DOCKETED	
Docket Number:	21-OIR-01
Project Title:	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
TN #:	252859
Document Title:	Northern California Power Agency Comments re PSD pre-rulemaking draft workshop
Description:	N/A
Filer:	System
Organization:	Northern California Power Agency
Submitter Role:	Public Agency
Submission Date:	10/31/2023 12:36:12 PM
Docketed Date:	10/31/2023

Comment Received From: Northern California Power Agency
Submitted On: 10/31/2023
Docket Number: 21-OIR-01

NCPA Comments re PSD pre-rulemaking draft workshop

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of: **Rulemaking to Amend Regulations Governing the Power Source Disclosure Program**	**Docket No. 21-OIR-01**

NORTHERN CALIFORNIA POWER AGENCY COMMENTS ON STAFF PRE-RULEMAKING AMENDMENTS TO THE POWER SOURCE DISCLOSURE PROGRAM AND WORKSHOP

The Northern California Power Agency[1] (NCPA) submits these comments to the California Energy Commission (Commission) on the September 20, 2023, Pre-Rulemaking Amendments to the Power Source Disclosure Program and September 26, 2023, Staff Workshop. NCPA appreciates the opportunity to provide these comments on proposed changes to the Power Source Disclosure (PSD) regulation and staff's proposal for implementing the provisions of Public Utilities (PU) Code section 398.6. NCPA is a member of the California Municipal Utilities Association (CMUA) and supports the CMUA October 25, 2023 comments without reiterating all of the points herein.[2] In these comments, NCPA highlights the following:

- The proposed modifications must clarify the applicability of hourly reporting requirements consistent with the statutory language.
- Hourly reporting requirements must accurately reflect retail suppliers' emissions and the workings of the energy markets without penalizing retail sellers.
- In calculating transmission and distribution losses, the regulation should allow for the use of different approaches, such as actual meter data, where appropriate.
- The Commission must allow sufficient time to collect necessary data before reporting requirements go into effect.
- The Power Content Label (PCL) should be amended to exclude greenhouse gas (GHG) emissions associated with geothermal resources.

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[1] NCPA is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

[2] CMUA Comments on Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations, dated October 25, 2023.

Applicability of Hourly Emissions Reporting

In order to avoid confusion, section 1392(c) should clearly identify the retail sellers responsible for reporting hourly emissions calculations, as set forth in SB 1158. As drafted, the proposed text is confusing to stakeholders and compliance entities alike since it does not distinguish between retail suppliers subject to the annual reporting requirements in the regulation and those that would be subject to the hourly emissions reporting mandated by SB 1158. The avoided GHG emissions to be determined on an hourly basis pursuant to Public Utilities Code section 398.6 includes the following exemptions:

> *(j) The requirements of this section shall not apply to the following types of retail sellers:*
> *(1) Load-serving entities that are not subject to the requirements of Section 454.52.*
> *(2) Local publicly owned electric utilities that are not subject to the requirements of Section 9621.*

Proposed changes to the PSD should explicitly state that the provisions of 1392(c) apply only to load-serving entities subject to the requirements of Public Utilities Code section 454.52 and local publicly owned electricity utilities that are subject to the requirements of Public Utilities Code section 9621.

