DOCKETED	
Docket Number:	21-OIR-01
Project Title:	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
TN #:	257389
Document Title:	CEC Power Source Disclosure Regulation Workshop Transcript
Description:	N/A
Filer:	Donnie Cox
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	6/24/2024 2:56:16 PM
Docketed Date:	6/24/2024

CALIFORNIA ENERGY COMMISSION

In the matter of:

POWER SOURCE DISCLOSURE REGULATIONS	)	Docket No. 21-OIR-01

STAFF RULEMAKING WORKSHOP ON UPDATES TO THE POWER SOURCE DISCLOSURE REGULATIONS

TRANSCRIPT OF PROCEEDINGS

REMOTE VIA ZOOM

TUESDAY, JUNE 11, 2024

10:00 A.M.

Reported by:
Martha Nelson

APPEARANCES

CEC STAFF

Gina Barkalow, Power Source Disclosure Program

Logan Clendening, Power Source Disclosure Program

Jordan Scavo, Power Source Disclosure Program

Ariel Lee, Power Source Disclosure Program

Jeremy Smith, Deputy Director, Energy Assessments Division

Aleecia Gutierrez, Director, Energy Assessments Division

Renee Webster-Hawkins, Staff Attorney

PUBLIC COMMENT

Justin Wynne, California Municipal Utilities Association

Shayna Levia

Josh Stoops, Sacramento Municipal Utility District

Annie Gustafson, Clean Power Alliance

James Hendry, San Francisco Public Utilities Commission

Cindy Tan, Regents of the University of California

Lucas Grimes, Center for Resource Solutions

I N D E X

P R O C E D I N G S

10:02 a.m.

TUESDAY, JUNE 11, 2024

MS. BARKALOW: Hello and welcome to today's workshop. I'm Gina Barkalow, Supervisor of the Power Source Disclosure Program, or the PSD Program. Also with us today is Jeremy Smith, Deputy Director of the Energy Assessments Division, and Aleecia Gutierrez, Director of the Energy Assessments Division. We also have Renee Webster-Hawkins from the Energy Commission's Chief Counsel's Office.

I'll be going over some housekeeping and the agenda and then turning it over to staff who will present on the proposed updates to the power source disclosure regulations.

Next slide.

This remote-only meeting is being recorded and will be docketed in the next week. The presentation, Express Terms, Initial Statement of Reasons, economic analysis, and sample reporting templates have been docketed and are available on the CEC website. We are also providing links to the documents in the Q&A box.

For any Zoom-related administrative questions during the workshop, please use the Zoom Q&A function or reach out to Zoom Support or the California Energy

Commission's Public Advisor. Contact information for Zoom Support is in this slide and in the workshop notice. Please also use the Q&A function if have issues accessing the materials through the docket.

Because this workshop will become part of the rulemaking record, we have a court reporter to transcribe the workshop. Therefore, all questions about the contents of the rulemaking should be made orally, and each speaker should provide their first and last name, as well as affiliation, if applicable. An official written transcript verified by a court reporter will be docketed once it is available.

After the staff presentations, we will move to a question and answer session, which is for members of the public to ask clarifying questions regarding the presentation or rulemaking documents. Staff will answer questions to the extent possible, otherwise, questions received will be responded to as appropriate in the final statement of reasons.

Following the Q&A session, attendees may make comments during the public comment period. Please note that we will not be responding to questions during the public comment period.

Written comments are encouraged. Instructions for submitting comments are on this slide, the closing slide, and the workshop notice. Written comments are due by 5:00 p.m. July 3rd.

Next slide.

Today's agenda will be as follows.

Logan Clendening will start with some background on the rulemaking and its aims before delving into the key changes to the PSD Program regulations. Jordan Scavo, our technical lead for implementing this rulemaking, will explain the proposed reporting templates that will be used for annual reporting in 2025 and combined annual and hourly reporting starting in 2028.

After that, we'll turn to the question and answer session, which will be facilitated by Ariel Lee. Again, this portion of the workshop is for technical questions on the presentation, rulemaking documents and proposed reporting templates.

We will conclude today's workshop with the public comment period.

And with that, I'll hand the presentation over to Logan, and we can get started. Thank you.

Next slide. Yeah.

MR. CLENDENING: Thanks, Gina.

Hello, everyone. I'm Logan Clendening, PSD staff. I have about a 20-minute presentation for you on the updates to the program regulations.

We'll begin with some background. Two pieces of legislation are the basis of this rulemaking.

In 2021, Assembly Bill 242 established annual deadlines for when Power Content Labels must be published to retail suppliers' websites and circulated in written and promotional materials. An AB 242 pre-rulemaking workshop held in December 2021 also sought to clarify some issues of confusion within the program's regulations. This included the reporting of retired unbundled RECs, GHG reporting deadlines for new CCAs, and simplified attestation requirements for public agencies.

The second piece of legislation that is the basis of this rulemaking is Senate Bill 1158, which became law in 2022. The part of SB 1158 that pertains to the PSD Program establishes a new requirement for retail suppliers to report the electricity sources and associated GHG emissions serving their hourly loss-adjusted load. The law requires the CEC to adopt reporting rules by July 2024 and requires retail suppliers to begin hourly reporting in 2028. SB 1158 will transform PSD into a program that collects both annual and hourly data from retail suppliers, but the Power Content Label will continue to use annual data.

As you see here in this timeline, we had a Request for Information released in March 2023 and released multiple rounds of draft regulations before officially launching the rulemaking and Express Terms in May of this year.

The PSD Program has four overarching aims in this rulemaking. Its primary aim is to implement the legislative requirements of AB 242 and SB 1158. Additionally, the proposed regulations update annual accounting to require retail suppliers to submit electricity and emissions data on their total load and losses, and for the PCL, to reflect retail suppliers' annual loss-adjusted load. These updates were made to fulfill the PSD Program's legislative purpose of providing information to consumers that is accurate, reliable, and simple to understand.

