter further extensive stand-alone solar development. Instead, new solar is increasingly being paired with storage to shift energy dispatch to maximize energy use when needed. This is being accelerated by regulatory changes (e.g. CPUC requirements for long-duration RPS resources) and extensive federal tax credits. By the time SB1158's hourly requirements become effective in 2028 they may no longer even be needed.

Thus, the claimed benefits of SB1158 need to be evaluated against the cost and feasibility of their implementation.

In adopting the requirements of SB1158, the CEC is statutorily required to;

- "…Seek to minimize the reporting burden and the cost of reporting that it imposes on retail suppliers;[12]
- May "delay when retail sellers shall begin reporting" if the CEC determines it is "infeasible or unreasonably costly for retail suppliers to obtain the necessary data or develop the necessary reporting tools within the timeframe established…;"[13] and
- "May modify or adjust the requirements" for smaller electrical corporations or retail sellers "if the CEC finds that the costs to comply with the requirements of this section "unduly burden the electrical corporation or retail supplier." [14]

[11] Senate Third Reading of SB1158 as amended august 25, 2022, p. 2.
[12] Public Utilities Code Section 398.6(k).
[13] Public Utilities Code Section 398.6 (m).
[14] Public Utilities Code Section 398.6(l).

None of these statutory requirements, over which the CEC has discretion, appears to have been addressed in the Staff Report.[15] Instead, the Staff Report contains little analysis of the costs of implementation relying entirely on informal responses to a survey, which itself notes that "Matching hourly load and generation data might be administratively burdensome" and further notes specific problems for out-of-state imports, storage, allocation of VAMO resources and other concerns.[16]

The only available cost estimate for the CEC to develop the necessary software ($300,000/year) comes from the financial analysis prepared by the Senate Rules Committee in considering SB1158[17] and seems woefully low given the software programs the CEC is proposing to implement. There is no cost estimate or analysis of the likely significant costs that retail sellers and generators will incur to meet SB1158's extensive data and auditing requirements as well as no examination of alternatives This analysis is necessary to ensure that the CEC is seeking to "minimize the reporting burden and cost of implementation."[18]

The most simple and cost-effective approach would be for the CEC to use the same Clean System Power (CSP) calculator[19] used to create the forecasted GHG reductions for CPUC-regulated entities in the first place. Although the CSP calculator "is not intended to be used as an after-the-fact compliance tool,"[20] it appears that this functionality could be added at minimal cost and effort. As described in the CSP calculator:

> The core function of the Clean System Power (CSP) calculations [is] to assign emissions associated with the CAISO system's dispatchable thermal generation and unspecified imports ("system power") to LSEs based on how each LSE plans to rely on CAISO system power to meet its load on an hourly basis.[21]

Rather than use hourly data (requiring the input of 8,760 data points for each variable), the CSP calculator uses a standard "production shape to produce a

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[15] Power Source Disclosure Proposals on Hourly and Annual Accounting (September 2023) hereinafter referred to as "Staff Report."
[16] Staff Report, p. 3.
[17] Senate Rules Committee Analysis of SB1158 (August 30, 2022), p. 8.
[18] Public Utilities Code Section 398.6(k).
[19] CPUC Greenhouse Gas and Criteria Pollutant Accounting Methodology for use in Load-Serving Entity Portfolio Development in 2022 Integrated Resource Plans (2022) hereinafter referred to as "CSP Calculator".
[20] Senate Rules Committee Analysis of SB1158 (August 30, 2022), p. 8.
[21] CSP Calculator, p. 3.

production profile for each hour"[22] for each type of technology and calculates the amount of a retail seller's load being met by system power.[23]

While the current CSP is designed for forecasting GHG emissions for future years, there is no reason it could not be easily reconfigured to also perform "backcasts" of comparing the previous year's GHG emissions using actual, rather than forecasted retail sales and resource mix. These results could then be compared to annual GHG emissions (already calculated by the CEC Power Source Disclosure program and CARB's MRR reporting program) for additional verification as needed. As noted in the Staff Report, the CEC is already considering using the CSP methodology for calculating hourly GHG emissions when actual data is not available.[24]

Expanding the use of the CSP to monitor achievement of California's GHG goals on a retrospective basis, in addition to its use as a prospective modeling tool, could achieve SB1158's goals while reducing retail seller reporting requirements by many orders of magnitude. For jurisdictional reasons, the CEC would need to have a separate "after-the-fact" CSP calculator since it would also apply to non-CPUC regulated entities.

