

DOCKETED

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Sierra Club Comments on Assembly Bill 1110 Implementation Proposal for Power Source Disclosure

Additional submitted attachment is included below.



August 11, 2017

Via online filing

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Comments on Assembly Bill 1110 Implementation Proposal for Power Source Disclosure (Docket No. 16-OIR-05)

Dear California Energy Commission Staff:

The Sierra Club provides these comments on the Commission's *Assembly Bill 1110 Implementation Proposal for Power Source Disclosure* ("Draft Staff Paper"). Sierra Club supports the Draft Staff Paper's proposed approach, and in particular, supports the proposed treatment of greenhouse gas emissions from Category 2 and 3 Renewable Energy Credits ("RECs"). The Power Source Disclosure ("PSD") program is a consumer transparency program. Sierra Club agrees with Commission Staff that, consistent with this overall goal, the PSD program should focus on increasing disclosures to consumers about electricity sources. The Draft Staff Paper's approach fulfills the legislature's intent and will beneficially increase suppliers' accountability to their customers on power procurement.

1. Calculating greenhouse gas emissions without credits from Bucket 2 and 3 RECs improves customer transparency.

The Draft Staff Paper proposes that to determine a retail supplier's greenhouse gas emissions intensity, firmed-and-shaped ("Category 2") energy transactions should include the emissions of any substitute electricity, and unbundled ("Category 3") RECs should not be included in greenhouse gas emissions calculations. Draft Staff Paper, pp. 12, 14. Sierra Club agrees with this approach because we believe it is consistent with statutory intent of increased transparency: the stated purpose of AB 1110 was to establish a program to "disclose accurate, reliable, and simple to understand information on the sources of energy" making up a customer's electricity portfolio "and the associated emissions of greenhouse gases." Cal. Pub. Util. Code section 398.1(b).

As the existence of three categories of renewable procurement for the Renewable Portfolio Standard (“RPS”) makes self-evident, renewable energy claims are not necessarily equivalent. The renewable generation that creates Category 2 or 3 RECs may be generated in a different time of day or a different time of year than the electricity demand to which the RECs are ultimately paired. Some or all of the underlying renewable generation may never have been scheduled into a California balancing area. The renewable generation may be in a neighboring state with no binding RPS, where a REC purchase arguably leads only to reshuffling, and no change in greenhouse gas emissions. These important nuances are hidden from customers when unbundled or firmed and shaped renewable procurement is misrepresented as identical to bundled renewables procurement.

Disclosing the greenhouse gas emissions that occurred in California due to the electricity a retail supplier scheduled to serve its customers’ load helps address this information asymmetry between customers and their retail supplier. The disclosure can demonstrate to customers how well their supplier’s renewable portfolio matches the time and location of demand. The methodology for calculating greenhouse gas emissions proposed by CEC Staff will provide interested consumers with a better-informed choice between electricity options. Without information on the greenhouse gas emissions of substitute electricity, customers gain no additional transparency.

2. It is appropriate for PSD rules on RECs to be consistent with the state’s existing greenhouse gas reporting programs.

Sierra Club agrees with the Draft Staff Paper that as a program for reporting greenhouse gas emissions, the PSD program’s treatment of RECs should be consistent with the other greenhouse gas emissions accounting programs administered by the Air Resources Board, and not with the RPS program. Sierra Club understands AB 1110 was intended to maintain “the approach taken by ARB under its existing programs” in order to “ensure consistent treatment amongst GHG programs administered by the state.”¹ By contrast, the Draft Staff Report is correct that “the RPS is fundamentally different from the PSD in purpose, compliance mechanism, and metrics.” Draft Staff Paper, p. 12. Sierra Club believes that the report’s approach – reporting the greenhouse gas emissions of any substitute electricity, but calculating the power mix percentage according to the generation type of the REC – keeps the Power Content Label consistent with both existing programs.

¹ Letter from Assemblymember Philip Ting to E. Dotson Wilson, Chief Clerk of the Assembly on Aug. 28, 2016.

3. Distinguishing Category 2 renewables on the Power Content Label would clarify the connection between power mix percentages and greenhouse gas intensity.

The proposed layout of the Power Content Label does not differentiate renewable power by procurement category, although it does include a footnote noting the percentage of Category 3 RECs. As a result, the connection between a portfolio's power mix and its greenhouse gas emissions may not be immediately clear. For example, an electricity offering may state that it has a power mix of 100% eligible renewable resources, and yet show significant greenhouse gas emissions.

To address this incongruity, Sierra Club strongly recommends that retail suppliers provide their customers more information, not less. We recommend a more detailed label that distinguishes renewable power by its RPS Category.² In the event Staff believes this label would be too intricate for a standard customer mailer, a more in-depth label should be available online. Alternatively, Sierra Club supports the suggestion made in TURN's March 15, 2017 comments that "Category 2 Renewable Import" be added as a new category in the list of renewable resource types to distinguish this type of procurement.³ At a minimum, the percentage of firmed and shaped products included in the power mix should be identified in a footnote alongside Category 3 RECs.

Thank you for your consideration of these comments. Sierra Club looks forward to working with Energy Commission staff and other parties in the formal rulemaking to develop regulations that improve transparency, educate consumers, and move California closer to an energy system powered entirely by carbon-free energy.

Respectfully,

/s/ ALISON SEEL _____

Alison Seel
Sierra Club
2101 Webster St., 13th Floor
Oakland, CA 94612
Telephone: (415) 977-5737
Email: alison.seel@sierraclub.org

² See p. 3 of Sierra Club's *Comments on Preliminary Scoping Questions on Updates to the Power Source Disclosure Regulations* (March 15, 2017), TN#216571.

³ *Comments of the Utility Reform Network and the Coalition of California Utility Employees on Preliminary Scoping Questions* (March 15, 2017), TN#216556.