A further aim of this rulemaking is to better align PSD data with the GHG emissions figures of the Air Resources Board. For example, under the current PSD methodology, CARB's default emissions factor for unspecified imports is applied to all unspecified power. The updated regulations adhere to CARB's methodology by only applying this default factor to unspecified imports.

Additionally, the updated regulations align the emissions on the PCL with the emissions subject to Cap-and-Trade compliance.

Finally, in developing the proposed regulatory language, the PSD Program has sought to limit the reporting burden placed on retail suppliers. Examples include allowing proxy data to be reported when hourly data is unattainable, simplifying attestation requirements for public agencies, and enabling the CEC to generate PCLs on behalf of retail suppliers in future reporting years.

In the following slides, I'll address key changes to each section of the program regulations concerning definitions, annual accounting, hourly accounting, annual submissions to the CEC, retail disclosures to consumers, and auditing and verification.

Let's begin with some new definitions and terminology incorporated into the regulations.

SB 1158 establishes a new term in statute, loss-adjusted load, which is defined as, quote,

> "The total amount of electricity measured at the utility scale generation source that a retail supplier requires in order to provide for retail sales after electrical losses and transmission and distribution," end quote.

The Express Terms clarify that the total amount of electricity to provide for retail sales includes self-consumption and other electricity uses serving retail consumers, for example, municipal street lighting. As explained in the Initial Statement of Reasons, a retail supplier's total load and losses must be reported to ensure that PSD emissions data aligns with CARB's electricity sector emissions figures. The category, total power content, reflects a retail supplier's electricity and associated GHG emissions that served loss-adjusted load.

To ensure accurate, reliable, and simple-to-understand information is provided to consumers, the updated regulations require retail suppliers' total power content to be displayed on the PCL and compared to the statewide average power sources and emissions.

The Express Terms also add clarifying language to the definition of unspecified power, stating that it is derived primarily from natural gas and other fossil fuels. The updated PCL would also classify unspecified power as primarily fossil fuels, which is necessary to provide clarity to consumers about the otherwise opaque category of unspecified power.

Under the proposed regulations -- a little bit more on that one -- under the proposed regulations, unspecified power emissions will be calculated based on three data points: First is unclaimed in-state natural gas; second is unspecified imports, which are assigned carbs default emissions factor similar to a simple cycle natural gas plant; and third is oversupply from retail suppliers that procured more specified electricity than they could use.

So based on these data points, again, in-state natural gas, unspecified imports with the default gas emissions factor and oversupply, unspecified power will be overwhelmingly comprised of fossil fuels at both the annual and hourly levels in the PSD methodology.

Next slide.

Section 1392(a), which covers general accounting provisions, has two important additions.

First, this section adds the requirement to calculate the emissions intensity of a retail supplier's total power content, which will be displayed on the PCL alongside the emissions intensities of each retail portfolio and the state average GHG intensity.

Second, this section explains the methodology for determining the transmission and distribution losses associated with the retail supplier's annual and hourly loss-suggested load.

Stakeholder feedback on this topic made it clear that calculating line losses is complicated and can be approached in many different ways. Because the CEC is not well-positioned to prescribe a singular method for calculating line losses at this time, staff proposes two options.

A retail supplier can take a default loss factor based some of the latest IEPR demand forecast losses for its planning region, or a retail supplier can provide its own system-wide loss factor if the retailer submits documentation substantiating the loss factor calculation to the PSD reporting docket. The documentation of the retail supplier's loss factor calculation should be consistent with this program's guiding principles. In other words, the methodology should be accurate, reliable, and simple to understand.

Retail suppliers may request confidentiality pursuant to CEC Regulation 2501 to protect specific market-sensitive data in that documentation, but the general method of calculation for the line loss factor must be legible to the public. After a few years to identify best practices, staff may open a rulemaking to provide a more prescriptive requirement for calculating line losses.

Next slide.

Moving now from general accounting provisions to those specific to annual reporting, Section 1392(b) incorporates the new requirement to report annual loss-adjusted load. A retail supplier must also report its annual sales for each portfolio, specified purchases, and specified resales.

This section establishes a new method for determining a retail supplier's reliance on unspecified power at the annual scale. In the current methodology, unspecified power is calculated as the difference between retail sales and net specified purchases. The updated methodology calculates annual unspecified power as the difference between loss-adjusted load and net specified purchases.

The treatment of annual oversupply has also been updated. If a retail supplier purchased specified electricity in excess of loss-adjusted load, oversupplied natural gas is removed until specified purchases and loss-adjusted load match. If there is not enough natural gas to remove, all other resources are reduced proportionally until specified purchases match loss-adjusted load.

The one exception is coal resources, which must remain attributed to the retail supplier that procured them. The provision to not adjust coal out of retail suppliers' annual procurements is necessary to align with the emissions performance standard in SB 1368, prohibiting long-term purchases of high-emitting generation, of which coal-generated power is the highest. Consequently, any remaining legacy coal resources on the California grid must remain attributed to the procuring party. This treatment of coal applies both to annual and hourly data.

Next slide.

As noted, the updated PCL will incorporate additional disclosures on a retail supplier's total power content, which reflects all electricity purchases and associated GHG emissions matched to annual loss-adjusted load. There are a few GHG emissions exceptions, which I'll discuss in Section 1393.1.

A further component of the expanded disclosure on the PCL is that the statewide average GHG emissions intensity reflects the average of all retail suppliers' total power content rather than just the emissions associated with retail sales. Capturing the emissions associated with losses and other end uses more accurately represents the GHG impact of both individual retail suppliers and the state as a whole.

The updated annual methodology establishes better alignment with CARB's default unspecified power emissions factor, shown here, 0.428 metric tons of CO2 equivalent per megawatt hour. While the current PSD methodology applies this figure to all unspecified power, the updated regulations align with CARB by only applying the default emissions factor to unspecified imports.

