

DOCKETED

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PacifiCorp Comment re PSD Pre Ruling Making Workshop

Additional submitted attachment is included below.

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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

SUBMITTED ELECTRONICALLY

Re: Comments of PacifiCorp on the Pre-Ruling Workshop on Updates to the Power Source Disclosure Regulations

PacifiCorp appreciates this opportunity to provide comments on the California Energy Commission's (Commission's) pre-rulemaking workshop regarding updates to the Power Source Disclosure (PSD) program regulations required by Assembly Bill (AB) 1110. Staff of the Commission released a series of preliminary scoping questions in advance of the pre-rulemaking workshop and PacifiCorp addresses each of the questions in the comments that follow.

Annual Sales

1. What should be the programmatic definition of "annual sales"?

The statute requires that a *retail* supplier's disclosure be based on the percentage of annual sales from various categories of electricity resources. Given that the focus is on retail suppliers, "annual sales" should be equivalent to retail sales. This would exclude wholesale sales (imports) into California, including wholesale sales imported to California via the energy imbalance market (EIM) reported to Air Resources Board (ARB) under the Mandatory Reporting Regulation (MRR).

2. What should be the programmatic definition of "electricity portfolio"?

The offering to customers of service from distinct resources should be considered a portfolio offering. For PacifiCorp, retail customers are served by our entire system; PacifiCorp does not offer customers the ability to choose service from specific resources and therefore has only one portfolio offering. This represents the portfolio of procurement used to serve retail load. This definition should exclude wholesale sales.

3. What should be the programmatic definition of “electricity offering”?

PacifiCorp does not propose a definition of “electricity offering” at this time.

Renewable Energy Credits

1. Should retail suppliers be required to report the purchase of eligible renewable energy resources based on the year that the renewable electricity was generated or based on the year that the REC is retired, if the two years differ?

Retail suppliers should be required to report the purchase of eligible renewable energy resources based on the year that renewable electricity was generated. The purpose of the power source disclosure law is to disclose information on the *sources* of energy that are used to provide electric services and the source of energy remains the same, regardless of any associated REC or the timing of the ultimate disposition of the REC. RECs represent environmental benefits associated with renewable energy and are separate and distinct from the actual provision of electric services and are inappropriate vehicles for reporting the source of electric service.

The statute requires the reporting of electricity from resources eligible for compliance with California’s RPS. Resources are eligible for the RPS based, among other things, on their fuel type. RECs do not determine whether a resource is eligible for the RPS; RECs merely determine whether output from the resource can ultimately be claimed for compliance towards an RPS

compliance obligation. RPS compliance is tracked using RECs and banking and other provisions in the RPS provide compliance entities with needed flexibility to comply with the renewable mandates. However, the timing of REC retirement reflected in RPS compliance reports does not reflect the actual energy used to serve customers in a given compliance year. It should be clearly recognized that the power content label and the RPS compliance reports have fundamentally different purposes: the power content label discloses the source of energy used to provide electric services while the RPS report demonstrates an entity's compliance with RPS mandates. While PacifiCorp is supportive of providing information regarding the ultimate disposition of renewable attributes as part of the power content label, which would show consistency with the RPS report, for the reasons described above the power content label and the RPS report should not be required to reflect the same information.

To ensure transparency, to the greatest extent possible, the power content label should remain focused on presenting customers with information regarding the sources of energy used to provide electric services. In addition, PacifiCorp is supportive of showing the disposition of the renewable attributes associated with any energy used to provide electric services. The disposition of the renewable attributes should not, however, be conflated with the actual sources of generation used to provide electric service.

- 2. How should firmed and shaped electricity products be categorized for the power-mix percentage calculations? Specifically, should these products be categorized based on the fuel-type of their REC or the fuel-type of their substitute energy?**

Products should be categorized based on the fuel type of the primary generating resource, which is what is actually used to provide electric services. The disposition of the RECs should be reported separately.

- 3. How should greenhouse gas emissions intensities be calculated for firmed and shaped electricity products? Specifically, should the greenhouse gas emissions intensity for these products be calculated based on the emissions profile associated with the generation source of their REC or based on the emissions profile of their substitute energy?**

Greenhouse gas emissions should be categorized based on the fuel type of the primary generating resource, which is the emissions profile associated with the generation source of their REC, and what is actually used to provide electric services.

