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STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

IN THE MATTER OF: Rulemaking to Amend Regulations Governing the Power Source Disclosure Program	DOCKET NO. 21-OIR-01 RE: Power Source Disclosure

AVA COMMUNITY ENERGY'S COMMENTS ON RULEMAKING TO AMEND REGULATIONS GOVERNING THE POWER SOURCE DISCLOSURE PROGRAM

John Newton
Principal Regulatory Manager
Ava Community Energy Authority
1999 Harrison St., Suite 2300
Oakland, CA 94612
(510) 641-0807
jnewton@avaenergy.org

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COMMENTS ON RULEMAKING TO AMEND REGULATIONS GOVERNING THE POWER SOURCE DISCLOSURE PROGRAM

Ava Community Energy ("Ava")[1] appreciates the opportunity to provide comments on the California Energy Commission ("Energy Commission") *Rulemaking to Amend Regulations Governing the Power Source Disclosure Program*.[2] Ava is a public agency serving customers in Alameda and San Joaquin Counties, providing electric generation service to approximately 640,000 accounts across residential and commercial customers.[3] We provide renewable and emission-free energy at competitive rates for our customers.

In addition to the comments provided below, Ava supports the comments submitted by the California Community Choice Association.

[1] See *East Bay Community Energy Authority's Comments on the Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations*, dated October 24, 2023 (TN# 252718); see also *Ava Community Energy Comments on Revised Pre-Rulemaking Amendments to PSDR Program*, dated February 21, 2024 (TN#254618).
[2] *Rulemaking to Amend Regulations Governing the Power Source Disclosure Program* refers to a collection of documents published in the Energy Commission 21-OIR-01 docket, namely (TN# 256446-1) ("Notice of Proposed Action"); (TN# 256446-3) ("Express Terms"); (TN# 256446-2) ("Initial Statement of Reasons + Economic Analysis"); (TN# 256446-4) ("Annual Consolidated Reporting Template") (*superseded by TN# 256775*); and (TN# 256446-5) ("2025 Annual Reporting Template") (*superseded by TN# 256774*).
[3] Ava's expansion to serve additional communities in San Joaquin County starting in 2025 is expected to increase the number of customer accounts to approximately 750,000. *See [Ava] Addendum No. 3 to the Community Choice Aggregation Implementation Plan and Statement of Intent to Address [Ava] Expansion to the City of Lathrop (2023)*, available at https://cdn.sanity.io/files/pc49kbjr/production/6d2851e338d5272d3c1bb06421c995131095ad43.pdf

I. INTRODUCTION

Ava continues to support the objective of the Power Source Disclosure Program to provide accurate, reliable, easily comprehensible information about the greenhouse gas ("GHG") emissions used to generate electricity serving California energy needs.[4] Consistent with these objectives, Ava recommends that the Energy Commission: (1) start using loss-adjusted load in the Power Content Label process only *after* load serving entities have a chance to incorporate it into their procurement decisions (*i.e*. in reporting year 2028), and (2) clarify the mechanics for addressing LSE excess procurement into the Power Content Label.

II. COMMENTS ON PROPOSED REGULATIONS

A. Reporting Loss-Adjusted Load

SB 1158 requires retail suppliers to report data on hourly loss-adjusted load and associated emissions data starting in 2028. Line loss adjusted load, representing emissions from transmission and distribution, are encompassed in the associated emissions data requirement starting in 2028. However, the 2025 PSD reporting template for use in the 2024 reporting year, released June 10, 2024, incorporates line loss adjusted load starting immediately. It was not clear in the CEC's pre-rulemaking process that these changes would be implemented on this timeline.

Ava's procurement follows Board adopted renewable energy targets which include limitations on unspecified power and minimum renewable power content that we are obligated to maintain. These commitments to power content have already been communicated to Ava's customers. The proposed mid-year changes incorporating line losses would result in the need for additional procurement under a compressed timeframe for the 2024 compliance year.

[4] See Pub. Util. Code section 398.1, subdivision (b).

Ava requests that the incorporation of line losses be implemented according to the statutory timeline, namely for the 2028 reporting year as required by SB 1158. Incorporating line losses mid-year for the 2024 reporting year does not give adequate time for adjustments to procurement and portfolio planning nor does it provide the CEC adequate time to prepare training for reporting entities on incorporating these changes in the reporting template.

Alternatively, Ava requests that the incorporation of line losses go into effect at the start of a full calendar year, rather than mid-year, such as 2026 for the 2025 reporting year, to maintain consistency in procurement needs during a given calendar year.