PSD staff will calculate the emissions of unclaimed in-state natural gas using California ISO generation data and CARB's MRR emissions data. Any annual oversupply emissions will also be factored into the calculation for annual unspecified power.

Next slide.

We'll turn now to the hourly accounting methodology in the proposed regulations. SB 1158 requires hourly comparisons between a retail supplier's loss-adjusted load, and its net purchases of electricity from specified sources.

Retail suppliers may choose their preferred stacking order of resources, which determines the order in which resources are load matched. For example, in this graphic, fossil fuels are stacked first, then zero-carbon resources, and lastly renewables.

Hourly load matching also determines which resources are oversupplied and were not used by the retailer, but instead contributed to hourly unspecified power claimed by undersupplied entities.

Finally, if a retail supplier did not buy enough specified electricity to meet its loss-adjusted load, this comparison measures the quantity of hourly undersupply and associated GHG emissions from a reliance on unspecified power.

A retail supplier's GHG intensity in this hourly methodology is based on the electricity resources and associated emissions matched to its loss-adjusted load.

Next slide.

The hourly accounting methodology requires retail suppliers to submit the following hourly data: load;

specified purchases and specified resales; and storage charging and discharging.

The CEC's template or future reporting system will calculate additional hourly information based on reported data. Loss-adjusted load will be determined by applying a retail supplier's designated loss factor to each hour's reported load. Storage charging will add to hourly load, while storage discharging will be added to procurements.

A retail supplier's oversupply is factored into that hour's unspecified power emissions factor. If the oversupply reduced the emissions factor of unspecified power, the retail supplier is credited avoided GHG emissions.

The template or reporting system will also determine the extent of hourly undersupply and reliance on unspecified power and associated emissions.

Finally, by determining each hour's load match resources, whether specified or unspecified, the reporting system will measure the total GHG emissions associated with the retail supplier's loss-adjusted load.

Next slide.

Turning to Section 1393 on annual submissions to the CEC, June 1st will remain the due date for annual resource reports. Starting in 2028, retail suppliers that are subject to SB 1158 requirements will submit hourly data under a new template that consolidates annual and hourly reporting. The template will automatically derive annual reporting data from the hourly data entered into the template.

If hourly data is unobtainable, retail suppliers may submit proxy hourly figures. CEC staff will utilize a methodology drawn from the CPUC's Clean System Power Calculator to determine proxy hourly distributions for each resource type. This method is demonstrated in the Proxy Data Calculator tab of the posted 2028 consolidated reporting template. This will include proxy figures for procurements from asset controlling suppliers and consolidated hydro procurements from the Central Valley Project.

This section of the proposed regulations also codifies a regulatory advisory released in 2021 that has not yet been updated in the current regulations. Retail suppliers should report unbundled RECs retired in association with the previous year's electricity portfolio, rather than report unbundled RECs according to their retirement year. This clarification simply recognizes the lag between generation and the issuing of RECs.

Next slide.

Section 1393.1 addresses retail disclosures to consumers.

As previously discussed, AB 242 established annual deadlines for when Power Content Labels must be published to retail suppliers' websites and circulated in written and promotional materials. The proposed regulations codify these AB 242 requirements and also include language that would make it easier for retail suppliers to post and distribute their PCLs. This includes allowing the CCA to generate PCLs for retail suppliers after their data has been audited.

The proposed regulations also codify a regulatory advisory from 2021 that a new CCA is not required to report data on its GHG emissions intensity until at least 24 months, but it must begin reporting GHG data no later than 36 months after serving its first retail customer.

There are several proposed updates to the PCL.

Resources are grouped into two categories, renewables and zero-carbon resources, or fossil fuels and unspecified power. This change makes the fuel source information on the PCL simpler to understand for consumers.

The category of biomass and biowaste was updated to biomass and biogas. This change was made because biowaste is a category contained within biomass under the RPS program. Updating this category to biomass and biogas better reflects RPS categorization of biogenic sources. It also provides clarity to customers that this category of eligible renewable resources includes both solid biomass and biogenic gases.

GHG emissions intensities on the updated PCL will not include emissions associated with geothermal sources. This brings the PCL into better alignment with the emissions subject to a compliance obligation under Cap-and-Trade. The PCL will provide a more accurate reflection of the progress towards reducing emissions from those resources targeted for decarbonization under state programs.

Lastly, new footnotes will provide links to additional GHG emissions info, clarify the category of total power content, and display information about retired unbundled racks.

Next slide.

This is a sample PCL. The staff is designed to capture the required PCL contents as found in the Express Terms. The sample PCL uses color coding to distinguish renewable and zero-carbon resources from fossil fuels and unspecified power. A pie chart also provides consumers a simple to understand visual of the amount of renewable and zero-carbon resources meeting each load.

For greater clarity and simplicity, the sample PCL removes the bar chart graphic for the GHG intensity numbers that exist on the current PCL.

There's also a more detailed explanation of what a GHG emissions intensity is. The average pounds of CO2 equivalent emitted per megawatt hour.

On the current PCL, generation sources are categorized under the term energy resources. For better consumer understanding, the sample PCL changes this to electricity sources.

Finally, the PCL footnotes provide context on GHG emissions data, retail suppliers total power category, explaining that this includes retail sales, other end uses, and losses, and unbundled REC retirements. A link at the bottom of the PCL leads to the PSD website with further information.

Next slide.

Section 1394 of the proposed regulations states that public agencies must only attest to their annual reports and not their PCLs. This change was made because the data on the label is derived from annual reports, so requiring separate attestations and public meetings for both is redundant. This updated language seeks to reduce public agencies' reporting burden.

Next slide.

Here is the PSC program's expected timeline. Written comments are due July 3rd. Staff intends to present these regulations for adoption at a business meeting on August 14th. Once the regulations are adopted, June 1st, 2025 will be the starting date for the new annual reporting requirements. Hourly reporting is not required until 2028, but for entities that would like to begin voluntarily testing the reporting of hourly data, the CEC will begin accepting voluntary submissions in 2027.

