

DOCKETED

Docket Number:	16-OIR-05
Project Title:	Power Source Disclosure - AB 1110 Implementation Rulemaking
TN #:	220410
Document Title:	Energy Policy Initiatives Center's Comments on Pre-Rulemaking Draft Staff Paper on Assembly Bill 1110 Implementation
Description:	N/A
Filer:	System
Organization:	Energy Policy Initiatives Center/Joe Kaatz
Submitter Role:	Public
Submission Date:	7/26/2017 3:42:24 PM
Docketed Date:	7/26/2017

Comment Received From: Joe Kaatz

Submitted On: 7/26/2017

Docket Number: 16-OIR-05

Energy Policy Initiatives Center's Comments on Pre-Rulemaking Draft Staff Paper on Assembly Bill 1110 Implementation Proposal for Power Source Disclosure, Docket No.16-OIR-05

Additional submitted attachment is included below.

July 26, 2017

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5504
Submitted Electronically

Re: Energy Policy Initiatives Center's Comments on Pre-Rulemaking Draft Staff Paper on Assembly Bill 1110 Implementation Proposal for Power Source Disclosure, Docket No.16-OIR-05

Pursuant to the California Energy Commission's (Commission) June 27, 2017 Staff Draft Paper and July 14, 2017 Pre-Rulemaking Workshop on Updates to the Power Source Disclosure Regulations, the Energy Policy Initiatives Center (Center) respectfully offers these comments in response.

Introduction

The Energy Policy Initiatives Center works with jurisdictions in San Diego County to develop community-wide GHG emissions inventories and collaborates with the San Diego Association of Governments (SANDAG) to develop a San Diego regional framework for climate action planning.

Every year, the Center develops an emission factor (lbs CO₂e/MWh) for the electricity that San Diego Gas & Electric (SDG&E) procures as bundled electricity. We use the emission factor to calculate and track the GHG emissions from electricity use for jurisdictions in San Diego County. The Center uses the SDG&E Power Source Disclosure (PSD) annual report as the primary data source to determine the facility, resource type, and net kWh of each SDG&E procurement. The Center's technical working paper *"Estimating Annual Average Greenhouse Gas Emission Factors for the Electric Sector: A*

Method for Inventories” describes the detailed method.¹

We make the following comments based on our use of the PSD, its use as a transparency program, and various issues around accuracy, reliability, and consistency. We recognize the statutory intent that calls for consistent methods with the Air Resource Board programs. However, consistency should not come at the expense of accuracy or timeliness.

Program Definitions:

The Center does not have comments on the “Program Definitions” as proposed at this time.

Data Sources and GHG Emission Intensity Calculations

The Center generally supports the “General Methods” and “Cogeneration Facilities” calculation proposed by staff. We recommend that the Commission use the 100-year global warming potential (GWP) values from the IPCC Fourth Assessment Report (AR4) to convert CO₂, CH₄ and N₂O to CO₂e. The use of GWPs from IPCC AR4 is consistent with the Air Resource Board’s (ARB) statewide GHG inventory GWP use, and current international and nation GHG inventory practices. However, ARB’s MRR continues to use the GWP from IPCC Second Assessment Report (SAR) as of 2016 GHG reporting period instead of the most recent GWPs.² It is our understanding that the most recent amendment to the MRR will make the data years 2021 and onward consistent with AR4. Please note that adopting GWPs from the MRR for the data years earlier than 2018 will create an inconsistency with ARB’s GHG inventory.

¹ Energy Policy Initiatives Center. (June 2016)
https://www.sandiego.edu/law/documents/centers/epic/1-Electric%20Emissions%20Factor%20Method_061716.pdf

² ARB MRR GHG Reporting Kickoff For 2016 Data. (February 2017). Presentation
<https://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/general2017-1pg.pdf>

The Commission should ensure that it remains aware of these types of method issues to make appropriate decisions as to consistency with ARB-administered programs.

Cogenerating Facilities

The Center supports the staff proposal to reflect only the portion of GHG emissions associated with electricity generation at cogeneration facilities. However, the Commission should develop a more accurate electric allocation factor rather than simply dividing fuel consumed for electricity generation by total fuel input. The allocation factor should account for the efficiency of fuel combustion and the efficiency of utilizing useful thermal output for other purposes, in order to avoid underestimating emissions associated with electricity generation at cogeneration facilities. We recommend that the staff adopt the Emissions & Generation Resources Integrated Database's (eGRID) CHP adjustment method for allocating emissions between electricity and thermal output. The eGRID CHP adjustment method uses the total fuel consumption and fuel consumption for electricity generation reported in EIA-923 as the data sources, the same data source proposed in the staff paper. The latest eGRID2014 Technical Support Document Section 3.1.2.2 describes the adjustment method.³

