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Comments of Sempra Services on Preliminary Scoping Questions

Additional submitted attachment is included below.



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California Energy Commission
Docket Office, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
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SUBMITTED ELECTRONICALLY

**Re: Docket No. 16-OIR-05
Comments of Sempra Services on Preliminary Scoping Questions**

Sempra Energy Services appreciates this opportunity to submit comments on the California Energy Commission's Preliminary Scoping Questions regarding updates to the Power Source Disclosure Program consistent with the direction set forth in AB1110. Sempra Services continues its analysis of issues related to AB1110 and reserves the right to supplement the comments set forth herein with additional insights and information as it is gained in the future.

I. Background: Interest of Sempra Services

Sempra Services Corporation (hereinafter referred to as "Sempra Services") has been established as a separate entity from San Diego Gas & Electric (SDG&E) consistent with the

requirements of CPUC Decision 12-12-036 for the purposes of communicating on a number of energy policy issues, including Community Choice Aggregation (CCA). The mission of Sempra Services is to provide a balanced and fact-based perspective regarding California's changing energy landscape and to engage in a comprehensive conversation to help identify cost effective emission reduction opportunities and ensure that all electricity customers in San Diego continue to have access to clean, affordable power. Sempra Services' vision is a future in which the modern grid and new customer-owned technologies operate as a network in ways that reduce emissions, minimize costs and empower customers with new options, while ensuring that all customers have access to affordable low-carbon energy alternatives.

Policymakers and consumers in San Diego are facing a number of far reaching policy choices and are actively discussing ways to reduce emissions. Some cities are actively considering potentially increased renewable procurement through a CCA provider as a potential means of achieving greater emission reductions. Sempra Services believes the best decisions will be made on the basis of a robust discussion that is informed with accurate information regarding the energy products that are, and have been provided by CCA providers to consumers to date, as well as by an analysis of the impact these kinds of procurement practices have had and/or are likely to have in the future, on the level of renewable generation construction that occurs in California.

In order to help ensure that the local discussion of these issues is informed by the actual experience California has had with CCA to date, Sempra Services has tried to better understand the portfolio mix of various Energy Service Providers in California, including Community Choice Aggregation providers. Unfortunately, it has been extremely difficult or

impossible to clearly ascertain the kinds of energy resources that are being used by CCA providers, and whether their procurement practices have contributed to new investments in renewable energy and other generation capacity in California.

As an example, Sempra Services has also found it extremely difficult to understand the kinds of resources that have been used to satisfy “100% renewable” offerings such as those that have been offered by Marin Clean Energy (MCE). For example, to what extent have these kinds of portfolios been sourced with unspecified energy (including coal power from the southwest) combined with RECs, or short-term contracts with existing renewable resources, or long-term contracts with new renewable resources? This kind of information is important to consumers and communities who are seeking to increase renewable generation construction within California, because these contracting practices have a direct impact on the extent to which these kinds of CCA offerings actually contribute to investments in renewable generation facilities within the state. This kind of information is also important to consumers and communities who want to consume renewable energy that has been physically delivered to a California Balancing Authority rather than electricity that has been generated with fossil fuels, and then made “green” or “renewable” with the addition of a REC.

Unfortunately, the definition of “annual sales” that is currently being used for purposes of the Power Content Label results in apples to oranges comparisons when an attempt is made to compare the resource mix of an LSE that procures a large number of RECs (so they can advertise unspecified power, for example, “renewable” or “green” energy) to an LSE that does not do this. The public deserves greater transparency.

Sempra Services appreciates the opportunity submit comments on the Commission's implementation of AB1110. The specific responses of Sempra Services to the Commission's Preliminary Scoping Questions are set forth below.

II. Response to Preliminary Scoping Questions

A. Annual Sales

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

Currently, "annual sales" for purposes of the Power Content label, includes annual sales of both delivered energy and Renewable Energy Certificates (RECs). This makes it difficult to compare the portfolios of LSEs who rely on significant RECs to make "brown" energy "green" to other LSEs who do not rely on RECs to the same degree. Under the existing definition, a member of the public who tried to review their provider's power content label could tell how much of the power that is claimed to be "renewable" actually consists of RECs rather than delivered energy. Consumers have a right to know the difference and to then decide, on the basis of accurate information, how their future energy needs and environmental objectives should be satisfied.

For this reason, Sempra Services submits that "annual sales" should be defined as "annual sales of delivered energy." It should not include annual purchases, or sales of unbundled RECs. RECs should be separately identified, together with a description how those RECs are being used in an LSEs portfolio.

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

“Electricity portfolio,” should be defined as including all components in an LSEs energy portfolio, including RECs. However, RECs should be identified separately from electricity portfolio products that include deliverable energy so consumers are better able to understand the resources that are being used to generate the electricity that they consume.

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

“Electricity Offering,” should be defined in the same manner as each retail electricity service offering in an LSEs portfolio. LSEs should not be permitted to advertise energy as “100% renewable power” unless the sources of that power would qualify as renewable energy under the California Renewable Portfolio Standard.

B. 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?

Sempra Services submits that the year in which a REC is retired provides the information that is most relevant to understanding the resources that make up the contents of a retail provider’s energy service offerings, and should be reported by retail suppliers to provide the public with a better understanding of their energy service offerings.

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 electricity?

These products should be categorized for purposes of the power mix calculation on the basis of the fuel content of the substitute electricity, and be separately disclosed (see response to Question B.4. below) in order to provide the public with greater transparency into the actual power mix they are buying and consuming. One of the problems with RECs is that the same REC can be used to off-set the emissions associated with a new specified natural gas resource (hypothetically 650 lbs/MWh) or an unspecified coal resource from the Southwest (with emissions of hypothetically 2,000 lbs/MWh). If these two resources are both categorized on the basis of the fuel type of the REC, they will both appear to have zero emissions. This kind of inaccurate characterization can only serve to mislead and confuse the public.

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 electricity?

The Greenhouse Gas Emissions Intensity should be calculated on the basis of the emissions profile associated with the generation source of the REC. Unlike the power mix calculation discussed above, it is not misleading to calculate emissions intensity based on a consideration of the emissions profile associated with a REC, that can legally be used to offset emissions, provided that consumers are provided information that creates transparency into the extent to which RECs have been used to offset generation-related emissions.

However, the Commission should strive to create greater accuracy and granularity into the reporting of unspecified resources, including an updated emissions intensity for these resources and greater granularity into the source and emissions associated with these resources.

4. Should unbundled RECs (PCC 3) be reflected in the power mix or disclosed separately on the Power Content Label? What factors should be considered in making this determination?

Unbundled RECs should be separately stated in the Power Content label for the reasons outlined above. The current practice of including RECs in the power mix results in an annual sales number that exceeds actual energy deliveries for an LSE that uses RECs. This then makes it difficult to compare the actual resource mix of LSEs to each other. It also overstates the amount of renewable energy and understates the amount of unspecified and other fossil resources that are in an LSEs actual power mix.

5. How should null power be categorized for the power-mix percentage calculations? How should the greenhouse gas intensity of null power be calculated?

Sempra Services has no comment on this issue at this time.

C. GHG Intensity Factor

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?

Sempra Services has no comment on this issue at this time.

- 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?**

Sempra Services has no comment on this issue at this time.

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

Sempra Services has no comment on this issue at this time.

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

Sempra Services has no comment on this issue at this time.

- 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)?**

Sempra Services has no comment on this issue at this time.

D. POU GHG Intensity Adjustment

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

Sempra Services has no comment on this issue at this time.

III. Conclusion

Sempra Services appreciates the opportunity to submit the forgoing comments.

Sincerely,

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