The CSP Calculator's simplified framework should be the benchmark against which the CEC is evaluating the cost and feasibility of SB1158 implementation.

Instead of the CEC using the CSP calculator, the CEC is proposing a "brute force" approach by requiring the reporting of multiple data points for each hour of the day for every generating unit and purchase contract.

Even under this approach the CEC should still identify ways to reduce the reporting burden. The Staff Report already recognize that the use of hourly generation profiles, rather than actual data, will be needed to address various data gaps.[25]

The use of generation profiles should be extended to smaller resources to simplify reporting requirements. Using profiles instead of actual hourly data for generating resources under 1 megawatt (MW), for example, would reduce Hetch Hetchy Power's reporting requirements by 50% with minimal effects on reported GHG emissions. Allowing the use of load profiles for even larger generators (e.g. 5 MW or 10 MW) should also be examined and will likely have little effect on the accuracy of reported GHG emissions.

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[22] Ibid.
[23] Ibid.
[24] Staff Report, p. 13.
[25] Staff Report, p. 13.

Another way to significantly reduce SB1158 reporting requirements is to consolidate into a single report all of the resources that CCAs and Energy Service Providers (ESPs) will receive from the IOUs as part of the VAMO process.[26] For CCAs in PG&E's service territory that took their voluntary allocation, such as CleanPowerSF, this will now require for 2023 reporting (due in June 2024) CleanPowerSF to report its proportional share for each of the roughly 300 RPS contracts that PG&E has.[27] CCAs and ESPs may also receive, depending upon the IOUs choice, a proportionate share of the IOU's GHG-free large hydroelectric generation.[28] For those who successfully participated in the Market Offer portion of VAMO, such as CleanPowerSF, it will now have to report for its 2024 reporting year (due in June 2025) the additional 137 RPS eligible units that CleanPowerSF will now get a share of with its long-term contract with Edison.[29]

The CEC should work with the IOUs to develop the appropriate VAMO and if applicable large hydroelectric portfolios and then each CCA/ESP would only need to report its proportionate share as a single line entry into the PSD rather than listing generation data from several hundred units. This approach is consistent with the CEC's statutory authority[30] and would treat VAMO allocations in the same manner as the CEC treats generation from Asset Controlling Suppliers (such as the Bonneville Power Administration.)[31]

Adopting this provision would achieve the statutory goal of minimizing the burden of hourly reporting for all the CCAs that participated in the CPUC's VAMO program.

To further simplify reporting, the ability to consolidate reporting from multiple units also should be extended to generation from the Western Area Power Administration (WAPA). Like the VAMO allocation, WAPA proportionately allocates its base generation amongst many public entities in California. Hetch Hetchy Power's reporting requirements would drop by 25% if it is allowed to report its WAPA generation as a single entry.

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[26] CPUC D..21-05-030.
[27] PG&E 2022 Power Source Disclosure Report.
[28] CPUC D.23-06-006. The IOUs have the choice of either proportionately allocating the GHG attributes of their hydroelectric generation or crediting the incremental GHG-value of this generation to the CCAs and ESPs in their service territory.
[29] Southern California Edison 2022 Power Source Disclosure Report.
[30] Public Utilities Code Section 398.6(f)(3) requires that: "An entity allocating electricity from specified sources shall timely provide each retail supplier to whom a share of the electricity is allocated with the retail supplier's hourly share of electricity from each specified source and the emissions of greenhouse gases associated with that electricity."
[31] Power Source Disclosure regulations, Section 1392(a)(2).