B. Proportional Reduction in Net Purchases of Specified Resources Should Reflect Total Portfolio Emissions for Retail Sellers

As part of the CEC's pre-rulemaking process, Energy Commission Staff identified a key objective of the Power Source Disclosure program that "PSD information must be 'accurate, reliable, and simple to understand.'"[5] Energy Commission Staff went on to observe that . . . "Excluding known power sources and emissions presents an **incomplete picture** to California consumers[.]"[6] (Emphasis in original.) The "incomplete picture" to which Energy Commission Staff referred is the result of current PSD regulations allowing LSEs with excess procurement to exclude emitting resources from their reported procurement portfolios: Since fossil fuels are first in the offload order for over-procurement, this skews both the power mix percentages and overall GHG intensities of retail portfolios. Staff analysis of 2021 reported data, for example, found that a total of 14.9 million MWh was adjusted out of retail portfolios, of which 13.9 million MWh

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[5] *Presentation – Proposed Updates to Power Source Disclosure Regulations*, (TN#252405), dated September 25, 2023, ("September Presentation"), slide 21, referencing Pub. Util Code section 398.1, subdivision (b) "The purpose of this article is to establish a program under which entities offering electric services in California disclose accurate, reliable, and simple to understand information on the sources of energy, and the associated emissions of greenhouse gases, that are used to provide electric services."
[6] *Id*.

were procurements of natural gas (93 percent).[7] As shown in the September Proposals, those 13.9 million MWh of uncounted, over-procured natural gas released 5.86 million MT CO2e into the atmosphere—emissions that were not accounted for on a power content label.[8]

To close this information gap, in September of 2023 Energy Commission Staff proposed to display the complete electricity data for retail seller portfolios on the Power Content Label.[9] Ava (then East Bay Community Energy) was supportive of this effort.[10]

What has evolved since, and is now before the Energy Commission,[11] appears to largely return to the *status quo*. The Proposed Regulations in Section 1392(b)(4) reads:

> If the sum of specified purchases, minus any specified resales, exceeds loss-adjusted load, each net purchase of electricity from a generator using natural gas shall be proportionally reduced so that the sum of all adjusted specified purchases equals loss adjusted load. If the retail supplier has insufficient natural gas resources to reconcile the excess specified net purchases with loss-adjusted load, each procurement from all other specified resources except coal shall then be proportionally reduced to align the retail supplier's total specified purchases with its loss-adjusted load.[12]

This language reconciles the potential mismatch between an LSE's loss-adjusted load and retail sales, but essentially maintains the offloading order of 1) natural gas, and then 2) other resources for procurement in excess of a retail seller's loss-adjusted load. This would perpetuate the "incomplete picture" for retail sellers that over-procure and would result in artificially "green" power content labels. Instead, Ava proposes that net specified procurement in excess of loss-adjusted load be reduced proportionally across all resource types until specified procurement is aligned with loss–adjusted load.

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[7] Power Source Disclosure Proposals on Hourly and Annual Accounting, (TN# 252318), dated September 20, 2023, ("September Proposals"), p. 15.
[8] September Proposals, (TN# 252318), p. 17, Figure 4.
[9] September Presentation, (TN#252405), slide 22.
[10] See EBCE Comments, (TN# 252718), dated October 24, 2023, p. 7.
[11] PSD Rulemaking Workshop Presentation, (TN# 256776), dated June 10, 2024, ("June Workshop").
[12] Express Terms, (TN# 256446-3), dated May 17, 2024 ("Proposed Regulations"), pp. 16–17.

Energy Commission Staff's June Presentation stated that, in the case of a retail seller's over-supply of specified resources, "[i]f net specified resources [are greater than] loss-adjusted load, oversupply [will be] removed in the following order until net specified purchases [equals] loss-adjusted load[:] Natural gas[; then] all other resources proportionally, except coal[.]"[13] The presentation's characterization seems to indicate that the treatment of oversupply would operate as depicted in Figure 1, below.