With that, I will now pass it over to Jordan Scavo, our technical lead, who will discuss the updated reporting templates posted in the docket.

MR. SCAVO: Hi folks. This is Jordan Scavo. I'm going to walk you through our updated reporting templates to highlight the changes and the ways that we have sought to simplify the reporting.

This first form is the 2025 Annual Reporting Template. It's based on the existing reporting template, so it should look similar in some ways. White cells need data, gray cells auto-populate, just as they do now in their current form. To complete annual reporting, you'll need to provide total load, provide your line loss factor, and specific information about each specified procurement, including grandfathering information, resales.

What's new is the ability to allocate resources across your portfolios in one form. Under the current form -- or under the current approach, retailers need to submit an internal report for each retail portfolio. So here it can be done all at once, and retailers can do these allocations themselves manually rather than using the prescribed stacking order that we use under the current framework. What this means is that retailers will have control over characterizing their portfolios at their discretion.

So we can see here each of the portfolios, they get populated based on data down here, and that data is pulled based on entering information in each column for allocations or for the remainder, which will become oversupply.

This shows a check because you can either have undersupply and procurement of unspecified power or oversupply, but you can't have both, so this does a check on that.

The form automatically adds in unspecified power as it does now. It pulls emissions factors from the index, as it does now. I'm not sure if anything else is new here. The asset controlling supplier procurement calculator is unchanged. The unbundled REC worksheet is unchanged. The emissions factor tab is still there, and we'll have the actual emissions factors for real reporting. Right now we just have some dummy entries that you can use to play around with.

And the line last tab is new. This displays the loss factors for each planning area. So here's the PG&E planning area, here's SCE's planning area, and the other entities that are in these areas that have that same assigned loss factor.

I should also note, this shows two retail portfolios, but like we do now, we'll have different versions of this template that will have as many portfolios as needed.

And we'll also be providing trainings for this form and for the 2028 consolidated form as we get closer to using each.

Okay, so on to the hours, the consolidated -- 2028 consolidated reporting template. This combines hourly and annual data. We can do that by pulling each hourly procurement without any undersupply or oversupply analysis. The sum of each hourly, like flat hourly delivery, is the total for annual procurement. So we can pull this data into the annual tab and populate totals based on that hourly data, so you don't need to do two different sets of reporting starting in 2028. It will just be one form. The data for annual figures will be pulled straight from the hourly data.

Again, for hourly daily load, the loss factor, hourly load, hourly charging and discharging, and then specific information for each specified procurement, the hourly form does use a stack. And the principle behind it is last in, first out. So whatever resources you had last along here will be the first one to get pulled out as to oversupply for the relevant power that you're analyzing.

Once you've entered that, the form does the rest. It analyzes undersupply and factors in unspecified power, analyzes oversupply and removes excess resources, it calculates weighted emissions, and factors in special grandfather treatment.

As I said, the annual data is pulled in from the hourly data tab, so you don't do much data entry here. The only thing that you do need to do is the allocations to your specific portfolios. This is the information that will be used to determine your power content label in 2028 and going forward from there.

The last new tab is the proxy data calculator tab. So here we've got a variety of resources. You enter an annual total into the relevant box and it will spit out hourly megawatt hour values that you can copy and paste into the hourly data tab to provide proxy data as needed.

And that's it.

MS. LEE: Okay, we are now entering the question and answer portion of the workshop. Once we finish the Q&A, we will move on to public comment. Remember to state your organization and spell your name for the court reporter before beginning. And again, as a reminder, the Q&A session is for technical questions regarding the presentation or rulemaking documents.

We'll start with questions on Zoom and then move to phone participants. Please use the raise-hand feature if you're on Zoom.

Okay, first, we have Justin Wynne.

Justin, I've allowed you to talk. You can unmute yourself.

MR. WYNNE: Thank you. Justin Wynne, that's J-U-S-T-I-N W-Y-N-N-E, on behalf of the California Municipal Utilities Association.

So first, thank you for the presentation.

I have a few clarifying questions on a couple different topics, but I wanted to start with line losses. And I think just on the initial feedback that I've received, we were a little surprised at how high these default factors are, and so we're trying to get a better understanding of how they were derived.

And so I'm wondering if you can share your understanding of how these default factors are derived in the IEPR process or point to where in the IEPR documentation it describes what the process is for deriving those default factors?

MR. CLENDENING: Jordan, I may defer to you on that one if you have --

MR. SCAVO: Yeah. Thanks for the question, Justin. I don't think I can answer this and be confident, so what we'll do instead is just docket it, the methodology behind this after the workshop.

MR. WYNNE: Thank you. And I think just, because there's probably a couple of questions that fall in this category, and I think just to add to that, we also wanted to understand the purpose that they're used for within the IEPR demand forecast. So how they actually factor in.

And then the other one is, and I think this is part of what was so surprising is there's such large differences among the planning areas, we're trying to understand what it is and the factors that drive those that lead to such differences.

The other thing that would be helpful to get an understanding of, because I know that there's a lot of reporting through the IEPR, is there are process where retail suppliers can participate in the development of those factors? And so I think part of the challenge here is that it's a separate process that's being relied on. It has a pretty significant impact on the outcome of the hourly reporting and the annual reporting. And so we want to understand if there's an opportunity for retail suppliers to participate in how those are developed.

And so I don't know if there's -- if you have responses to any of those questions.

MR. SCAVO: No, but we will consider all of those when we docket something that speaks to those line losses.

MR. WYNNE: Okay. Thank you.

So, my next question for the alternative line loss demonstration process, is that only on a resource-by-resource basis, or would a retail supplier be able to provide documentation that would then apply to their entire, so it would essentially be a replacement for the default line loss factor?

MR. CLENDENING: I think it would be the latter, where the aim is to, at least in our current proposal, to have either a default kind of system-wide loss factor or documentation from a retail supplier that provides their own system-wide loss factor rather than just resource by resource.