USES OF HOURLY REPORTING DATA

The SFPUC is concerned about how the hourly reporting required under SB1158 will be used to guide and evaluate procurement choices and its potential effect on utility costs, reliability, and the environment. The CEC should evaluate these factors in implementing SB1158.

One of the main goals of SB1158 was the concern that some retail sellers are receiving credit for providing surplus GHG-free energy above their retail needs to the grid during certain hours of the day.[32] As a result SB1158's methodology for calculating GHG emissions intensity only gives credit to the GHG-reductions occurring to meet a retail seller's own needs. It does "not include or consider any avoided greenhouse gas emissions" [33] the retail seller creates by supplying excess GHG-free energy to the grid during certain hours.

As previously mentioned above, this over-procurement situation benefits the electric grid. The surplus renewable energy produced by one retail seller is not lost but is instead being used by another retail seller to displace its use of a fossil-fueled resource to meet its demand, thus reducing overall grid GHG emissions.

This should be the goal of resource planning and California's regulatory efforts, focusing on reducing system-wide GHG emissions rather than islanding GHG reductions to each retail seller. The efforts of California over the last forty years have been to expand access to the grid allowing retail sellers to take advantage of greater generation diversity to reduce GHG emissions. It is counterintuitive for California to simultaneously be promoting increased multistate coordination while proposing to measure California's GHG goals on an individual retail seller basis.

Although SB1158 states that; "It is the intent of the Legislature" that SB1158's requirements "shall not constitute a new electricity procurement obligation for load-serving entities or for local publicly owned electric utilities"[34] it then directs that the CPUC "shall review" the results and "may assess" if the retail seller "demonstrate[s] adequate progress toward achieving the load-serving entity's greenhouse gas emissions targets established pursuant to Section 454.52."[35] Thus, if a CPUC load-serving entity is not likely to meet its GHG reduction

[32] Senate Third Reading of SB1158 as amended august 25, 2022, p. 2.
[33] Public Utilities Code Section 398.6(b)(2).
[34] Public Utilities Code Section 398.6(i).
[35] Public Utilities Code Section 398.6(g)(1).

targets as calculated under the SB1158 methodology, the CPUC can order additional procurement to achieve these goals.

This raises the concern that the use of SB1158's GHG emissions data to guide procurement choices could result in sub-optimal outcomes. The major concern is the mismatch between GHG reductions goals; almost all of which are calculated on an annual basis, and SB1158's calculation of GHG emissions on an hourly basis. As the CEC noted: essentially all current GHG reduction programs rely on annual, not hourly electricity supply data.[36] As described by the CEC;

> [T]he accounting methodology described by SB 1158 distorts the scale and scope of signature programs like RPS and Cap-and-Trade; in other words, the SB 1158 data will misalign with any other dataset and make it more difficult to evaluate and forecast the impact of new efforts and goals."[37]

Unless GHG targets and reporting requirements are applied consistently (e.g. hourly to hourly or annual to annual) this results in an "apples to oranges" comparison that can lead to inefficient outcomes. Setting a system-wide GHG reduction goal, for example, and then not counting surplus GHG sales made by retail suppliers could result in over-procurement of GHG-free resources to meet this goal.