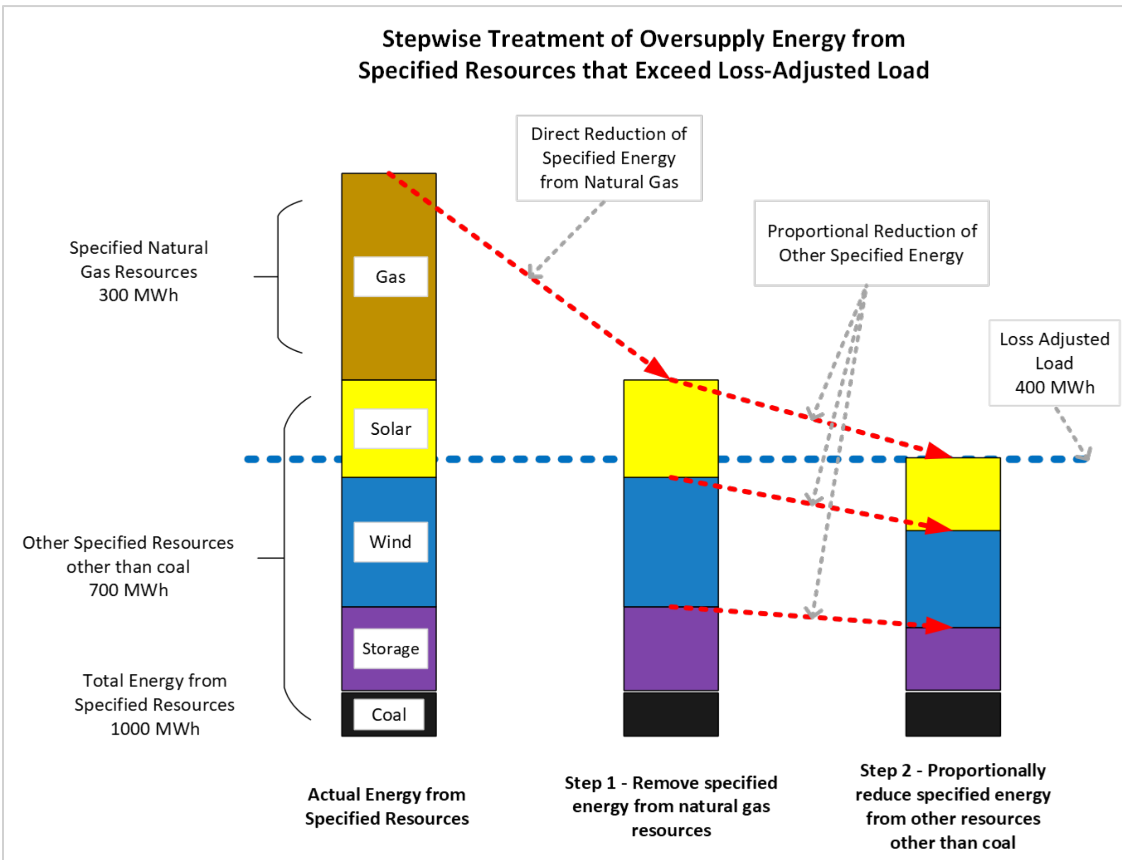


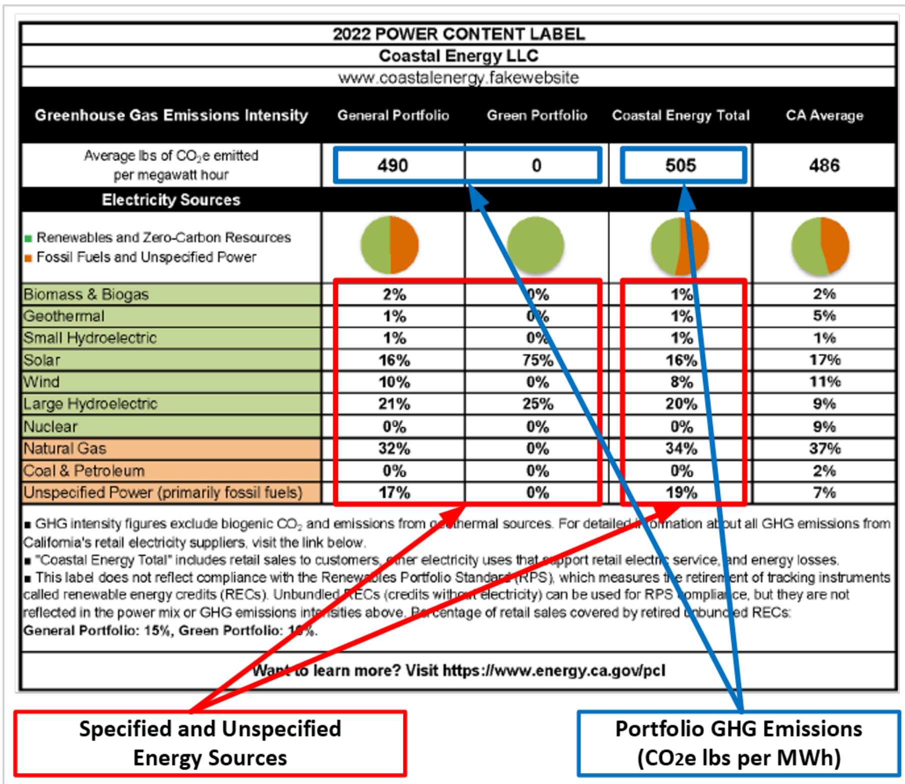
Figure 1

This approach does not address the Energy Commission Staff-identified "Underlying Issue" with the current power content label.