MR. WYNNE: And just to understand that, for the demonstration, because if we're thinking of ways that you would demonstrate that, I think something that's been discussed before is if you show that contractually for an individual resource, you've accounted for losses contractually, that that would be something.

And so is there both a process to demonstrate a new system default for yourself and maybe a mix of that because you can make demonstrations for individual resources?

I don't know if that answer is clear. I would imagine that there may be retail suppliers that are able to provide a demonstration on a resource-by-resource basis for certain resources and then maybe have other methods for what their system default loss factor would be.

MR. SCAVO: I think we don't have guidance here. We're open to seeing the approaches that folks come up with. I think there's probably room in this space for this approach here, envisioning in which you can do more direct calculation of emissions -- or should have losses for certain resources, and then you're going to come up with some way of just estimating the rest of the block to round out the whole system. So long as the approach is accurate, reliable, and simple to understand, that should be fine.

Part of the reason why we're taking this approach is to learn, to see different approaches that folks will use so that we can come up with -- so we can develop best practices for calculating losses in the future.

MR. WYNNE: Okay. Thank you.

So my next question, I believe in the pre-rulemaking draft of regulations, and I think this was former Section 1392(c)(2)(C), it had stated that for hourly unspecified power, that that would be assigned a loss adjustment factor. I believe that language was removed. And if I'm understanding this correctly, the loss adjustment factor is applied to your entire load. And so to apply a loss adjustment factor to unspecified power would be double applying a loss factor; is that correct? Is that why that was removed or is there still a loss adjustment factor applied to unspecified power?

MR. CLENDENING: Right. I believe the previous pre-rulemaking documents were applying losses to every single resource, and this single figure applied to load establishes hourly loss-adjusted load. So unspecified power simply backfills the remaining difference between specified procurements and loss-adjusted load. So there's not a specific loss factor applied to unspecified power. It just fills in the rest.

MR. WYNNE: Thank you.

And then my -- so my final question, I believe in the prior, the pre-rulemaking draft regulations for the Code section, and this is Section 1392(c)(6)(A), describes the data points that are used to determine what the hourly emission factor is for unspecified power. And the prior draft of regulation said that the CEC would publish the hourly emission intensities, and that was changed to the CEC would calculate these intensities.

And we're just trying to understand what your expectation is for the hourly emission intensities and whether they would be made public and whether the data points, whether the specific data points that go into setting those hourly emission intensities, if those would be made public as well, and what you would expect as far as how they would be made public?

MR. SCAVO: Hi, Justin.

MR. CLENDENING: Oh, yeah, sorry. Go ahead, Jordan.

MR. SCAVO: We don't have plans to publicize that data. It's embedded in the reporting forms. It's available for researchers and policymakers, but the hourly data conflicts with annual data. It has the potential to cause consumer confusion, so we need to be circumspect about how we use it.

MR. WYNNE: And I guess my question is whether it would be available to retail suppliers as part of the -- either visible in the reporting form itself or as like a separate tab that would have that information? So not that it would be made published to the public, but that it would be made available to the retail suppliers that are influenced by what that determination is.

MR. SCAVO: Sorry. I think I misunderstood the question. Are we talking about the hourly emissions intensities of the retail suppliers?

MR. WYNNE: Of unspecified power in each hour. So just understanding, so when a retail supplier is short during an hour, they'll be assigned emissions intensity associated with that hour and what the intensity is for unspecified power in that hour. And what I'm wondering is if there will be -- if you will publish what those intensities are on an hourly basis and then the data that is used to generate those hourly intensities, and publish it in a way that's available for the retail supplier to view?

MR. SCAVO: Yeah, we can do that. However, that data will be coming after the reports come in. So it will be like an after-the-fact reporting.

MR. WYNNE: Understood, yeah, but that's helpful.

Yeah, and CMUA does intend to file comments, but I appreciate you providing these clarifications. Thank you.

MS. LEE: Okay, next we have Shayna Levia.

Shayna, you can unmute yourself.

MS. LEVIA: Great. Shayna Levia, S-H-A-Y-N-A L-E-V-I-A.

So one of the earlier slides said that annual reporting would be effective June 1, 2025. Since reporting is on a calendar year basis, does that mean calendar year

2024 reporting content would be used, would be using the updated annual methodology of loss-adjusted load or would the following year calendar year 2025 report, due June 1, 2026, use the updated methodology for annual reporting?

MR. CLENDENING: That would be data from 2024 submitted June 1st, 2025.

MS. LEVIA: Okay. Great. Thank you.

MR. CLENDENING: Hmm-hmm.

MS. LEE: Next, we have Josh Stoops.

Josh, you may unmute yourself.

MR. STOOPS: Hi, good morning. Josh Stoops, J-O-S-H S-T-O-O-P-S, for the Sacramento Municipal Utility District.

Thanks for the presentation. We had a couple of questions we wanted to get clarity on.

I'll start with, for the PCL, I was hoping that staff could clarify their thinking on how moving the unbundled RECs from the text to a footnote can improve the clarity of the PCL. And it seems like this change might actually provide less information and transparency to customers about the product that they're purchasing. So if you could provide, you know, your thinking, maybe more in depth, on kind of why that change was made?

MR. CLENDENING: The updated sample PCL, I will emphasize, tries to provide better clarity about GHG emissions intensity figures and power source figures. Unbundled RECs do not contribute to either of those numbers. So providing them somewhat separate from the power source and also GHG emissions intensity data, that was an effort to make sure there was not confusion among consumers about those numbers.

I don't know if, Jordan, you have anything else to add to that, but that is the sort of basis behind that, yeah.

MR. SCAVO: Yeah. I think we're also just, remember, we're playing around. We're looking for ways to save space. Part of the point of this, though, is to put this out for reactions. So keen to hear your thoughts.

MR. STOOPS: I sure appreciate that.