There is also a risk that applying the SB1158 methodology to evaluating each retail seller's GHG emissions individually could jeopardize reliability. Currently, utilities with significant GHG-free hydroelectric resources (such as Hetch Hetchy Power) dispatch these resources, subject to meeting water needs, during periods of peak demand, thus improving overall system reliability even if it means that the utility must then purchase market power during off-peak hours to meet its own demand. SB1158 now creates an incentive for these utilities to shift their hydroelectric generation to first meeting their own needs during all hours of the day with GHG-free hydroelectric generation, which reduces the generation available during peak hours. As electric battery storage becomes

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[36] "According to the CEC: "The current Power Source Disclosure program aligns with the Renewable Portfolio Standard (RPS) and uses the same methodological assumptions that the California Air Resources Board (CARB) uses to inventory greenhouse gas (GHG) emissions. The program is designed to reflect and support existing efforts and goals such as RPS, the SB 100 (De León, Chapter 312, Statues of 2018) goals, the SB 350 (De León, Chapter 547, 2015) retail supplier GHG reduction targets, Cap-and-Trade emissions reductions, Green Pricing Program rules, the Voluntary Renewable Energy Program, and the Low Carbon Fuel Standard. All of these activities rely on annual electricity supply data." (Senate Third Reading of SB1158 as modified August 25, 2023, p. 3)

[37] Senate Third Reading of SB1158 as modified August 25, 2023, p. 3.

more prevalent, other retail sellers could have similar incentives, dispatching these resources to meet their own GHG-reduction targets rather than focusing on meeting system needs.

This distinction between hourly GHG reporting and annual GHG targets is particularly relevant for POUs. Under SB1158, hourly GHG emission data will be provided to the POU's governing board for use in evaluating how it is meeting its Integrated Resource Plan goals[38] However, the GHG targets for POUs are based on annual GHG targets set by CARB in its AB32 process[39] thus creating a mismatch in how GHG emissions are evaluated.

One solution to counteract this problem is for the CEC to provide equal footing to using and promoting the calculation of "avoided GHG emissions" that is also contained in SB1158. "Avoided GHG emissions" are defined as;

> Greenhouse gas emissions associated with hourly purchases of electricity from specified sources that are in excess of the retail supplier's loss-adjusted load for that hour to the extent that the excess electricity reduced the emissions of greenhouse gases associated with electricity from unspecified sources during that hour.[40]

This calculation, unlike SB1158's formula for calculating GHG emission intensity reflects the benefit when a retail seller provides surplus GHG-free energy to the grid and better represents the annual GHG emissions used to calculate compliance with California's GHG reduction goals.

Unfortunately, this calculation is not as prominently displayed in the CEC's regulations. For example, while SB1158's GHG emissions intensity is calculated both as an annual number and in pounds/MWh format, "avoided GHG emissions" are only shown as a total annual number.[41] This number should also be shown in a pounds/MWh format, something that would be easy for the CEC to do. This promotes symmetry and consistent reporting between the two SB1158 calculation methods (GHG Emission Intensity and avoided GHG emissions). Expressing GHG emissions in a lb./MWh format is easier to understand, allows direct comparison among other retail suppliers, and is consistent with the Power Content Label reporting format.

Similarly, while SB1158 requires the CEC to calculate the "avoided GHG emissions", only the GHG emissions intensity is provided to the CPUC and

[38] Public Utilities Code Section 398.6(g)(2).
[39] Public Utilities Code Section 9621(a)(1).
[40] Public Utilities Code Section 398.6(a)(1).
[41] Public Utilities Code Section 398.6(g)(2).

POU governing boards for comparison to the achievement of their GHG reduction goals.[42] The CEC should equally treat both calculations.

Finally, the CEC should include an appropriate disclaimer in any presentation of SB1158 results, noting that the use of different methodologies may make it difficult to do direct comparisons with California's various GHG-reduction programs. This could be similar to the current disclaimers that the CEC requires to accompany the Power Content Label, which note that the Power Content Label and RPS compliance are calculated differently.

THERE SHOULD BE A SEPARATE "LOSS-ADJUSTED LOAD" FACTOR OF 2% FOR RETAIL SALES MADE TO TRANSMISSION LEVEL CUSTOMERS

The CEC is required to develop a loss estimate for its "Loss Adjusted Load" hourly reporting obligation. It is less clear if the CEC needs to, or is statutorily able to,[43] apply a loss factor to the Power Content Label as part of the new category of "Other Uses of Electricity."