Hourly Emissions Calculation

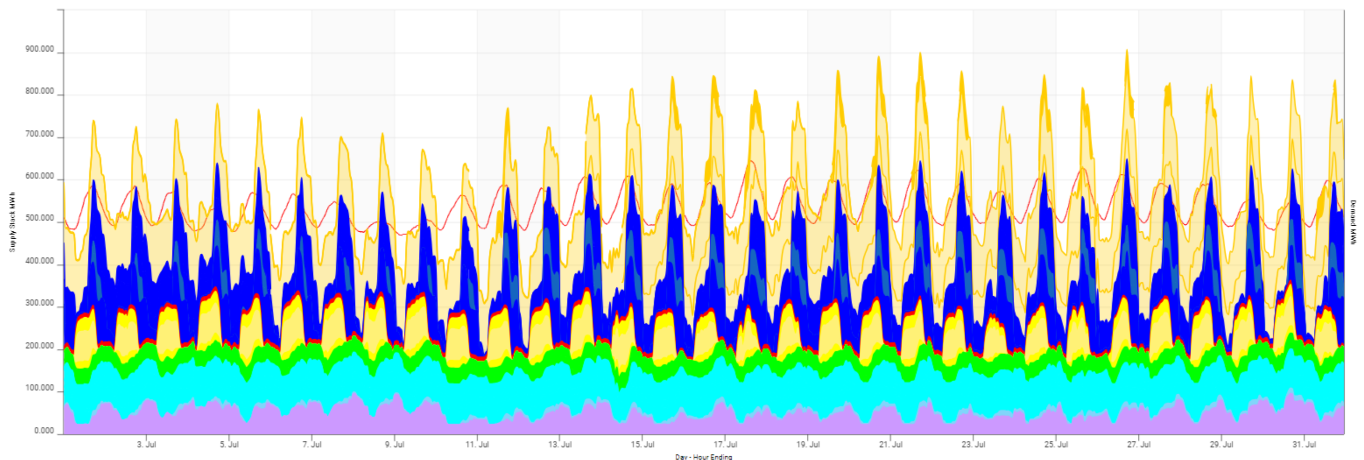
As drafted, the hourly emissions calculation would result in utilities with generation in excess of their load being attributed emissions as "oversupply." While the CEC's intent appears to be to capture all of the generation from the utility, under the staff proposal, utilities would be attributed "over supply" even when the energy is generated at the request of the balancing authority. Utilities can be called upon by the balancing authority to generate electricity in excess of what they have calculated is needed to balance their own load. In those instances, the utility's excess generation is actually used for reliability and is needed to balance the grid. As such, that excess generation is used for the benefit of the entire grid and not for the generating utility. While a retail supplier may have excess generation capacity due to reliability and market exposure concerns, the power produced – and the associated GHG emissions – are not necessarily intended for the retail seller's own load. Attributing that excess generation as oversupply without attributing the Avoided Emissions incorrectly reflects the hourly emissions of the utility for its own load. It also penalizes utilities that respond to grid emergencies or other system operator needs, as well as retail sellers who have built in-state resources for reliability

rather than just to meet minimum loading. The CEC should revise proposed section 1392(c)(1) to exclude oversupply from the GHG emissions attributed to the retail supplier.

An illustration of how this would adversely impact a utility is set forth below. The first graphic depicts actually hourly generation versus load for July 2023 for a NCPA member utility, the City of Santa Clara dba Silicon Valley Power (SVP).

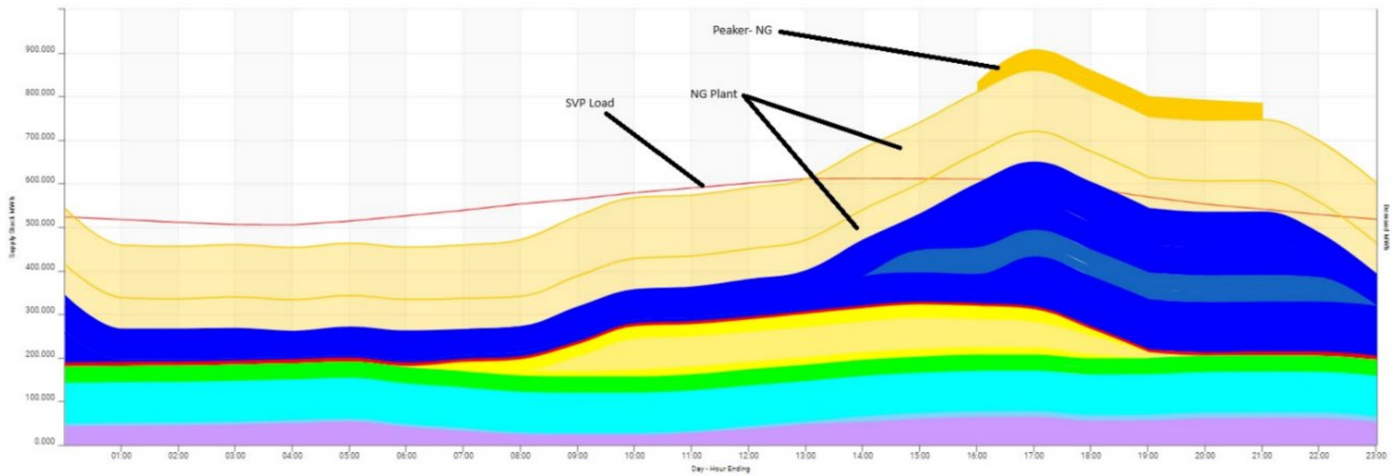
In Graph 1, the red line shows SVP's load for July 2023. The shaded area represents generation; the light-yellow section on top of the blue area is the fleet of natural gas generators. As the graph shows, during peak summertime hours – July 2023 – the CAISO called on SVP's natural gas resources to run. When these resources are run, SVP is required by the CAISO tariff to bid into the market to meet our resource adequacy requirements.

