

DOCKETED

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Additional submitted attachment is included below.

December 30, 2015

Via E-Mail

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 14-OIR-01: Comments of Shell Energy North America (US), L.P. on
Proposed Modifications to the Power Source Disclosure Program Regulations

To: Energy Commission:

In accordance with the “Notice of Proposed Action” issued in the above-referenced proceeding on December 18, 2015, Shell Energy North America (US), L.P. (“Shell Energy”) provides initial comments on the proposed modifications to the regulations for the Power Source Disclosure Program. Shell Energy is a “retail supplier” as defined in Section 1391(s) of the proposed modified regulations. Shell Energy’s comments address the proposed modifications in Sections 1391 through 1394 of the regulations.

I.

INTRODUCTION

Shell Energy’s comments address specific sections of the proposed modified regulations. Certain issues that arise throughout the proposed modified regulations are highlighted below.

First, the regulations make repeated references to “electricity products.” “Electricity Product” is defined in Section 1391(b). The Commission should clarify that an “electricity product” may reflect electric energy generated by a single generation facility or multiple generation facilities. For the purpose of disclosing a retail supplier’s power source(s) or the renewable energy content of a retail supplier’s sales to retail customers, the “electricity product” should be the retail supplier’s power supply portfolio. A retail supplier may offer a single portfolio, or multiple portfolios that contain differing combinations of renewable energy supplies for different customers.

Second, the regulations do not define what is meant by “ownership or control” of electric generation facilities. See, e.g., Section 1391(v). The regulations should specify that “ownership or control” refers to financial ownership or control of the facility, not contractual rights to or operational control by a Scheduling Coordinator.

Third, the regulations should explain that a retail supplier’s “acquired” (or “purchased”) energy supplies in a specified year should only reflect the quantities acquired for resale to retail customers in the same year. See, e.g., Section 1393(d). Because some of the “specific purchases” provide delivery flexibility, a retail supplier’s procurement may cover a multi-year period. Accordingly, the mix of a retail supplier’s procurement quantities in one year (i.e., the “previous calendar year”) may not match the mix of its retail sales quantities in the same year. Any purchases made by a retail supplier for resale to another retail supplier, or to be held for resale in a future year, should not be included in a retail supplier’s purchases for that particular year. Otherwise, the retail supplier’s “purchases” in a particular year will not match its retail sales.

II.

COMMENTS ON SPECIFIC SECTIONS OF THE MODIFIED REGULATIONS

Comments on individual sections of the proposed modified regulations follow:

1391. Definitions (u): The definition of “specific purchase” includes a reference to facilities “owned or controlled” by the retail supplier. The definition should clarify that “owned or controlled” does not include serving as the “Scheduling Coordinator” pursuant to the CAISO tariff.

1393. Retail Disclosure to Consumers (b): This section provides that a retail supplier must disclose to consumers the fuel mix of each “electricity product” that was sold during the previous calendar year. The regulations must clarify that disclosure is only required for electricity products that are offered generally by a retail supplier, not for electricity products that are negotiated individually between a retail supplier and a specific customer. In addition, the regulations must clarify that “sold” means sold to retail customers.

1393 (d)(3): This section provides that the calculation of the “fuel mix” of a retail supplier’s electricity product shall be based on net purchases of specific purchases and unspecified sources of power “acquired” during the previous calendar year. The regulations should specify that the specific purchases and unspecified sources of power “acquired” during the previous year refer exclusively to energy obtained to serve retail customers in that same (previous) year. The regulations must account for the fact that a retail supplier may purchase a

supply in one calendar year for the purpose of reselling the supply to another retail supplier, or reselling all or a portion of the supply to retail customers in a different year. The regulations should require reporting of only those supplies that were acquired, purchased and/or used for sale to retail load in the previous year.

1393 (e)(2)(B): If more than one “electricity product” is offered by a retail supplier, a separate Power Content Label (“PCL”) for each product appears to be necessary. Although this may be appropriate for electricity products that are offered to retail customers generally, a separate PCL should not be required in the event a retail supplier negotiates a unique transaction with a customer for an agreed upon mix of renewable and nonrenewable supplies. This information is proprietary and confidential, and should not have to be disclosed publicly.

1394 (a)(2) Informational Requirements (A) Purchases: This section requires that a retail supplier provide the same information (e.g., WREGIS certificate numbers) that already must be provided to the CPUC in annual RPS compliance reports. This information disclosure requirement is redundant. In addition, this section requires that a retail supplier provide gross kWh purchased, kWh resold and the resultant calculation of net specific purchases. The retail supplier’s reported WREGIS certificate numbers reflect the MWh of renewable energy purchases used for the retail supplier’s sales to retail customers.

1394 (a)(2)(B) Retail Sales: This section requires a retail supplier to provide: product name, kWh sold (for each product from specific purchases by fuel type and unspecified sources), and total retail sales. As noted above, in order for the kWh sold to match the purchases reported in Section 1394(a)(2)(A), the purchases reported must be limited to the purchases used for retail sales in the applicable (previous) year.

Appendix A (Agreed Upon Procedures), Section (c)(1)(B)(3): This section requires an auditor to find agreement between “the date of generation from the invoice to the reporting period of the information used to prepare Schedule 1.” This appears to assume that the energy sold to retail customers will be generated in the year in which it is consumed. This is not always the case, as noted above. This language should be omitted or clarified.

Appendix A, Section (c)(1)(C): The language should be clarified to state that the net kWh purchased must reflect the purchases used to make retail sales in the same (previous) calendar year.

Finally, the proposed regulations do not include an example of an accepted Power Content Label. This should be included as a reference guide.

III.**CONCLUSION**

Thank you for your consideration of these comments. If you have questions regarding the issues raised in these comments, please do not hesitate to contact the undersigned. Shell Energy intends to make a brief presentation at the workshop to be held on January 6, 2016.

Best regards,



John W. Leslie
of
Dentons US LLP
on behalf of
Shell Energy North America (US), L.P.