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BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	
	)	Docket No. 11-RPS-01 and
Developing Regulations and Guidelines for the	)	Docket No. 02-REN-1038
33 Percent Renewables Portfolio Standard	)	

COMMENTS FROM THE LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) TO THE CALIFORNIA ENERGY COMMISSION'S (CEC's or Energy Commission's) CONCEPT PAPER FOR THE IMPLEMENTATION OF ASSEMBLY BILLL (AB) 2196 FOR THE RENEWABLES PORTFOLIO STANDARD (RPS)

RANDY S. HOWARD
Chief Compliance Officer - Power System
Los Angeles Department of Water and Power
111 North Hope Street, Suite 921
Los Angeles, CA, 90012
Telephone Number: (213) 367 - 0381
Email: Randy.Howard@ladwp.com

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LA001793

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	
	)	Docket No. 11-RPS-01 and
Developing Regulations and Guidelines for the 33 Percent Renewables Portfolio Standard	)	Docket No. 02-REN-1038
	)	

COMMENTS FROM THE LADWP TO THE CEC'S CONCEPT PAPER FOR THE IMPLEMENTATION OF ASSEMBLY BILL 2196 FOR THE RENEWABLES PORTFOLIO STANDARD

Pursuant to the procedures established by the Energy Commission, the LADWP respectfully submits these comments in response to the CEC's Concept Paper for the implementation of AB 2196 for the RPS Program.

I. INTRODUCTION

The City of Los Angeles is a municipal corporation and charter city organized under the provisions set forth in the California Constitution. LADWP is a proprietary department of the City of Los Angeles, pursuant to the Los Angeles City Charter, whose governing structure includes the Mayor, fifteen member City Council, and a five-member Board of Water and Power Commissioners (Board). As the third largest electricity utility in the state, one of five California Balancing Authorities and the nation's largest municipal utility serving a population of over four million people, LADWP is a vertically integrated utility, both owning and operating the majority of its generation, transmission and distribution systems. LADWP has annual sales exceeding 23 million megawatt-hours (MWhs) and has a service territory that covers 465 square miles in the City and most of the Owens Valley. The transmission system serving the territory totals more than 3,600 miles that transports power from the Pacific Northwest, Utah, Wyoming, Arizona, Nevada, and California to Los Angeles.

California's most recent legislation for its RPS Program requires "each local publicly owned electric utility to procure a minimum quantity of electricity products from eligible renewable energy resources." Since LADWP is a local publicly owned electric utility (POU), it is required to comply with Senate Bill (SB) 2 (1X).

II. LADWP REMAINS COMMITTED TO ITS REGULATORY OBLIGATIONS

As a result of combined regulatory mandates for increased renewable energy, emissions performance standard on fossil fuel generation, energy efficiency, solar roofs, reduction in greenhouse gas (GHG) emissions, and the elimination of once-through cooling from coastal power plants, LADWP is facing a utility-wide transformation and making billions of dollars in investments on behalf of its ratepayers to replace about 70 percent of its resources over the next 17 years that it has relied upon for the last 50 years.

Prior to the enactment of SB 2 (1X), the City of Los Angeles was committed to the procurement of renewable energy as part of its long-term resource mix. On May 23, 2005, the Board adopted the LADWP RPS Policy that established the goal of increasing its renewable energy resources to 20 percent of its energy sales to retail customers by 2017, with an interim goal of 13 percent by 2010. On April 11, 2007, the Board amended the LADWP RPS Policy by accelerating the goal of requiring 20 percent of energy sales to retail customers to be generated from renewable resources by December 31, 2010. In 2010, LADWP achieved its RPS goal of 20 percent renewables.

Per SB 2 (1X), LADWP has subsequently amended its RPS Policy to incorporate an Enforcement component and has proactively acquired renewable energy resources such as wind and solar facilities that meet the RPS guidelines established by the State

of California. LADWP continues to implement renewable resources and is on track to meet the 33 percent renewables target by 2020.

III. BIOMETHANE IS ESSENTIAL FOR CALIFORNIA'S RPS

Biomethane continues to be one of the few renewable energy resources available that provides for both dispatch and baseload capability typically without using critical transmission capacity. Biomethane provides ancillary support to integrate other RPS resources (such as wind and solar) that have low capacity factor characteristics. By capturing biomethane for the use of electricity generation rather than releasing it into the atmosphere or flaring it, utilities are clearly reducing the net emissions and effect of GHG's being emitted.