In calculating any loss factor, one simple modification that the SFPUC requests is to distinguish between whether a retail seller's load is served at the transmission or distribution level, a common and uniform distinction in electric rate schedules. There is a significant increase in losses as one moves further down the level of service voltage. Several reports estimate that transmission losses are about 1/3rd of distribution losses.[44]

Applying separate loss rates can be easily accomplished as the amount of transmission level service that a retail seller delivers is readily available from its tariffed sales data.

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[42] Public Utilities Code Section 398.6(g)(1) and (g)(2).
[43] See the comments of the California Municipal Utilities Association (CMUA).
[44] For example, "The Distribution Sector [is] considered as the weakest link in the entire power sector. Transmission losses is approximately 17% while Distribution Losses is approximately 50%" or three times larger. This study examined other loss factors as well (Total losses in Power Distribution and Transmission lines in Electrical Engineering Portal (8/13/2013).) Another report noted that; "Energy lost in transmission and distribution [is]: About 6% – 2% in transmission and 4% in distribution," once again noting that transmission losses are about 1/3 of total T&D losses. ("Lost In Transmission: How Much Electricity Disappears Between A Power Plant And Your Plug?" in Inside Energy (November 6, 2015).

The SFPUC proposes a 2% loss adjustment for transmission level service as a starting point to be refined as needed. This is conservative given the difference between transmission and distribution level losses but provides a suitable stepladder approach for calculating losses (2% for transmission, 4% for distribution, and up to 6% for out-of-state imports.)

THE CEC NEEDS TO CLARIFY HOW GHG-ATTRIBUTE SALES ARE ACCOUNTED FOR IN THE HOURLY REPORTING FRAMEWORK.

The use of hourly reporting is likely to make it difficult for any retail seller, despite its best efforts, to achieve a goal of 100% renewable electricity. A retail seller could seek to schedule 100% renewable energy through the ISO, but inevitable fluctuations in both demand and generation mean that both will seldom match up exactly every hour. Over a course of the day, a retail seller could thus find itself receiving only 95% renewable energy in one hour, thereby being assigned a 5% unspecified energy usage and 105% the next hour for which the retail seller does not receive any credit for the excess renewable generation. Even if a retail seller were to net out to 100% renewable energy over the course of the day this would not be reflected in its GHG emissions intensity.

This inherent error range is compounded by the allocation of VAMO resources by the IOUs to CCAs and ESPs as they will not know their allocation of VAMO resources, and its hourly distribution, until several months after the day they were generated. Layering these resources on top of other deliveries to meet a retail seller's goal of 100% renewable energy during a given hour will be difficult.

Finally, it is unclear how the sale of energy with GHG attributes from one retail seller to another will be made. These sales provide a way for retail sellers to trade excess GHG-free generation among each other to better allow them to meet their GHG-reduction goals. Will the initial seller have to match up its generation on an exact hourly basis with the purchaser?. This is likely to have a chilling effect on these sales and further reduce the amount of GHG-free energy a retail seller can obtain.

The SFPUC recommends that CEC clarify how these types of sales and transactions are treated under the hourly reporting requirement.

CHANGES TO THE ANNUAL POWER SOURCE DISCLOSURE REPORT

In addition to meeting the requirements of SB1158, the CEC is also proposing changes to PSD reporting and the format of the Power Content Label. Some issues, such as the treatment of losses and the reporting of VAMO resources are equally applicable to both hourly and PSD reporting.

As an initial matter, the SFPUC supports the CEC recommendation to continue the use of the "Stacking Order" of applying a retail seller's GHG-free resources first to meeting its retail sales needs, as well as continuing reporting on an annual basis.