Timing

The Center recognizes the realities of the timing of MRR data and its subsequent implication for the PSD. We would encourage the Commission to try to accelerate reporting, if possible, to accurately report information to customers. We suggest that the Commission explain on its website the reason for the misalignment by year of energy mix and associated GHG intensity for a specific retail electricity supplier for transparency. Additionally, use of a consistent year-over-year method allows for

³ eGRID Technical Support Document. (February 2017). Pg. 23
https://www.epa.gov/sites/production/files/2017-02/documents/egrid2014_technicalsupportdocument_v2.pdf

comparison and accountability. The Commission should ensure that its method remains consistent and disclose any changes, if reporting timing changes.

Specified Sources of Power

Renewable Energy Credit (REC) reporting for the Power Mix

The Center supports the proposal that the Commission will report the renewable energy (RE) sources according to the year in which it was generated. We also support the proposal that retail supplier electrical transaction be categorized only as an eligible RE resource in the power mix if the REC and associated energy were transacted together (directly or through firming-and-shaping).

REC and GHG Emissions Intensity Factors

The Center supports the proposal to treat RECs in a manner consistent with MRR and Emission Inventory programs.

GHG Emissions of Firmed-and-Shaped Electricity Products

The Center supports the proposal to categorize firmed-and shaped transactions based on the emissions profile of the substitute electricity or to use the GHG intensity of unspecified power if the substituted electricity source is unknown. We support the proposal not to make an adjustment based on the retirement of RECs transacted through firm-and-shaped products and to categorize the firm-and-shaped product in the power mix according to the resources type of the transacted RECs.

Null Power

The Center supports the staff proposal to categorize null power as unspecified power and assign null power the emission intensity factor of the specific generator from which it is derived. This will provide a clear guidance on how the specific generators (i.e., roof-top solar PV systems at local government's facilities) should report GHG emissions from their electricity generation when they do not own the RECs. The

Greenhouse Gas Protocol Scope 2 Guidance recommends using a residual mix factor for the null power, however, there is no published residual mix factor in the U.S.⁴

Unbundled RECs

The Center supports the proposal that unbundled RECs not be included in the power mix or GHG emission intensity calculation and instead be reported as a percentage of retail sales in a footnote to account for their use in the Renewable Portfolio Standard (RPS). We do wonder whether this may be confusing to a retail customer. We suggest that the Commission explain the difference between RPS compliance and the PSD by providing a link on the digital version of the PSD to an explanation on its website or other content.

Electricity Imbalance Market (EIM) Transaction

The Center supports the proposal to follow the MRR and report EIM transactions as specified sources. The Commission should also account for changes and enhancements to the EIM GHG methodology as proposed by the California Independent System Operator, particularly the implementation of a two-path solution to account for GHGs from secondary dispatches.

Transmission losses from Imported Electricity

The Center supports the proposal to follow the MRR for imported electricity with each quantity of specified imports.

Unspecified Sources of Power

Default Emissions Factor for Unspecified Power

The Center reemphasizes its previous comment. The PSD is about accurate and reliable power mix and GHG emission disclosures. The PSD should adopt an updated emission factor that reflects the current emission factor from either the WECC as it

⁴ Greenhouse Gas Protocol. Scope 2 Guidance http://www.ghgprotocol.org/scope_2_guidance

exists presently or for each balancing authority and system operator similar to current ACS treatment by the ARB. Use of a decade old emission factor does not accurately reflect the emission in the WECC today nor will it accurately reflect the emission of the WECC in the future. We recognize the statutory language and authors intent that calls for consistency with the ARB but emphasize the need for the disclosure of more accurate information to retail customers.

In-State Unspecified Power

The Center seeks clarification on “open market transactions” to better understand this proposal. Does this include all CAISO spot market transactions or is it only power purchase agreements that are not required to report under the MRR?

Asset-Controlling Suppliers

The Center supports the use of ACS-specific GHG emission factors as determined under the MRR. The Center suggests that the Commission ensure that the PSD explains what an ACS is and the reason for treating power purchased from an ACS differently under the Power Mix and GHG emission intensity disclosure.

Transmission Losses from Unspecified Power

The Center supports the proposal to adopt the MRR treatment of transmission losses for unspecified sources of power.

Emission Adjustment for Publicly Owned Utility

The Center does not have comments on this proposal at this time.

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Proposed New Reporting Requirements

The Center does not have comments on this proposal at this time.

Proposed Power Content Label

The Center does not have comments on this proposal at this time.

Conclusion

Thank you for the opportunity to comment on this important issue. We look forward to future opportunities to participate in this proceeding.

Please contact me with any questions or concerns.

Respectfully Submitted,

/s/

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