Further, by injecting biomethane into the existing natural gas pipeline system, utilities are effectively offsetting the cost of building additional and unnecessary infrastructure to supply either natural gas or alternate renewable energy resources. It is important to LADWP that any rules and regulations developed for the implementation of SB 2 (1X) and AB 2196 stay true to the intent of the legislation, create simple and effective verification requirements, respect the historic investments made by POUs under their self-regulated RPS Programs, and helps advance the goal of encouraging the development of renewable generation resources.

IV. COMMENTS

The LADWP would like to take this opportunity to thank CEC staff and Commissioners for their work on implementing both SB 2 (1X) and AB 2196 into the draft CEC RPS regulations and RPS Eligibility Guidebooks. LADWP's comments present modifications to the Concept Paper which align with LADWP's interpretation of

the intent of both SB 2 (1X) and AB 2196. Further, LADWP's comments on the Concept Paper emphasize the need to recognize those historical biomethane investments made by utilities in renewable technologies prior to the enactment of SB 2 (1X) and AB 2196. LADWP also desires to ensure that the CEC's Concept Paper does not abrogate the authority of LADWP's governing board.

LADWP's comment (or lack of comment) on a specific topic should not be interpreted to mean that LADWP is agreeing to the position set forth in the CEC's Concept Paper on a particular topic. LADWP supports the comments being filed concurrently by the California Municipal Utilities Association (CMUA).

A. A1 - Meaning of "*biomethane means landfill gas or digester gas, consistent with Section 25741 of the Public Resources Code.*"

LADWP disagrees with the CEC's proposed definition of Biomethane, which appends "*and is certified by the Energy Commission as an eligible renewable energy resource*" to the end of the definition. The definition of Biomethane should not be dependent on the CEC certification process, as the certification process does not determine whether using the fuel is considered renewable or not; the certification process simply determines whether the project is eligible for California's RPS Program. The LADWP recommends that the CEC truncate the definition and strike out language which ties the plain definition of "biomethane" to the CEC's certification process.

B. B3 - Meaning of *"under a contract executed by a retail seller or local POU and reported to the Energy Commission prior to March 29, 2012, and otherwise eligible under the rules in place as of the date of contract execution…"*

LADWP disagrees with the staff proposal to utilize the Third Edition RPS Eligibility Guidebook dating back to December 19, 2007. This proposal overlooks the grandfathering provisions in SB 2 (1X) Section 399.12 (e)(1)(C):

> "*A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations pursuant to former Section 387* ***shall be certified*** *as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a renewable electrical generation facility as defined in section 25741 of the Public Resources Code*."

Applying the 3rd Edition RPS Guidebook all the way back to December 19, 2007, is inappropriate, as this interpretation would retroactively apply certification requirements upon renewable resources previously adopted by POU governing boards, under a different statute, prior to June 1, 2010. Further, SB 2 (1X) Section 399.16(d)(1) requires that "the renewable energy resources were eligible under the rules in place as of the date when the contract was executed." As previously emphasized by LADWP, the 'rules in place' pre-June 1, 2010, are the POUs adopted RPS Policy, not the CEC's RPS Eligibility Guidebooks, as the POUs were operating under a local self-regulated RPS Program. AB 2196 Section 399.12.6 (a)(1) states that biomethane resources reported to the CEC prior to March 29, 2012.

> "*shall count toward the procurement requirements established under this article, under the rules in place at the time the contract was executed, including the Fourth Edition of the Energy Commission's Renewables Portfolio Standard Eligibility Guidebook*…"

The 'rules in place' language is again utilized. This section includes the Guidebooks as options (but not requirements) for evaluating RPS eligibility based on the applicable rules were at the time the contracts were executed and recognizes that the rules were different for POUs and Investor-Owned Utilities (IOUs). Since POUs were not governed under the CEC RPS Guidebook regime until the first compliance period of SB 2 (1X), the appropriate "rules in place" for pre-June 1, 2010, procurement are the POUs RPS Policy, adopted pursuant to former California Public Utilities Code Section 387 (Section 387), not the CEC's RPS Eligibility Guidebooks.

Stated another way, prior to the enactment of SB 2 (1X), the POUs RPS Policy was the law of the land with respect to POUs, not the CEC Guidebooks. Section 387 was officially repealed on the effective date of SB 2 (1X). Further, SB 2 (1X) provides for the grandfathering of renewable resources which POUs relied on under Section 387.