Somewhat related question, but on the consolidated reporting template, we weren't sure how a retail supplier with multiple portfolios would identify and assign unbundled RECs to each of their portfolios. Is there a way that that's being provided for in that template?

MR. SCAVO: I hadn't thought of that, but I'll add that to the template, but that won't be hard to do, just add something to the little REC template or tab. But, yeah, thanks.

MR. STOOPS: Okay. Yeah, thanks.

And I have one final question. We understand that staff isn't planning to address emerging resources like CCS, you know, specifically within this rulemaking, but have you given any thought to how the oversupply provisions in 1392(b)(4) would be applied for a resale supplier that has both gas resources and gas paired with CCS in its portfolio?

And I think the issue maybe that we're thinking of is would this be proportionally reduced or would there be a stacking order that reduces the non-CCS resources first? And I think this was covered in slide nine, if that's helpful.

MR. CLENDENING: To clarify, you're asking if there is a plan to add additional language around removing natural gas from oversupply first versus natural gas paired with CCS and treating those differently?

MR. STOOPS: I guess the question is: Have you done any thinking about how those resources might be treated differently with this proportionality construct, where you're reducing natural gas in proportion and then moving to all other resources, would CCS fall in that natural gas category or would it be treated differently, or would it be -- would you be able to maybe stack your natural gas first and then treat CCS differently?

MR. CLENDENING: Because we're not really taking

CCS into account in this rulemaking we haven't taking that into consideration. But we would be happy to receive comments on that even though we're not really addressing in this rulemaking if that is something that needs to be addressed in a future regulatory change.

MR. STOOPS: Okay. Thanks. thanks for your time.

MS. LEE: Thank you to those on Zoom.

Let's move on to those on the phone. Please dial star nine to raise your hand if you're on the phone. I will call on you to speak and when that happens press star six to mute, or unmute your phone online or use the mute/ unmute feature on your phone.

Oh, actually, one second. It looks like we have one more hand raised from Zoom. Two more.

We have Annie.

Annie G., go ahead and unmute yourself.

MS. GUSTAFSON: This is Annie Gustafson from the Clean Power Alliance, A-N-N-I-E G-U-S-T-A-F-S-O-N. I had two questions.

So for the change for GHG emissions for the geothermal projects, will that be effective starting in record year 2024?

MR. CLENDENING: That will be effective once the regulations are adopted. So, yes, aiming for the June 2025 reporting timeline and 2024 data.

MS. GUSTAFSON: Okay. And then for the 2028 reporting template, will hourly load also be assigned to different portfolios based on their load or are you looking at the total load from the load serving entity?

MR. CLENDENING: That will be based on total load from the load serving entity. So we're not separating hourly data into distinct portfolios.

MS. GUSTAFSON: Okay. Thank you.

MR. CLENDENING: No problem.

MS. LEE: Next we have James Hendry.

James, you can go ahead and unmute yourself.

MR. HENDRY: Thank you. I appreciate the comments. My name is James Hendry, H-E-N-D-R-Y, with the San Francisco Public Utilities Commission.

The first question is on the Power Content Label. Is there a single loss-adjusted load factor for the entire retail seller? So is it portfolio one, you know, retail sales, portfolio one, loss-adjusted load, portfolio two, et cetera, or all the loss-adjusted load just in that last column you had the system total?

MR. CLENDENING: Losses are only applied to that total category. So the retail proposals are still based on retail sales measures, you know, through customer consumption.

MR. HENDRY: Okay. And then on the hourly one, it kind of gives you some flexibility to adjust where your load goes. And it has the other category, which would seem to fall into this total system power. So is that -- are those -- I'm just trying to figure out how those would work together.

MR. CLENDENING: Sorry. Could you restate that?

MR. HENDRY: On the hourly reporting, it seemed to have a category of like other uses, which seems to fall into this total power context, it's not retail load. And so I'm wondering how that table would relate back to the annual Power Content Label, which would that show up in the total system power load then?

MR. CLENDENING: I don't believe there's an other end uses category in hourly reporting, is there?

MR. HENDRY: Okay. Well, then, actually, let's move on from then and we'll figure it out.

And then on the hourly tab, that has to be done for each specific unit that the example is given. So each unit you'd have to go do the hourly tab unless it's a proxy unit?

MR. SCAVO: Even if it's proxy, you'd have to.

MR. HENDRY: Okay, so that that table there would be done every day for every unit, 365 days a year?

MR. SCAVO: Correct.

MR. HENDRY: And then the CEC then would consolidate all that? That would not be a retail sale obligation?

MR. SCAVO: What do you mean, consolidate?

MR. HENDRY: And then a broader policy question is: How are null sales treated? The methodology seems to be you have retail sales and you back out specified resales and then that gives you what you're sort of -- your generation minus your specified resales. And then what's left over gets assigned, basically, into the allegedly retail sales.

But there's also a large amount of null power sales that are going on where there's, you know, a sale from a specified renewable asset, but the sale is an unspecified sale because it's, whatever you're buying, it's not getting greenhouse gas or RPS values for it. How are those treated in the methodology?

MR. CLENDENING: Jordan, do you want to take that one?

MR. SCAVO: Yeah. We don't look specifically at null resales. So a null resale would be conveying unspecified power, and unspecified power is calculated automatically through the form. So these specific individual null resales kind of -- they're not picked up directly through reporting, but they're captured through this general treatment for unspecified power transactions.

MR. HENDRY: So then who would get the GHG RPS attribute for it?

MR. SCAVO: The party holding the RECs.

MR. HENDRY: And so, for example, in the case of PG&E where PG&E has -- you mentioned PG&E maybe have a large amount of unspecified GHG-free power that's being sold to other parties, that would show up as an unspecified sale and PG&E would get the greenhouse gas value for it in the reporting?

MR. SCAVO: Are you referring to VAMO resources?

