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WPTF Comments on CEC Staff Paper on AB1110 Implementation

Additional submitted attachment is included below.

**Comments of the Western Power Trading Forum
to the California Energy Commission
on the Staff paper on AB 1110 Implementation**

Docket 16 OIR-05

August 11, 2017

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The Western Power Trading Forum (WPTF) would like to take this opportunity to provide input to the California Energy Commission on the Staff paper on AB1110 implementation. WPTF is an organization of power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the Western United States. WPTF has over 80 members participating in power markets throughout the west. Many of our members are also covered entities in the California cap and trade program, and participate as both buyers and sellers in the California, Washington and Oregon Renewable Portfolio Standard (RPS) programs.

WPTF is concerned that as western states enhance efforts to address climate change there is growing potential for conflict between renewable and greenhouse gas (GHG) reduction programs. This is apparent in discussion in Oregon and WREGIs regarding the validity for use in other states of Renewable Energy Certificates (RECs) associated with renewable energy imported into the Energy Imbalance Market. It is important the states establish clear and appropriate principles regarding the interaction between GHG emissions and RECs to avoid creation of barriers to clean energy development and to facilitate accurate GHG reporting.

Unfortunately, the addition of GHG intensity information into the Power Source Disclosure Program brings to light the inconsistency between claims of GHG emission benefits under the RPS program and rules for reporting GHG emissions under CARB's programs. The CEC staff proposal tries to avoid this inconsistency by requiring that retail providers determine the fuel mix for electricity products based on RPS program rules, but calculate the associated emission intensity of these products based on CARB's GHG reporting rules. WPTF supports staff's aim to develop a method for disclosing GHG intensity that is as consistent as possible with that used by the California Air Resources Board (CARB) under the cap and trade program and the mandatory reporting regulation, but we believe the proposed approach will perpetuate consumer confusion regarding the relationship of renewable procurement to GHG reductions.

A better way for the CEC to abide by the mandate of AB110, while attaining the goal of providing transparent information to consumers, would be to require retail providers to separately disclose the fuel mix and associated emissions intensity for each electricity product using two separate methods – one that is consistent with RPS program rules and one that is consistent with GHG reporting rules:

- The first method would calculate information on the fuel mix and GHG intensity in a manner that conforms with RPS program rules and enforcement. Specifically, the fuel-mix for electricity products should reflect RPS retail sales in a given year, as reflected in RPS compliance reports, including RECs that were previously generated and retired for the disclosure year. The calculation of an associated emissions intensity for the product would be based on RPS program rules. Under this method, firmed and shaped power would be attributed the GHG emission factor of the renewable resource that generated the RECs; null power would be attributed an unspecified emission factor. The CEC should also require inclusion of a clear statement on the power source disclosure label that “[t]he GHG emissions intensity calculated in accordance with RPS program rules includes claims to emissions reductions that have occurred outside California, and does not conform with emissions attributed to electricity generation and imports under the cap and trade program.”
- The second method would conform with CARB’s GHG reporting rules. Under this method, retail providers would calculate the fuel-mix and associated emission intensity in a manner consistent with the staff proposal. This method would not reflect REC purchases in any way, but rather would conform to CARB requirements for specified or unspecified purchases (e.g. contracts). This means that the fuel mix and associated emissions intensity for firmed and shaped products would be that of the substitute energy, and that the fuel mix and emission intensity of “null power” would be that of the renewable resource. Disclosure of this GHG intensity on the produce label should be accompanied by a statement that “[t]he GHG emissions intensity conform with emissions attributed to electricity generation and imports under CARB’s GHG reporting rules.”

WPTF believes that our proposed approach would appropriately recognize the efforts of retail providers in procuring renewable power under the RPS and ensure disclosure of accurate information on GHG emissions intensity in accordance with CARB’s programs. While our proposed approach would necessitate some additional work on the part of retail providers to calculate information according to two methods, and on the part of the consumer to understand the difference between renewable and carbon reduction programs, we believe that the improvement in transparency justifies the additional effort.

We look forward to participating in the AB1110 implementation rule-making and may provide comment on additional issues in that process.