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Additional submitted attachment is included below.

March 15, 2017

Via CEC Electronic Commenting System

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

Re: Docket No. 16-OIR-05: Shell Energy Comments Re: PSD Pre-Rulemaking Workshop

To: Energy Commission:

In accordance with the schedule established in the “notice” that was issued on February 9, 2017 in the above-referenced proceeding (as amended), Shell Energy North America (US), L.P. (“Shell Energy”) provides its comments on the Scoping Questions presented by the Commission Staff during the February 21, 2017 workshop. The Scoping Questions address updates to the Power Source Disclosure regulations necessitated by AB 1110.

As a general matter, the questions are emblematic of a mistaken impression that LSE electricity procurement equals real time delivery to load. As a result, the CEC must recognize the intermittent nature of renewable resources necessarily results in delivery to the State’s grid as produced as opposed to the real-time needs of load. Additionally, California RPS procurement requirements provide LSEs flexibility to procure renewable energy in one year and utilize it for RPS compliance in later years. As a result, there may not consistently be a one-to-one comparison between procurement and sales.

Shell Energy’s responses to the Commission Staff’s questions are as follows:

Annual Sales

1. *What should be the programmatic definition of “annual sales”?*

Response: Annual sales represent the volume (quantity) the LSE has sold to retail customers for consumption during the calendar year.

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

Response: Electricity portfolio should be limited to electricity procurement, including renewable energy procurement, used by the LSE in the relevant period for sale to its retail customers.

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

Response: Electricity offering means the mix of products an LSE has offered and sold to all or some portion of its retail customers during the relevant period. An LSE may have multiple electricity offerings. An electricity offering may represent a subset of the LSE’s “electricity portfolio.”

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?*

Response: Neither of these approaches will result in accurate information relating to an LSE’s annual sales to its retail customers. As noted above, annual procurement does not always equal annual retail sales given the flexibility of the State’s RPS program.

2. *How should firmed and shaped electricity products be categorized for the power-mix percentage calculations?*

Response: Firmed and shaped electricity products (Bucket 2) should be categorized based on the source of the product purchased by the LSE.

Specifically, should these products be categorized based on the fuel-type of their REC or the fuel-type of their substitute electricity?

Response: The product should be classified based on the fuel type of the renewable energy source. Retail customers pay a premium for firmed and shaped products because they are renewable. Retail customers should receive the value of the carbon profile of the source. In addition, the ARB has recognized that deliverability in real-time does not eliminate the carbon value provided by these out-of-state resources. The ARB maintains the RPS Adjustment in the MRR.

3. *How should greenhouse gas emissions intensities be calculated for firmed and shaped electricity products?*

Response: See response to Question No. 2 above. The GHG emission intensity should be based on the renewable product.

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?

Response: The GHG intensity of a firmed and shaped product should be based on the emissions profile of the generation source. Firmed and shaped out of state renewable electricity is no different from in-state renewable electricity because the electricity is delivered to the grid when it is produced. It is not delivered to the grid when the customer is consuming power in real-time.

4. *Should unbundled RECs (PCC 3) be reflected in the power mix or disclosed separately on the Power Content Label?*

Response: Unbundled RECs should be disclosed separately.

What factors should be considered in making this determination?

Response: The Power Content Label (PCL) is intended to represent the fuel mix of electricity sales to retail customers. There is no electricity being sold to the customer in an unbundled REC transaction. However, the customer is paying a premium for unbundled RECs as part of the State's RPS mandate and should be aware of the volume, as well as be informed that although electricity is not associated with the unbundled REC through a retail sale to the end customer, renewable energy was produced in the WECC in an amount equal to the amount of unbundled RECs reflected in the retail sale.

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

Response: Presumably, "null power" refers to generation sources that have zero emissions, but do not qualify as "eligible" under the State's RPS program. The GHG intensity of null power should equal the emissions value of the source. If it is zero (e.g., large hydro), it should reflect zero emissions.

GHG Intensity Factor Data and Calculations

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?*

Response: No.

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?*

Response: Only the emissions factors for out of state resources are public. Additionally, there is no emissions factor quantification of CAISO system resources.

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

Response: Yes, to the extent they can be made available.

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

Response: Yes. However, an emissions factor must be developed for entities buying power from the CAISO. The Commission should work with the ARB to change the factors so that one factor is used by all California programs.

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)?*

Response: The electricity the CAISO procures through the EIM should also be calculated based on the fuel type of the resource, if all EIM has e-tags. Whatever GHG intensity factor is assigned to EIM imports as a whole must be part of the CAISO system emissions factor. This factor must be developed through collaboration with the CAISO.

POU GHG Intensity Adjustment

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

Response: Unless all LSEs (including but not limited to POU) are afforded an adjustment for electricity generated in previous years, the combination of wholesale sales, generation that exceeds retail load, and procurement held for future sale will result in double counting. If a POU has excess generation, it was presumably sold into the CAISO or other balancing authority (BA) and should be captured in that BA's assigned emissions factor.

Please do not hesitate to contact the undersigned if you have follow-up questions about the foregoing responses.

Respectfully submitted,



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