The SFPUC is concerned, however, with the one proposed change to the "Stacking Order" and the "overadjustment process" when a retail seller has more supply than needed to meet its retail needs. The Staff Report is proposing that a retail seller that sells a specified resource must report that resource in its PSD/Power Content Label even if it is surplus to the retail seller's total demand.[45] As CMUA notes in its comments this results in a double-counting of resources, is inconsistent with the PSD's focus on retail sales, and penalizes retail sellers that are providing additional energy to the grid to meet California's reliability needs.[46]

The other major change to the PSD/Power Content Label is the creation of two new reporting requirements -- a new electricity portfolio entitled "Other Uses of Electricity" and the reporting of a retail seller's total portfolio mix/GHG emission intensity.

The proposed addition of these requirements could create an increasingly crowded and confusing Power Content Label, negating its purpose to provide simple and easy to understand information to consumers. In the case of CleanPowerSF, for example, its Power Content Label would now contain six categories of results (CleanPowerSF's three service offerings, other uses of electricity, CleanPowerSF's total results, and a comparison to the state-wide average). As CleanPowerSF is competing with PG&E for customers, much of its marketing material may also contain comparisons with PG&E's portfolio, adding a seventh category for comparison.

[45] Staff Report, p. 9.
[46] See CMUA Comments.

CREATION OF THE "OTHER USES OF ELECTRICITY" CATEGORY

The Proposed Regulations propose the creation of a new electricity portfolio, "Other Uses of Electricity" that would include losses, self consumption, and municipal load. Each of these components are currently excluded from the definition of "retail sales" upon which the PSD/Power Content Label is calculated.

As noted above, and in CMUA's comments, the SFPUC is not certain that inclusion of these items in the Power Content Label either provides sufficient benefits to the consumer or in the case of losses is allowed by statute.

If the CEC does decide to include this Other Uses category in the Power Content Label, the SFPUC suggests the following modifications;

- A retail seller may exclude municipal load and self consumption from this category if it is already accounted for under a different electricity portfolio. Hetch Hetchy Power already includes all of its municipal load obligations in either its General (100% GHG-free) or Premium (100% RPS-eligible) electricity portfolios on its Power Content Label;
- A 2% loss factor should be assigned to retail sales occurring at the transmission level; and
- "Station Load" should be excluded from this category as only the "quantity of procured electricity from a generator, measured at the first point of interconnection to the grid"[47] (i.e. "beyond the fence line") is reported. This ensures consistent treatment of retail sellers between those that own generation and those that do not.

TIMING AND IMPLEMENTATION

Although the SFPUC may not support some of the proposed changes to the Power Content Label, the issues in dispute are relatively simple compared to the complexities of developing SB1158's hourly reporting requirements. The CEC may want to bifurcate the proceeding and adopt changes to the PCL first. This would allow the CEC to timely address how to streamline the CCAs and ESPs need to report the several hundred RPS resources they will receive from the IOUs as part of the VAMO process.

Similarly, attempting to automate the PCL process in time for the 2023 calendar year filing (due June 1, 2024) seems overly ambitious. The CEC may

[47] Proposed Regulations Section 1392,2(b)(2)(F).

want to defer implementation until the 2024 calendar year (due June 1, 2025). This will give the CEC adequate time to develop the system, provide retail sellers an opportunity to beta test the system before it goes operational, and identify and resolve any glitches that are identified.

For the hourly reporting requirement, given the complexity of issues involved, it is likely not feasible to finalize the regulations by the June date set by statute. However, as the regulations are not scheduled to be effective until the 2028 reporting year, it may be preferable to defer adoption, hold additional workshops and comments as necessary, and further develop the necessary reporting software and data portals. Ideally, a beta test version of the hourly reporting requirements will also be available, perhaps in 2027, for retail sellers and the CEC to gain experience with prior to it becoming operational in 2028.

CONCLUSION

The SFPUC appreciates the opportunity to comment on the CEC's proposal and looks forward to working on its implementation.

Please feel free to contact us with any questions at jhendry@sfwater.org or at (415) 867-9596 [cell].

Sincerely,

/s/ James Hendry
JAMES HENDRY
Regulatory and Legislative Affairs

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