

DOCKETED

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The Climate Registry Comments on Assembly Bill 1110 Implementation Rulemaking

Additional submitted attachment is included below.



The Climate Registry

August 11, 2017

Jordan Scavo
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512
Via email: Jordan.scavo@energy.ca.gov

Re: Docket No. 16-OIR-05: Comments of TCR on AB 1110 Implementation Rulemaking

Dear Mr. Scavo:

The Climate Registry (TCR) appreciates this opportunity to comment in response to the California Energy Commission's (CEC) Implementation Proposal for Power Source Disclosure (PSD Proposal). TCR is a non-profit organization that designs and operates voluntary and compliance greenhouse gas (GHG) reporting programs, and assists organizations in measuring, reporting and verifying the carbon in their operations. TCR's voluntary GHG reporting program includes participation from 116 entities in the State of California that report emissions from purchased electricity. These entities report emissions associated with 1,100 facilities across the State. Furthermore, all State of California Agencies and associated State-owned facilities report emissions from purchased electricity to TCR in order to track progress toward the emissions reduction goals outlined in the Governor's Executive Order B-18-12. TCR's objective in providing feedback on the PSD Proposal is to reflect the perspectives and needs of these organizations, who would benefit from GHG emissions data that accurately and transparently reflects the power sold to them by their providers.

Our comments focus on six key issues:

1. Purpose of the PSD Program
2. Renewable Energy Certificate (REC) reporting based on the retirement
3. Assignment of emissions rates to null power
4. Unbundled REC representation of underlying energy
5. Providing GHG emissions intensities by gas
6. Differentiation of voluntary green products

Purpose of the PSD Program

The guiding principles of the PSD program, as outlined on page 4 of the PSD Proposal, articulate that "*PSD is a consumer transparency program. With the passage of AB*

1110, the PSD Program is intended to provide a snapshot of the electricity resource type and GHG emissions characteristics of the electricity portfolios sold to retail customers.”

This language clearly demonstrates that the primary audience for this information is retail customers, and that it is meant to reflect electricity *sold* to them. This information is critical to retail customers’ efforts to manage indirect emissions associated with their operations.

However, many aspects of the PSD Proposal work against the needs of these customers, who currently lack accurate and transparent information about the emissions profile of the power products they do (or may be able to) purchase. Specifically, the PSD Proposal’s recommendations result in the establishment of emissions intensity information that excludes the full accounting of emissions attributes sold directly to consumers or purchased on their behalf. Calculating GHG emissions intensity values in this manner will result in information that will be of limited value to the audience AB 1110 is directed to serve. At a minimum it will confuse purchasers of innovative electricity products and may stifle private investments in GHG emissions reductions, which would otherwise ultimately help California meet its GHG emissions reduction goals.

TCR’s recommendations in the remainder of these comments are aimed at creating accurate and transparent information that retail customers can use to manage their indirect GHG emissions.

REC Reporting Based on Retirement

RECs applied to the PSD Program should be reported and associated with the year of retirement regardless of whether or not REC sales are bundled with the original underlying generation resource. This is the consistent will all GHG accounting guidance on the incorporation of RECs into a GHG emissions inventory or voluntary green power product. Ownership of all RECs can only be established through permanent retirement. Ownership claims of emission attributes for renewable generation absent a permanently retired REC, which is effectively what the GHG intensity disclosures on the PSD label will be conveying under the current proposal, infringe on the REC retiree’s legally-defensible property and ultimately will result in the double counting of GHG emissions attributes associated with renewable energy. These issues can be avoided by requiring that RECs be incorporated into the PSD GHG emissions intensity factors based on the year of REC retirement and not the year of REC generation.

Assignment of Emissions Rates to Null Power

Because each REC contains all attributes associated with a unit of energy generated by a renewable facility, null power produced when a REC is unbundled from its underlying electricity cannot also contain those attributes without double counting. TCR supports staff’s recommendation that null power should remain categorized as unspecified power

within the PSD Program. However, when calculating the emissions intensity of an electricity portfolio, null power should be assigned either the grid average emissions rate or the default unspecified power emissions rate, until such time that a viable residual mix emissions intensity rate is available.

Unbundled REC Representation of Underlying Energy

TCR strongly urges the CEC to reconsider its proposal to exclude the emissions attributes contained in unbundled RECs from the PSD emissions intensity calculations. Unbundled RECs represent the underlying electricity to the same extent as bundled RECs and contracts for non-renewable electricity. Including the emissions attributes of unbundled RECs in the PSD calculation is the only way to accurately reflect the emissions profile of the electricity products being sold to customers. In many cases, due to the nature of the generation distribution system and other relevant market factors, unbundled RECs make up significant portions of the products being sold to customers. By excluding the emissions attributes associated with these certificates, the CEC is devaluing their investments and may ultimately reduce voluntary investment in renewable energy generation in the State.

Providing GHG Emissions Intensities by Gas

TCR encourages the CEC to support the disclosure of GHG emissions intensity rates by gas in addition to units of CO₂e. International best practice for GHG accounting, including the GHG Protocol and the International Standards Organization's 14064-1 Standard, require the accounting of GHG emissions and their disclosure by individual GHG. When emission intensity rates are provided only in CO₂e it limits an organization's ability to accurately calculate and report emissions by gas. While TCR recognizes that reporting these emissions rates by gas (specifically in CO₂, CH₄ and N₂O) may overwhelm the visual simplicity of the PSD table, we hope that there is still an opportunity to additionally disclose this information to customers in conjunction with this disclosure in a way that makes it simple for customers to use gas-specific emissions rates in their own inventories.

Differentiation of Voluntary Green Products

TCR requests that the PSD Proposal clarify the requirements for reporting multiple power products within the PSD table template both in terms of power providers' ability to disclose multiple products and the differentiation of emissions attributes contained within each. For example, a power provider that offers both a retail mix and a voluntary green power product should be able to make information about both products clearly available to their customers and the emissions attributes contained within each product should not be double counted between the products.

Thank you again for the opportunity to participate in the development of this potentially highly useful resource. Should you have any questions about these comments or

corporate GHG inventory accounting practices generally, please do not hesitate to contact me at pkellen@theclimateregistry.org or (213) 542-0291.

Sincerely,

A handwritten signature in black ink that reads "Peggy Kellen". The signature is written in a cursive, flowing style.

Peggy Kellen,
Director of Policy