Therefore, the LADWP requests that the CEC staff modify the Concept Paper's rationale to incorporate the grandfathering provisions set forth in SB 2 (1X) Section 399.12 (e)(1)(C). LADWP recommends the following change:

- 06/01/2010 > **CONTRACT EXECUTION DATE**
    - Applicable "Rules In Place" = POU Governing Board Eligibility Rules
- 06/01/2010 ≤ **CONTRACT EXECUTION DATE** >12/15/2010
    - Applicable "Rules In Place" = 3rd Edition RPS Eligibility Guidebook
- 12/15/2010 ≤ **CONTRACT EXECUTION DATE** > 03/29/2012
    - Applicable "Rules In Place" = 4th Edition RPS Eligibility Guidebook

C. B5 - Meaning of "*those rules shall apply only to sources that are producing biomethane and injecting it into a common carrier pipeline on or before April 1, 2014.*"'

The LADWP does not agree with the CEC's rationale for this section of the concept paper. The CEC states that the "*POU will be allowed only to claim generation from a source that* ***was identified in the original contract and reported to the Energy Commission*** *by March 29, 2012…*" This interpretation penalizes POUs who stayed true to the certification process prior to the signing of AB 2196.

The CEC's guidance to POUs who submitted certification applications prior to the installment of the Biomethane Moratorium was to only list sources that were already in production and injecting biomethane: The CEC did not require utilities to list any additional source that were not in production. Further, the CEC did not provide sufficient time between the Biomethane Suspension Notice (issued March 16, 2012), Comment Deadline (March 23, 2012), and the Business Meeting that effectively suspended the eligibility of Biomethane (March 28, 2012) to provide the additional Precertification and Certification Applications for those additional sources.

As a general practice, it is common that a biomethane contract allows producers to add new sources in order to reach the stated contract supply limits or to make up the unforeseeable shortfalls from the existing sources. LADWP's existing biomethane contracts allow for the addition of biomethane sources to reach the Million Metric (MM) British Thermal Units (Btu) limits specified in the contracts (per day limit, contract length limit, etc.). In order to allow producers to meet these contractual MMBtu limits, the LADWP requests that the CEC allow for new sources to be specified at a later date, and provide a reasonable grace period for utilities to submit additional information when

those sources become available, which would specify sources that will be in production on or before April 1, 2014. This process will allow utilities to identify those additional sources that will be injecting biomethane before April 1, 2014, that utilities were not able to report in the original certification applications. This step, however, should not be a condition for CEC to delay granting of certification under the original applications as long as all other requirements are satisfied.

D. B9 - Meaning of "*Any changes in the source(s) of biomethane in the original contract or original application for certification submitted to the Energy Commission prior to March 29, 2012.*"

As mentioned in Section IV.C. above, in order to allow for producers to meet contractual MMBtu limits, the LADWP requests that the CEC allow for a reasonable grace period for utilities to submit additional information once available, which would specify sources that will be injecting biomethane on or before April 1, 2014.

E. Portfolio Content Categories

LADWP appreciates the addition of the following statement in Section 19 of the Concept Paper:

> The assignment of electricity procurement to a particular Portfolio Content Category bucket is based primarily on the electrical generating facility's interconnection and details of electricity delivery to a balancing authority, and the execution dates and terms of the electricity procurement contract(s).

However, Section 19 primarily deals with contracts executed on or after March 29, 2012. LADWP wants to ensure that this statement is also applicable to procurement acquired prior to March 29, 2012. We are currently in the year 2013: The last year of the first compliance period. Utilities still do not have all of their projects certified and there still is no process for assigning procurement to Portfolio Content Categories (PCC).

As LADWP has expressed in the past, for pre-June 1, 2010 contracts, POUs should be allowed to determine whether they want to utilize their procurement for the PCCs or as "count in full." If the POU demonstrates that the PCC criterion is satisfied, then the POU should be allowed to apply such procurement towards the PCCs. If a POU wants to apply such procurement as a "count-in-full," then the POU will show that the procurement satisfies its POU Governing Board's former RPS Programs.

As LADWP previously supported, Iberdrola Renewables, LCC requested that the CEC develop an RPS PCC Checklist as part of the next iteration of the RPS Eligibility Guidebook. This checklist should include the basic requirements for each PCC which could then be used as part of an entity's procurement process. Criteria set by the checklist should be developed to the point where entities entering into Power Purchase Agreements (PPA) could do so with certainty that the project's PCC designation will not change. LADWP continues to support Iberdrola's PCC checklist proposal.

