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**SDG&E Comments on Updates to the Power Source Disclosure
Regulations to Comply with AB 1110**

Additional submitted attachment is included below.



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California Energy Commission
Docket Office
Docket No. 16-OIR-05
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Docket No. 16-OIR-05, SDG&E Comments on Updates to the Power Source Disclosure Regulations to Comply with AB 1110

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to provide written comments on the third version of the California Energy Commission's (CEC) Draft Staff Paper (Staff Paper) that describes proposed updates to the Power Source Disclosure (PSD) regulations to conform with Assembly Bill (AB) 1110 (2016). AB 1110 requires that the CEC develop a methodology for the calculation of greenhouse gas (GHG) emissions intensity for each purchase of electricity by a load-serving entity (LSE) to serve its retail customers, as well as the GHG emissions intensity associated with statewide retail electricity sales based on the GHG emissions for total California system electricity.

It is important that the ultimate calculation be accurate and reliable for customers and promote the furtherance of California's GHG-reduction goals. For these reasons, SDG&E continues to recommend that the CEC adopt a method for calculating GHG emissions on an hourly basis, as discussed in prior comments.¹ An hourly GHG accounting method, such as the previously proposed Clean Net Short methodology, will more accurately identify the GHG emissions attributable to a particular LSE. An LSE's emissions intensity should be based on its actual resource usage, not simply its contracted-for resources.

With respect to the specific changes included in the third version of the Staff Paper, SDG&E provides additional comments on the "Grandfathering Adjustment" below.

Grandfathering Provision for Firmed-and-Shaped Investments

The Staff Paper proposes a grandfathering provision that would allow firmed-and-shaped imports under contract as of February 1, 2018, to be classified under the Product Content Label (PCL) according to the emissions profile of the renewable generator and associated Renewable Energy Credits.

¹ See Joint Utility Comments on the February 1, 2018 Staff Pre-Rulemaking Workshop on Updates to the Power Source Disclosure Regulations (February 23, 2018)

The grandfathering provision will expire by the end of the initial firming-and-shaping contract or by December 31, 2024, whichever occurs sooner, and contracts amended after February 1, 2018, will be ineligible for the grandfathering provision. Retail suppliers must provide contracts to the Energy Commission for review before claiming the grandfathering provision.

The Staff Paper proposes that the five-year grandfathering period (2019-2024) is a reasonable transition window for retail suppliers to consider adjustments to their procurement strategies, including renegotiating or replacing existing firm-and-shaped agreements at their discretion. To support consumer transparency, the Staff Paper further proposes that the PCL contain a footnote indicating the percentage of electricity resources exempted from GHG emissions disclosure under the grandfathering provision.

SDG&E supports this proposed grandfathering provision, including the notion of a footnote indicating which resources are exempted from GHG emissions disclosure, with modification. Retail sellers have executed firm-and-shaped contracts in compliance with RPS regulations, with the intent of utilizing them to meet RPS compliance requirements. Suggesting that retail sellers should renegotiate and/or replace these contractual commitments over the next five years (or over any other period of time) to satisfy this reporting requirement is inappropriate. In order to provide retail sellers the full value of their already executed firm-and-shaped contracts, the grandfathering provision should extend for the full duration of the contract term, even if it extends beyond 2024. The footnote will provide transparency into the GHG emissions associated with these contracts.

Thank you for the opportunity to provide these comments.

Sincerely,

/s/ Tim Carmichael

Tim Carmichael

Agency Relations Manager