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Comments of Bear Valley Electric Service on the Preliminary Scoping Questions on Updates to the Power Source Disclosure Regulations

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

Re: Comments of Bear Valley Electric Service, a division of Golden State Water Company, on the Preliminary Scoping Questions on Updates to the Power Source Disclosure Regulations

Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, provides these comments on the California Energy Commission’s (“CEC”) preliminary scoping questions to update the Power Source Disclosure (“PSD”) program. To ensure consistency across regulatory agencies and procurement programs, the CEC should collaborate with the California Public Utilities Commission (“CPUC”) and the Air Resources Board (“ARB”) when updating the PSD program. This will help ensure the PSD program operates harmoniously with the renewables portfolio standard (“RPS”) program and the greenhouse gas (“GHG”) programs administered by the ARB (including the Mandatory Reporting Regulation (“MRR”) and Cap-and-Trade program). Providing consistency between the PSD program and RPS and GHG programs will simplify reporting for load serving entities (“LSEs”) and verification efforts by regulatory agencies. Furthermore, implementing consistent requirements will provide regulatory certainty to LSEs and help promote the continued growth of renewable and low carbon resources, consistent with California’s ambitious RPS and GHG goals. Finally, consistent reporting data between all the state’s renewable purchasing and sales reporting programs enhances transparency for customers and the public alike as to how much renewable energy covered entities are actually purchasing and selling.

I. Responses to Scoping Questions

A. Annual Sales

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

“Annual sales” refers to the retail load served for the year by an LSE. When defining “annual sales” it is important to distinguish procurement used to serve customers and procurement sold to non-customers. Specifically, “annual sales” should not be defined to include wholesale sales, whether such wholesale sales are made into a power market or to another LSE. BVES believes that its proposed definition is also consistent with the historical

PSD requirements, which will help with continuity and to provide transparency to retail customers.

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

“Electricity portfolio” refers to the portfolio or group of procurement (e.g., procurement from different resources) that is used to serve an LSE’s retail load for the year. As described in response to question 1, above, the “electricity portfolio” should not include procurement that is used to make wholesale sales, as such procurement is not used to serve an LSE’s retail load.

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

“Electricity offering” refers to the “electricity portfolio” used to serve a specific class of customers. For example, if an LSE offered a “green” option to customers, then that option, or electricity offering, would use a different electricity portfolio than customers that did not elect to be served under the “green” option. Each option available to customers would be considered an electricity offering.

B. RECs

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?

In order to provide consistency between other regulatory requirements and to provide transparency as to how an LSE is allocating renewable procurement, any updates to the PSD program should require LSEs to report the purchase of renewable energy based on the year that the REC is retired. In order for a REC to be counted towards the RPS program, the REC must be retired by the LSE claiming the REC. However, RPS requirements provide flexibility to LSEs with respect to retirement timing, allowing RECs to be retired up to 36 months after the RECs are generated. Accordingly, RPS compliance reporting reflects REC retirement data. Similarly, to the extent that an LSE claims an RPS Adjustment under the ARB’s Cap-and-Trade program, that adjustment is based on REC retirement data. Therefore, to provide consistency between the CPUC, ARB, and CEC, and between the RPS, GHG, and PSD programs, the PSD program should be updated to align with the RPS and GHG programs and reflect REC retirement data. This means that renewable procurement should be reported based on the year that RECs are retired. Not only will this approach provide consistency between programs and agencies, but it will make reporting by LSEs, and review and verification by regulatory agencies, administratively simpler and more straightforward.

If the CEC implements a different approach, and requires that LSEs report renewable procurement based on the year of generation, then RPS reports and RPS Adjustments claimed under the Cap-and-Trade program will differ from information reported in an LSE’s PSD report

or in an LSE's Power Content Label ("PCL"). This could cause confusion for customers and may complicate efforts to make LSE procurement transparent and understandable. Accordingly, if LSEs are required to report procurement based on the year of renewable generation, BVES recommends that the PSD report and PCL include a disclaimer noting that the PSD report and PCL do not reflect the actual RPS or GHG compliance position of the LSE. This will help avoid confusion and clarify the purpose of the PSD report.

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?

In order to properly categorize firmed and shaped products, existing RPS and GHG requirements must be recognized and accounted for. Under the RPS program, firmed and shaped products count as RPS-eligible. The Cap-and-Trade program similarly recognizes the emissions profile of the firmed and shaped renewable resource, though only in certain circumstances.¹ In order not to contradict existing RPS and GHG requirements, the PSD program should similarly recognize the renewable attributes of firmed and shaped products and should categorize firmed and shaped products based on the fuel-type of the REC. This approach is also administratively simpler, as it will allow RPS and PSD reports to reflect the same data and will avoid overly complicated accounting for substitute electricity.

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?

As described above, the renewable and emissions benefits of firmed and shaped products should be recognized. Accordingly, firmed and shaped products should have a GHG emissions intensity based on the emissions profile associated with the generation source of the REC.

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 may be used to satisfy RPS compliance obligations. For BVES, unbundled RECs may be used to satisfy its entire RPS compliance obligation. Accordingly, to

¹ Specifically, under the Cap-and-Trade program, an LSE may claim the RPS Adjustment and receive the emissions benefits associated with the renewable resource underlying the firmed and shaped transaction, but only if another California LSE does not otherwise procure the null power from the renewable facility. If the null power is procured by another LSE, then that LSE claims the benefits of the renewable facility's emissions profile, not the LSE that procured the firmed and shaped product.

ensure that customers can recognize efforts to procure unbundled RECs and comply with RPS procurement requirements, such procurement should be included in an LSE's PSD report and should also be included on the PCL. BVES recognizes that unbundled RECs do not include electricity, and this distinction could be noted on the PSD report or PCL. However, it is important to provide customers with a realistic snapshot of procurement efforts, which includes the procurement of unbundled RECs. Therefore, unbundled RECs should be reflected both in the PSD report and the PCL.

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

As described above, to ensure that the renewable and emissions benefits of firmed and shaped products are properly recognized (as currently recognized under the RPS program), firmed and shaped products should have a GHG emissions intensity based on the emissions profile associated with the generation source of the REC. This means that null power should not also be categorized based on the same emissions profile. Instead, null power should be assigned an "unspecified" GHG emissions intensity.

C. 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?

GHG emissions intensities should be calculated consistent with the ARB's existing methodologies and existing provisions, including the RPS Adjustment.

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?

Generally, BVES recommends that GHG emissions intensities be developed consistent with the ARB's MRR program. Relying upon GHG emissions data that is already reported to the MRR program will reduce administrative burdens for LSEs and regulatory agencies. While this approach will generally work for LSEs, one distinction must be noted. Specifically, the MRR program includes all GHG emissions associated with an LSE's procurement, whether used to serve retail load or otherwise. The PSD program only addresses procurement used to serve retail load, so any MRR emissions associated with an LSE's wholesale activities should be excluded from the PSD program.

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

No. Non-covered or exempt emissions recognized under the Cap-and-Trade program should also be recognized under the PSD program.

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

To provide consistency between agencies and programs, the ARB's default factor should be used.

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)?

The emissions factor of the EIM resource designated as specified should be used to determine the emissions factor for PSD reporting purposes. The PSD regulations should not include unrelated EIM imports (or "secondary dispatch").

D. POU GHG Intensity Adjustment

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

BVES does not provide a response to this question.

II. Conclusion

As described above, updates to the PSD program should recognize existing agency and program requirements and strive to function harmoniously with the RPS and GHG programs.

Respectfully submitted,

/s/

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