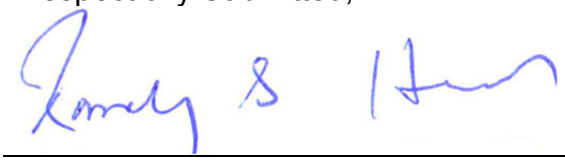
In addition to this checklist proposal, for existing projects, LADWP strongly suggests that the CEC consider CMUA's proposal of creating a mechanism where a utility could seek an early confirmation regarding the PCC of a particular contract and the associated procurement.

V. CONCLUSION

LADWP remains committed to reducing GHG emissions and transitioning to a greater usage of a renewable energy resource mix in a cost-effective manner while maintaining grid reliability. LADWP recommends that the CEC provide compliance certainty by grandfathering existing biomethane contracts, avoid impacts to on-going in-state projects, ensure that PCC criteria is applied appropriately to the facilities (not the fuel sources), and allow for a grace period to submit additional information pertaining to additional sources that will be injecting biomethane into the existing pipeline system on or before April 1, 2014. LADWP appreciates the opportunity to submit these comments and looks forward to working with CEC staff on this matter.

Dated February 8, 2013

Respectfully Submitted,



By: RANDY S. HOWARD
Chief Compliance Officer – Power System
Los Angeles Department of Water and Power
111 N. Hope St., Room 921
Los Angeles, CA, 90012
Telephone: (213) 367 – 0381
Email: Randy.Howard@ladwp.com

Attachment A: Responses to the Outstanding Issues and Questions	
Energy Commission staff identified the following outstanding issues, potential options, and related questions regarding the details of implementing Assembly Bill (AB) 2196, to which staff seeks stakeholder input.	
Q1	AB 2196 places restrictions on the direction of the gas flow in a common carrier pipeline if biomethane is delivered through it to an electric generation facility for purposes of the RPS. Staff understands that some common carrier pipelines are unidirectional, and others are bi-directional, where parallel pipelines deliver gas in opposite directions.
Q.1.a.	For common carrier pipelines that physically flow within California, please discuss how the Energy Commission can be assured that the biomethane remains within the state's geographic borders.
A1.a.	LADWP does not believe that anyone, including the CEC, can be assured exactly where gas molecules are flow to or from. It is the nature of the gas industry that gas is metered at the source and metered at the delivery point. It is the quantities that must match up to balance the system. But to keep track of the actual molecules is nigh impossible because of the myriad ways gas circulates through the intrastate gas distribution system. On a gross level, gas is tracked by nominations and the meter flow. It is worthy to note that the distribution pipelines in California are Hinshaw pipelines which are exempt from FERC regulation. As long as the gas that is received into the California pipes, and redelivered to another location inside California, the pipes qualify as Hinshaw pipelines. The gas flowing under this Hinshaw exemption is presumably monitored in some way to qualify. The CEC should consider the method of monitoring Hinshaw pipeline gas in monitoring any possible escape of biomethane out of the state. LADWP has previously informed the CEC that the exact identity of any gas delivered to the ultimate customer inside California is never know with 100 percent certainty. About the only method of verifying that biomethane remains in California is to examine pipeline records and verify the balances of receipts and deliveries through the chain of possession. But to track down biomethane will be a laborious task with little or no chance of success and benefit.
Q.1.b.	For pipelines that do not physically flow within California's geographic borders, please provide examples of how a retail seller or POU can document that the delivery of biomethane was through a common carrier pipeline that only physically flows in the direction of the electrical generation facility.