- 4. Should unbundled RECs (PCC3) be reflected in the power mix or disclosed separately on the Power Content Label? What factors should be considered in making this determination?**

Under Cal. Util. Code § 399.16(b)(3), Product Content Category (PCC) 3 RECs are eligible renewable energy resource electricity products, including unbundled RECs, that do not qualify as PCC1 or PCC2. Though a significant portion of PacifiCorp's RPS compliance is met with bundled RECs (both the energy and the REC), they are nonetheless classified as PCC3 due to the geographic location of the majority of PacifiCorp's resources that do not qualify as PCC1 or PCC2. It is therefore important in this context to distinguish between unbundled RECs and PCC3 RECs—not all PCC3 RECs are unbundled RECs. Unbundled RECs should be disclosed separately from the power content label because unbundled RECs (i.e., RECs that are not

associated with the procurement of the underlying energy) do not represent the provision of electric service. To the extent possible, the power content label should provide clear information regarding the type of resources used to serve customers as well as the disposition of the associated renewable attributes. However, renewable attributes should not be reported as if energy associated with those attributes were actually provided to the customer.

5. How should null power be categorized for the power-mix percentage calculation?

How should the greenhouse gas intensity of null power be calculated?

The guiding principles for the power content label should be rooted in transparency and accuracy. PacifiCorp's recommendation is therefore to require that the power content label be based on actual fuel source and actual emissions associated with that fuel source to provide the most accurate picture for customers regarding the actual fuel they are consuming. When a REC is sold separately from the underlying renewable energy, it does not change the physical reality or emissions profile of that energy. Importantly, by disclosing that energy is from a particular source, a retail seller is making no environmental claims regarding the energy, therefore preserving the integrity of any associated RECs for use in voluntary markets or for compliance purposes.

The estimated emissions impact and emissions "footprint" associated with the purchase and sale of renewable attributes (whether purchasing or selling RECs) should be reported separately. This may look like a separate disclosure that estimates an emissions footprint or impact associated with the null power; however, it should be clear to customers that what is being reported is an emission assumption associated with energy whose renewable attributes have been sold as opposed to actual measurable smokestack emissions.

GHG Intensity Factor Data and Calculation

- 1. AB 1110 defines “greenhouse gas emissions intensity” as the “sum of all annual emissions of greenhouse gases associated with a generation source divided by the annual production of electricity from the generation source.” Are there any reasons to consider calculating GHG emissions intensities using greenhouse gases other than those accounted for in both MRR and the EPA’s Greenhouse Gas Reporting Program?**

PacifiCorp supports using the same emissions intensities used by ARB and EPA.

- 2. What are the concerns, limitations, and benefits of relying on GHG emissions reported to the MRR program for the development of GHG emissions intensities for in-state and out-of-state facilities?**

Under the MRR program, PacifiCorp reports both emissions associated with its retail service territory in California as well as emissions associated with wholesale imports into California. Because those wholesale sales reported to ARB do not reflect power sources used by PacifiCorp to serve its customers, wholesale sales reported to ARB under MRR should be excluded from PacifiCorp’s PSD. As a multi-jurisdictional retail provider under MRR, PacifiCorp reports the emissions associated with its retail service territory by calculating a system emission factor which is multiplied by PacifiCorp’s total load in California. PacifiCorp supports the use of this same approach for developing the emissions intensities on the power content label. Notably, under ARB rules, the disposition of the renewable attributes associated with the energy reported does not change the emissions profile of the energy. For the reasons described above, and for consistency, the power content label should reflect this same approach.

3. Should GHG emissions classified as non-covered or exempt under the Cap and Trade Program be included in PSD greenhouse gas intensity calculations?

If emissions are considered exempted or non-covered by ARB, they should retain that designation for purposes of the PSD.

4. Should the Power Disclosure Program adopt ARB's default factor as the greenhouse gas intensity for unspecified power?

For consistency, the PSD program should use ARB's default factor for unspecified power.

5. Energy procured through the Energy Imbalance Market (EIM) is reported under the MRR program as specified electricity. What greenhouse gas intensity factor should be assigned to electricity procured through the Energy Imbalance Market (EIM)?

Under current MRR requirements, PacifiCorp reports EIM imports as specified in accordance with market reports generated by the California Independent System Operator (CAISO). The emissions intensity factors are set through ARB's specified facility registration process and based on ARB and Environmental Protection Agency (EPA) data. Importantly, because EIM imports are reported by PacifiCorp through MRR as the first jurisdictional deliverer, these are wholesale imports and are not used to serve PacifiCorp retail load. These imports should not be reflected in the PSD program. Nonetheless, the Commission should not assign separate or different emission factors to EIM imports than ARB – this would create regulatory and market confusion and it is unclear what the basis for such different treatment may be.

POU GHG Intensity Adjustment

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1. What quantities of electricity have been generated in previous years that stakeholders believe would qualify for this adjustment?

PacifiCorp takes no position on this question at this time.

Respectfully submitted,

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