MR. HENDRY: There's a requirement about reporting the unspecified, or, you know, the (indiscernible) PG&E (indiscernible) are not (indiscernible) retail sellers, and they're considered unspecified sales, but then there's an associated greenhouse gas attribute with it. So are you saying that PG&E would get to keep that attribute, or it would go into oversupply, or where would it go?

MR. SCAVO: Well, it depends. If these resources are designated as over-supply, then they don't get to claim them. But if it's just the underlying electricity that's getting moved around without RECs, then the purchasing party doesn't get to claim that as renewable.

MR. HENDRY: Okay.

MR. SCAVO: But if it's just PG&E --

MR. HENDRY: I think there's some accountability issues here --

MR. SCAVO: -- (indiscernible) power on the grid, they can still claim those RECs.

MR. HENDRY: And then, as this relates to oversupply then, so that power would show up as oversupply, as a zero greenhouse gas resource or an unspecified resource? MR. SCAVO: Oversupplied renewables do reduce the emissions intensity of unspecified power, but it will look like -- it will still be called unspecified power.

MR. HENDRY: And even though -- yeah, I guess I'm confused because you also said that the unspecified sale would be kept by the REC holder. Yeah, I think the unspecified -- I'm done, towards the end of comments. But I think this is a concern trying to figure out how unspecified sale null power figures into this. And I'm just worried that maybe the wrong people are getting credit or it may not show up properly in oversupply.

Two more questions.

On the concept of unspecified sales being primarily fossil fuel, you will be calculating the composition of unspecified power for the greenhouse gas emission intensity. So it seems like you would know what that answer is. And you could definitively say it is 60% fossil fuel, 70 percent, or perhaps even, depending on treatment of null power, 30 percent or something. So why do you feel a need to lock into the definitions that's primarily from as opposed to saying, you know, each year you could say what that number is?

MR. CLENDENING: Part of our justification was to provide greater clarity to consumers about an opaque category that shows up on the Power Content Label. Part of it is based on our proposed methodology for determining unspecified power, which uses unclaimed in-state natural gas and unspecified imports with the default gas emissions factor as two of the three data points.

Currently, and this is discussed a bit in the Initial Statement of Reasons, a large percentage of natural gas, in-state natural gas, is not claimed as a specified resource by retail suppliers. It's instead claimed as unspecified power. So this was an effort to provide greater clarity and accuracy to consumers.

MR. HENDRY: And did you look at the treatment of the 8% of the renewable RPS power that was not claimed by retail sellers and where that ended up?

MR. CLENDENING: Did we look at that?

MR. HENDRY: Yes.

MR. CLENDENING: Can you clarify what you mean by that?

MR. HENDRY: Well, there's a statement that 92 -- you know, in justifying this, there's a statement that 92 percent of hydroelectric and RPS power, and those are the good stuff, was claimed by retail sellers, which still leaves 8 percent of half of California's retail supply, you know, greenhouse gas free, RPS eligible, was not claimed by people. So why did it show up? I presume it would show up as an unspecified sale or null power somewhere.

And so I'm wondering, did you track down where that power went to and how that would affect the unspecified power calculations?

MR. CLENDENING: We did not. But I think the point in citing those figures was that if greater than 90 percent of the zero-carbon and renewable resources are claims, then it is fair to state that fossil fuels are the primary source of unspecified power, which is how we've defined it.

MR. HENDRY: I'd say, well, I'd say eight percent of half of California's load is probably larger than seven percent unspecified power or California's load. That's mathematical.

MR. CLENDENING: So 8 percent of -- so 92 percent of total system electric generation, so it's 92 percent of all zero-carbon and renewable resources is claimed on as part of retail portfolios. So it's not 8 percent of half the load, it's 92 percent of all of it.

MR. HENDRY: Well, it's four percent of total load and unspecified power is seven percent, so, you know, they may or may not be comparable. That's one of the concerns we have.

Finally, on the treatment of the PCIA, it's unclear. Could you elaborate on how an IOU, an investor-owned utility, would be reporting that, and then where the emissions from those resources would go?

MR. CLENDENING: Jordan, do you want to take that one?

MR. SCAVO: Yeah. Can you state that differently, James? I'm not sure I follow the question. Are you asking about VAMO resources?

MR. HENDRY: Even it's the -- the power charge resources subject to the Power Charge Indifference Account, PCIA, would be assigned proportionately, I assume, to retail sellers or if not used by the investor and utility. It was very unclear what the methodology -- you know, how those resources would be determined, and how they'd be allocated, if we'd get the associated greenhouse gas or non-greenhouse gas emissions associated with it.

MR. SCAVO: Let me double check what we -- we've addressed this in the ISOR, right, in the Express Terms, but I want to make sure I'm not mischaracterizing it.

MR. HENDRY: Okay.

(Pause)

MR. SCAVO: Okay. Apologies for the delay.

MR. HENDRY: No problem.

MR. SCAVO: IOUs have one required report on -- to report their share of each volume resource. The emissions populate from the form as normal just by pulling their emissions factor from the index.

For parties that are off-takers of volume resources from IOUs, we propose to allow them to aggregate any of the volume resources that are zero GHG. So a CCA could -- can report one VAMO number for all those resources, but they'll still need to do individual reporting for procurements that do have emissions under VAMO.

MR. HENDRY: Yeah, but there are two different things. There's the VAMO section, which we advocated for that has a single reporting number, but then there's a separate section which says that about PCIA resources, which are different from VAMO resources because the PCIA covers all of the utilities resources, fossil fuels, hydro, which are not subject to VAMO allocation. So how are those resources allocated under this PCIA language that is in the proposed regulation?

MR. SCAVO: So that's unchanged from the current regs. The IOUs are only required to claim their proportionate share of those PCIA resources.

MR. HENDRY: Okay. And then the rest, I assume, are assigned as unspecified power?

MR. SCAVO: Yeah, the rest will feed unspecified power and be claimed by other parties.