A1.b.	Gas industry deliveries are affected by front hauls, back hauls, displacement storage, exchanges and imbalance trading. As a comparison with the electric industry, once electrons (an indistinguishable commodity), are sent into the stream of commerce, the electrons will flow based on physics on the path of least resistance. The industry has no way to direct those electrons to the load that has contracted to receive them. However, the industry uses schedules to account for the generation and use of electrons. In the same way, gas is delivered into the pipeline grid, both interstate and intra-state, and the gas industry uses its methods to account for the delivery of the gas to the ultimate customer. Once biomethane enters this stream of commerce, it is indistinguishable from any other methane gas. Biomethane should be delivered by the same time-tested methods that are used today by the gas industry to make its system of supply and consumption viable. Even if an end user obtains firm transportation rights over an identifiable path between its supplier and its generation facilities, it cannot always be said that the gas (or any other gas) actually traveled that path to the generation facility. The only obligation a pipeline has is to: 1) Receive gas into its system at one location; and 2) Make sure the same volume of gas is delivered to the designated receipt point on its system. Standard industry methods are employed to meet this obligation. Please note that any pipeline, whether or not it has two pipes flowing gas in opposite directions, is able to flow gas in a reverse direction through a backhaul. Every pipeline, or almost every one, has a backhaul tariff. To answer the question posed, just ask the transporting pipeline to verify how the gas flowed and if the pipeline is capable of only flowing toward the electrical generation facility.

Q.2	AB 2196 requires the Energy Commission to verify the transaction for the procurement of landfill gas, digester gas, or another renewable fuel delivered to the facility through a common carrier pipeline, including the source of the fuel and the delivery method, using the accounting system required pursuant to Public Utilities Code 399.25 or a comparable system. AB 2196 also requires all sellers and purchasers of biomethane (defined as "landfill gas" or "digester gas") to comply with a system for tracking and verifying the use of biomethane, including but not limited to biomethane delivered through a common carrier pipeline, as established by the Energy Commission, that is equivalent to the system required by subdivision (c) of Public Utilities Code Section 399.25. Relevant language in Public Utilities Code Section 399.25(c) states that the Energy Commission shall "establish a system for tracking and verifying renewable energy credits that, through the use of independently audited data, verifies the generation of electricity associated with each renewable energy credit and protects against multiple counting of the same renewable energy credit."
Q.2.a	Please provide information regarding the systems currently in place for tracking the use of landfill gas, digester gas, or another renewable fuel delivered to an electric generating facility through a common carrier pipeline. Include metrics for volume and heat content, for both production and capture of landfill gas, digester gas, or 20 another renewable fuel delivered through a common carrier pipeline, injection into the pipeline if applicable, and delivery to the generating facility
A.2.a	The LADWP relies on the pipeline reports from the local distribution company (LDC) and any interstate pipeline company involved in delivering gas to the LDC to verify invoices. The invoices for gas purchases are accompanied by pipeline printouts with volumes of gas delivered on our behalf for each day. We crosscheck the deliveries with the invoiced amount to verify that the gas was actually delivered.
Q.2.b	Please provide information regarding the systems currently in place for tracking the use of landfill gas, digester gas, or another renewable fuel delivered to an electric generating facility through a common carrier pipeline, to ensure that contract requirements for delivery of the fuel to the electric generating facility are met. Include metrics for volume and heat content, for both production and capture of landfill gas, digester gas, or another renewable fuel delivered through a common carrier pipeline, injection into the pipeline if applicable, and delivery to the generating facility.

A.2.b	All gas delivered is actually metered for Btu content. Gas is delivered on an MMBtu basis. In order to get into any pipeline system for transport to a customer it must meet that pipeline's gas interconnection specification for things like Btu content and other quality measures of purity. The pipeline takes care of gas quality and meters the amount of Btus. The customer pays for net Btus, so verification is based on the reports compiled by the pipeline. And since everyone's gas must meet the same quality specification, all the gas is indistinguishable. Therefore verification depends on the metering data from the biomethane facility/LDC interface. Once inside the LDC's pipeline, it is tracked for billing purposes to the generating facility's customer meter. This meter should provide information on gas usage by the generation facility: this is not solely for biomethane. Coupled with the accompanying pipeline report attached to the biomethane invoice, the tracking process is complete.
Q.3	AB 2196 requires that for all electricity products generated using biomethane, sufficient renewable and environmental attributes are transferred to a retail seller or POU to ensure that there are net zero emissions associated with the production of electricity from the generating facility using the biomethane. The Energy Commission staff defers to the CPUC to implement this provision for retail sellers.
Q.3.a.	Please provide information on how the Energy Commission could verify whether sufficient environmental attributes were transferred to a POU to ensure that there are net zero emissions associated with the production of electricity from the generating facility using the biomethane.