Graph 1: Hourly Generation vs Load – July 2023



Graph 2 shows SVP's hourly generation versus load for a specific date: July 26, 2023. In the hours 16:00 through 18:00, SVP has more GHG-free resources (hydroelectric and other renewables) than total load, however, SVP was still asked by the CAISO to run their natural gas units during those hours. Without changes to address instances such as these in the proposed amendments, the excess generation that was the result of the CAISO direction to run the plant would be attributed to SVP as oversupply, including any emissions from that oversupply. SVP should not be required to count the emissions associated with generation that is sold to the market in excess of its own load.

Graph 2: Hourly Generation vs Load for July 26, 2023



As these examples clearly demonstrate, the proposal to attribute "over supply" to the retail seller would be both punitive to the retail seller and inaccurately reflect the emissions on the PCL.

Transmission and Distribution Losses

The provisions of 1392(c) calculating line losses does not accurately reflect the line losses associated with all load, and could be punitive to retail sellers. Some resources have specific meter readings that can provide greater accuracy for line losses than the proposed 4% transmission and distribution loss adjustment set forth in 1392(c)(2)(A). For example, utility scale distributed energy resources directly tied to distribution systems do not require transmission assets and therefore should not be assigned the 4% line loss. There are also instances where CAISO meter data can show the exact load, thereby enabling the calculation of loss-adjusted load using the actual – rather than imputed – transmission and distribution losses that result.

Similarly, the California Air Resources Board (CARB) has acknowledged that use of standard line loss can result in "double counting" of certain emissions associated with losses when reporting in the Mandatory Reporting Regulation (MRR). In light of this, CARB revised the MRR provisions for line losses so that the reporting entity can "provide documentation that demonstrates to the satisfaction of a verifier and ARB that transmission losses: (1) have been

accounted for; (2) are supported by a California balancing authority; or (3) are compensated by using electricity sourced from within California."[3]

Given that the intent of the reporting is to accurately reflect emissions, the regulation should acknowledge that a standard line loss calculation is not going to be appropriate – or accurate – in all instances. NCPA urges staff to work with stakeholders on proposed changes to the regulatory text that more accurately capture the actual losses associated with load.

Annual Data Reporting

Section 1393(a) requires reporting of the newly defined "other electricity uses" in the annual reporting. In order to ensure that the retail supplier has the data needed to accurately submit this information for the entire calendar year, the new provisions should not apply until June 1 of the year following a full calendar year after the effective date of the proposed amendments.

GHG Emissions from Geothermal Generation

Emissions associated with geothermal resources should not be included in the PCL. As fully explained in the comments of the Southern California Public Power Authority (SCPPA), there are many public policy reasons that support this update to the PCL regulation.

- GHG emissions from geothermal electricity generation results in naturally occurring emissions that are released into the atmosphere, likely even without the power plant.
- Geothermal power plants are clean technology that do not use combustion to generate electricity and do not emit combustion related air contaminants.
- Including the naturally occurring GHG emissions from geothermal generation undermines the integrity of the PCL.
- The CARB requires reporting of geothermal generation emissions on the mandatory reporting regulation, but recognizes these resources as not having a compliance obligation under the cap-and-trade program.
- Geothermal generation is encouraged and supported by several state laws and policies.[4]

NCPA supports the exclusion of GHG emissions from geothermal electricity generation from the PCL in order to align with the MRR and avoid consumer confusion relevant to geothermal electricity generation.

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[3] Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, Final Statement of Reasons, November 2014, pp. 16-17; MRR § 95111(b)(2).

[4] For a more comprehensive explanation of these policy reasons, please see SCPPA's Comments on Rulemaking to Amend PSD Program, dated October 24, 2023.

Conclusion

NCPA appreciates the Commission's pre-rulemaking draft and workshop, and the opportunity to provide these comments, and respectfully requests that the Commission modify the PSD Regulation consistent with the express statutory provisions of AB 398.6. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com with any questions.

Dated this 30th day of October 2023.

Respectfully submitted,

C. Susie Berlin
LAW OFFICES OF SUSIE BERLIN
1346 The Alameda, Suite 7, #141
San Jose, CA 95126
Phone: 408-778-8478
E-mail: berlin@susieberlinlaw.com

Attorneys for the:
Northern California Power Agency