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PG&E Comments RE Pre-Rulemaking Amendments to the Power Source Disclosure Program

Additional submitted attachment is included below.

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California Energy Commission
Docket Number 21-OIR-01
715 P Street
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RE: Pre-Rulemaking Amendments to the Power Source Disclosure Program

Pacific Gas and Electric Company (PG&E) hereby submits these comments on the California Energy Commission's (CEC) *Pre-Rulemaking Amendments to the Power Source Disclosure Program*, docketed on January 31, 2024 (Revised Amendments). PG&E believes that the Revised Amendments are better aligned with the intent of Senate Bill (SB) 1158 and provide customer transparency, ensure accurate reporting for retail suppliers in California, and maintain environmental integrity of the electric sector's contribution to California's clean energy goals through hourly generation and emissions intensity reporting.

PG&E also believes that the Revised Amendments will enhance the California Public Utilities Commission's (CPUC) assessment of retail suppliers' progress towards achieving greenhouse-gas (GHG) emissions reduction targets pursuant to Section 454.52 of the Public Utilities (P.U.) Code.

PG&E supports the revisions to the CEC's Power Source Disclosure (PSD) regulations, including:

- Removing the GHG emissions intensity from oversupplied resources from a retail supplier's specified purchases and factoring those into the hourly unspecified power emissions factor;
- Allowing the investor-owned utilities (IOU) to only report their proportional share of all natural gas resources subject to the Power Charge Indifference Adjustment (PCIA) cost recovery mechanism;
- Allowing retail suppliers to stack specified purchases by preference when reporting hourly data; and
- Identifying a process for allocation reporting for resources procured pursuant to P.U. Code Sections 365.1 and 365.2.

PG&E appreciates the CEC's thoughtful consideration of its October 24, 2023, comments and the important work being undertaken by both the CEC and other key stakeholders in support of implementing the statutory directives under SB 1158. In these comments, PG&E requests modifications on the allocation of certain generation resources, proposes modifications in light of CPUC Decision 23-12-036 on Diablo Canyon Power Plant's (DCPP) extended operations, and encourages additional stakeholder discussions on allocation reporting to protect market-sensitive information.

I. Allocation of Procured Resources and Reporting

Through multiple decisions issued by the CPUC, the investor-owned utilities have been ordered to procure and/or manage and allocate the costs and resource attributes (e.g., capacity and energy) of certain generation resources on behalf of other retail suppliers (e.g., load serving entities). These include generation resources procured pursuant to P.U. Code Sections 365.1, 365.2, and 712.8. To account for these generation resources in the context of the PSD program, the Revised Amendments propose that the IOUs submit a report of all resources that are allocated to other retail suppliers in their respective service territory areas.[1]

a. P.U. Code Section 365.1

For resources procured pursuant to P.U. Code Section 365.1 (e.g., resources under the CPUC's Cost Allocation Mechanism (CAM) cost recovery mechanism), PG&E understands the Revised Amendments to require the IOUs to report only their proportional share of all generation of these resources, including natural gas generation.[2] PG&E continues to support these regulations. However, PG&E believes that the Revised Amendments should be modified to also require non-IOU retail suppliers to report their proportional share of resources procured pursuant to P.U. Code Section 365.1 as part of their hourly generation and emissions intensity reporting.

As it currently stands, the Revised Amendments would allow a non-IOU retail supplier to avoid reporting any generation and emissions intensity from these resources, including natural gas generation. In PG&E's view, this is problematic because these resources have been procured on behalf of all retail suppliers within an IOU's respective service territory to meet grid reliability needs and is thereby being used to serve all customers' needs - both IOU and non-IOU customers. Modifying the Revised Amendments will allow the CEC to clearly attribute GHG emissions intensity from certain natural gas generation that was procured on behalf of all customers and would further achieve the goals of providing customer transparency and accurate reporting.[3]

Besides natural gas generation, the IOUs also procure energy storage resources under the CPUC's CAM cost recovery mechanism. As such, PG&E believes that modifications are also needed to the PSD regulations to ensure that the PSD program appropriately allocates the charging load of CAM-eligible energy storage resources to both IOU and non-IOU retail suppliers.

b. P.U. Code Section 712.8

In CPUC Decision (D.) 23-12-036, the CPUC adopted an allocation mechanism that allows certain retail suppliers to receive a voluntary allocation of GHG-free energy attributes during DCPP's extended operations for use on their power content labels. Pursuant to D.23-12-036, any unclaimed allocations for that delivery year would not be reportable on any individual retail supplier's power content label or other communications, nor would any GHG-free energy attributes subject to the allocation mechanism be permitted to be resold.[4] As it currently stands, the Revised Amendments do not appear to allow

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[1] Revised Amendments Section 1393(d).

[2] Summary of Changes and FAQs, p. 2.

[3] *See* P.U. Code Section 365.1(c)(2)(A) stating that these resources are procured for the benefit of all customers in the electric corporation's distribution service territory.

[4] *See* D.23-12-036, pp. 91-92.

PG&E to treat any unallocated GHG-free energy attributes as unspecified power or non-reportable generation for purposes of the PSD program. As such, PG&E believes that additional modifications may be required and proposes the following:

> [New] <u>(X) For Diablo Canyon Power Plant, PG&E shall report the portion of unallocated GHG-free energy attributes pursuant to California Public Utilities Commission Decision 23-12-036 as part of the Allocation Report</u>.
>
> “Electricity from unspecified sources of power” or “unspecified power” or “unspecified electricity” means electricity that is derived from natural gas and other marginal fossil fuels, but is not traceable to specific generation sources by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity source claimed has been sold once and only once to a retail consumer. <u>This also includes electricity that is derived from Diablo Canyon Power Plant’s extended operations pursuant to any unallocated GHG-free energy attributes under California Public Utilities Commission Decision 23-12-036.</u>

c. Aggregation of Market-Sensitive Information

In its October 24, 2023, comments, PG&E agreed with the Staff Paper on a need to develop rules for allocating generation either sold to multiple buyers or allocated through the CPUC’s Voluntary Allocation and Market Offer (VAMO) framework. As such, the Revised Amendments include a process for doing so in Section 1393 – Annual Submission to the Energy Commission. PG&E appreciates the CEC developing an initial process but continues to have concerns with publishing each retail suppliers’ proportional share of each resource subject to the CPUC’s VAMO framework, specifically at the hourly level. This level of granularity being made publicly available could place a majority of retail suppliers at a competitive disadvantage given the significant amount of reportable generation in California. As such, PG&E requests that the CEC continue to work with stakeholders to develop a process in which the publication of this data be aggregated - if it is made publicly available - and/or only shared individually with each retail supplier at the hourly level. This will help to balance accurate reporting and verification while maintaining the confidentiality of market-sensitive information.

II. Conclusion

PG&E appreciates the CEC’s efforts and thoughtful approach to the Revised Amendments as well as the opportunity to provide these additional comments. PG&E looks forward to continuing to collaborate with the CEC and other key stakeholders. Please reach out to me if you have any questions.

Sincerely,

Josh Harmon
State Agency Relations