[13] June Presentation, (TN# 256776), slide 9.

C. Clarifying Enhancements to the Power Content Label

Few if any consumers will understand what the "California Energy Total" depicted in the Sample Power Content Label (PCL) included in the June Presentation means.[14] The Sample PCL with annotations is reproduced below, in Figure 2.



2022 POWER CONTENT LABEL				
Coastal Energy LLC				
www.coastalenergy.fakewebsite				
Greenhouse Gas Emissions Intensity	General Portfolio	Green Portfolio	Coastal Energy Total	CA Average
Average lbs of CO_2e emitted per megawatt hour	490	0	505	486
Electricity Sources				
Renewables and Zero-Carbon Resources Fossil Fuels and Unspecified Power				
Biomass & Biogas	2%	0%	1%	2%
Geothermal	1%	0%	1%	5%
Small Hydroelectric	1%	0%	1%	1%
Solar	16%	75%	16%	17%
Wind	10%	0%	8%	11%
Large Hydroelectric	21%	25%	20%	9%
Nuclear	0%	0%	0%	9%
Natural Gas	32%	0%	34%	37%
Coal & Petroleum	0%	0%	0%	2%
Unspecified Power (primarily fossil fuels)	17%	0%	19%	7%

■ GHG intensity figures exclude biogenic CO_2 and emissions from geothermal sources. For detailed information about all GHG emissions from California's retail electricity suppliers, visit the link below.
■ "Coastal Energy Total" includes retail sales to customers, other electricity uses that support retail electric service, and energy losses.
■ This label does not reflect compliance with the Renewables Portfolio Standard (RPS), which measures the retirement of tracking instruments called renewable energy credits (RECs). Unbundled RECs (credits without electricity) can be used for RPS compliance, but they are not reflected in the power mix or GHG emissions intensities above. Percentage of retail sales covered by retired unbundled RECs:
General Portfolio: 15%, Green Portfolio: 1[illegible]%.

Want to learn more? Visit https://www.energy.ca.gov/pcl

Figure 2

Take Figure 3 as an example of what, Ava believes, a typical consumer would *expect* to see when seeing the cumulative emissions from a mixed-fuel portfolio and a GHG-free portfolio.

Unit 1	5	0
Unit 2	15	0
Unit 3	12	0
Unit 4	7	0
Average →	**9.75**	**0**
Cumulative Average	**7.8**	

Figure 3

In the table represented in Figure 3, the cumulative average is representative of two portfolios offered by a retail seller, incorporating the total emissions (with a simplifying representation of the pounds of

[14] June Presentation, (TN# 256776), slide 15.

CO2 equivalent emissions per MWh in the Sample PCL) from both portfolios, one being a mix of emitting and non-emitting resources and the other being a wholly non-emitting resource portfolio. Simply, the cumulative average of the two resource portfolios, where one is fully non-emitting and the other is a mix, would be expected to be *lower* than the mixed-emissions portfolio. In the Sample PCL, as noted in blue in Figure 2, the cumulative portfolio emissions from the retail seller's portfolio is *higher* than the two left-most portfolios.

The proposed representation in the Sample PCL of energy total emissions misses the mark. While the Sample PCL includes a note that "'Coastal Energy Total' includes retail sales to customers, other electricity uses that support retail electric service, and energy losses[,]" this footnote does not provide sufficient information to make the 'energy total' comprehensible.

Energy Commission Staff previously identified an effective way to capture the total portfolio emissions for reporting entities. In addition to reflecting the emissions from specified resources to serve loss-adjusted load, LSEs PCLs should also show a retail supplier's "other electricity uses" and total power.[15]

III. CONCLUSION

For the reasons stated above, Ava encourages the Energy Commission to adopt the recommended revisions in its final revisions to the regulations governing the Power Source Disclosure program.

Respectfully submitted,

/s/ John Newton
John Newton
Principal Regulatory Manager
Ava Community Energy

[15] September Presentation, (TN#252405), slide 21.