MR. HENDRY: Okay. I guess this is like my null sales problem is, you know, PG&E may have 100 megawatts and they have 50 that they keep from the PCIA process and they're required to sell off the other 50, but then if it loads 100, then they're backfilling from somewhere else. And so I'm not quite sure that there's a complete alignment of emission factors, but that's, we'll follow up on that.

Okay. Thank you very much. I really -- this was very helpful.

MS. LEE: Next up we have Cindy Tan.

Cindy, you may unmute yourself.

MS. TAN: Hi. This is Cindy Tan, C-I-N-D-Y T-A-N, from the Regents of the University of California.

Thank you, Logan and Jordan, for the information provided and the presentation and the template walk through. My question is in regard to the modification to the PCL template.

So if a retail seller does plan to include modifications or additional information related to unbundled RECs in the footnote of the PCL, is the present process still applicable in which the submission for the proposed language is submitted by May 1st and the approved template are released to the retail supplier by June 15th?

MR. CLENDENING: Let me double check the ISOR -- or the Express Terms, actually, unless, Jordan, you have that offhand? I believe we may have made a slight modification to that, but I could be wrong.

MR. SCAVO: Okay, we tweaked the dates a bit, but that process is the same. That ability will still be part of the program going forward.

MS. TAN: Got it. Thank you. That's it on my end.

MS. LEE: Do we have any more Zoom participants who want to speak? Otherwise, we will move on to people dialing by phone.

Okay, so let's move on to those on the phone. Please dial star nine to raise your hand. I'll call on you to speak. And when I call on you, please press star six to mute or unmute your phone line or use the mute and unmute feature on your phone. Spell your name for the record and then begin with your questions. Looks like we don't have any one calling in by phone.

Okay, so did we want to move on to public comments on the next slide?

Okay, so public comments will follow the same process as the Q&A. Public comments are limited to three minutes per speaker. Remember to state your organization and spell your name for the core reporter. Use the raise-hand feature if you are on zoom. I'm not seeing any raised hands on zoom. Let me give it a couple more seconds.

James, you've unmuted yourself. Did you want to make a public comment?

MR. HENDRY: Yes, please. This is James Hendry, San Francisco Public Utilities Commission. We appreciate, I guess, the efforts that are going.

We still have concerns over the hourly reporting obligation and believe that the cost data presented is exceedingly low and unrealistic, and that the CEC should still look at other alternatives for trying to minimize these costs and assess, as they're required by statute, the relative value of doing this compared to the cost of doing it.

Second, I think we share CMUA's concerns about loss factors. They seem exceedingly high. And we appreciate the process of being able to develop alternative loss factors.

And then third, as we were discussing in the Q&A, I think we are concerned over how null power is dealt with in this rulemaking and whether it results in certain parties perhaps getting credit for GHG emissions they shouldn't have or resulting in a skewed version of the GHG emission factors for oversupply and end of supply. And that's one of the issues I think we will follow up on with the staff as this process goes through.

Thank you.

MS. LEE: Thank you, James.

Do we have any other raised hands on Zoom? I'm not seeing any right now, but we'll give it a few more seconds. Okay, we have Lucas Grimes.

Lucas, you may unmute yourself.

MR. GRIMES: Hello. My name is Lucas Grimes. I'm with the Center for Resource Solutions, that's L-U-C-A-S G-R-I-M-E-S.

We would like to comment that for the annual PCL, this draft sort of attempts to reconcile losses and variations between generation and load by inflating supplier's load, known as a loss-adjusted load. But this method results in a misrepresentation of the percentages that are reported to consumers. And it fails to accurately reflect the actual resources purchased by suppliers to fulfill retail sales.

So, for instance, if you consider this scenario, if annual retail sales is 100 megawatt hours, but loss of adjusted load brings that up to 105, under this scenario, if specified sales break down as 40 megawatt hours of renewable and 50 gas, just for a simplified example, the difference between total retail and specified sales is 10 megawatt hours.

If you use that loss-adjusted load though, that's a higher number to start with, so that makes that 15 megawatt hours, and that gets labeled as unspecified power. So that would inaccurately increase the amount of unspecified power represented in the portfolios.

And as that power doesn't reflect the electricity consumers purchase, a feasible solution involves using retail sales rather than loss-adjusted load to represent total load during annual accounting.

Line losses and other generation that is not used for retail sales is important, potentially, information for consumers that should be included in the total power content column, which represents an LSE's, you know, total portfolio. But it's not -- it shouldn't be included in specific portfolios that were delivered to customer, because they're going to use that numbers to calculate their scope two emissions, and line loss-adjusted load represents emissions from transmission and distribution, which are scope three emissions. And we think that would be inaccurate to display them in a specific portfolio on the PCL.

Thank you.

MS. LEE: Thank you, Lucas.

MR. SCAVO: Ariel, I'm going to jump in for just one moment.

MS. LEE: Okay.

MR. SCAVO: Thanks, Lucas, for the comment.

Just as a point of clarification, line losses are included in the total power content on the Power Content Label, but losses aren’t included in the columns for individual retail portfolios. The denominator for those columns is just retail sales.

Thank you.

MS. LEE: Do we have any other commenters via zoom?

Okay, we will move on to those calling in by phone. Dial star nine to raise your hand. Staff will call on you to speak. When that happens, dial star six to mute or unmute your phone line or use the mute and unmute feature on your phone. Spell your name for the record and then begin commenting.

It looks like we don't have any commenters by phone. I'll hand it over to Gina to close out the workshop.

MS. BARKALOW: All right. Thank you everyone.

That concludes our workshop.

Please remember that you have until 5:00 p.m. on July 3rd to submit your comments following the instructions in this presentation and also provided in the workshop notice. Comments are welcome earlier if you'd like and we look forward to hearing from you.

Thank you.

(Off the record at 11:16 a.m.)

CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of June, 2024.

Martha L. Nelson

MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

Martha L. Nelson

June 24, 2024

MARTHA L. NELSON, CERT**367