A.3.a	LADWP recommends the Energy Commission staff consult with staff at the California Air Resources Board (CARB) and join forces with CARB staff to develop a certification program for fuels derived from biomethane, which could be modeled after the Renewable Energy Certificate program. CARB staff indicated their intent to create a program to accurately track biomass-derived fuels in their October 28, 2010, Staff Report: *Initial Statement of Reasons for Rulemaking for the Revisions to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions:* Excerpt from October 28, 2010 CARB Staff Report: ISOR for Revisions to the MRR: *In the absence of a biomass-derived certification program, this level of verification is needed to ensure the reporting of biomass CO2 is accurate, real, and verifiable. These verification requirements could be scaled back if a certification program was developed to track biomass-derived fuel as it was produced, sold, and consumed by various parties in the chain of custody. A possible model for a certification program would be one that would issue a certificate for each unit of biomass-derived fuel and as that fuel was transferred or sold, the certificate authenticating the quality of the fuel as being a biomass-derived fuel would change hands accordingly. This system would have to centrally issue and track every certificate. This type of mechanism would be limited to one certification program to ensure there was no double accounting of the same fuel in multiple programs. The reporting entity would provide the certificates as proof of their purchase and consumption of biomass-derived fuel that is not subject to an obligation. The verifiers could take those certificates at face value of evidence of the type and amount of biomass-derived fuel consumed by the reporting entity. This certificate program could be modeled after the Renewable Energy Credit program.* In concept, certificates would be issued for the type and amount of biomass-derived fuel produced, and the certificates would change hands as the fuel is sold. The certificate would transfer the environmental attributes of the biomass-derived fuel to the fuel purchaser. If the fuel is purchased by a retail seller or POU, the certificates would enable the retail seller or POU to claim net zero emissions associated with the production of electricity from a generating facility they designated as consuming the biomass-derived fuel.

Q.4	AB 2196 restricts retail sellers, POUs and intermediaries to biomethane procurement contracts from making marketing, regulatory, or retail claims of greenhouse gas (GHG) reductions related to the destruction of methane. If the capture and destruction of the biomethane is required by law, a retail seller, POU or intermediary to the biomethane contract may not claim that the contract resulted or will result in GHG reductions associated with the capture and destruction of methane. If the capture and destruction of the biomethane is not required by law, a retail seller, POU or intermediary to the biomethane contract may claim that the contract resulted or will result in GHG reductions associated with the capture and destruction of the methane under two scenarios. The first scenario is if the environmental attributes associated with the capture and destruction of biomethane pursuant to the contract are: 1) transferred to the retail seller or POU that purchased the biomethane, 2) retired on behalf of the retail customer consuming the electricity associated with the use of that biomethane, and 3) are not resold by the retail seller or POU. The second scenario is if: 1) the biomethane contract prohibits the source of the biomethane from separately marketing the environmental attributes associated with the capture and destruction of the biomethane sold pursuant to the contract, 2) the environmental attributes are retired on behalf of the retail customer consuming the electricity associated with the use of that biomethane, and 3) the environmental attributes are not resold by the retail seller or POU. The Energy Commission staff defers to the CPUC to implement this provision for retail sellers.
Q.4.a	Please provide information on how the Energy Commission could verify whether a POU's biomethane procurement contract contains terms and conditions (or has the potential to address) pertaining to the environmental attributes associated with GHG reductions associated with methane destruction.
A.4.a	All the procurement agreements for a POU are public. Therefore, LADWP recommends that the CEC seek an electronic copy of the agreements for any biomethane transactions. The terms and conditions pertaining to the environmental attributes will be clearly identified.
Q.4.b	Please identify and describe any existing systems or processes that a POU could use to demonstrate to the Energy Commission that the environmental attributes associated with GHG reductions acquired by the retail seller or POU are retired and not resold or available for another purpose. For example, could the Green-e©7 "Climate Certified Carbon Offsets" be used to demonstrate that GHG reduction attributes have been retired and are not available for another purpose?

A.4	In California, retail sellers and POUs would likely purchase biomethane for use in Electricity Generating Units to offset the use of natural gas and thereby reducing their direct GHG emissions and compliance obligation under California's GHG cap-and-trade program. The CARB already has rigorous reporting and verification requirements in place to ensure the validity of reported biomass CO_2 emissions associated with purchased biomethane. CARB does not allow GHG reduction offsets to be generated for any biomass-derived fuels that are claimed as "not subject to a compliance obligation" under CARB's cap-and-trade program. CARB staff has indicated their intent to develop a certification program for biomass-derived fuels. Under the proposed fuel certification program, the biomass-derived fuel certificates could be retired through a central tracking system, similar to WREGIS for Renewable Energy Certificates.