

**DOCKETED**

<b>Docket Number:</b>	16-OIR-05
<b>Project Title:</b>	Power Source Disclosure - AB 1110 Implementation Rulemaking
<b>TN #:</b>	227337
<b>Document Title:</b>	Transcript of 03062019 Staff PreRulemaking Workshop
<b>Description:</b>	N/A
<b>Filer:</b>	Cody Goldthrite
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	3/14/2019 2:05:06 PM
<b>Docketed Date:</b>	3/14/2019

CALIFORNIA ENERGY COMMISSION

In the Matter of:

Updates to the Power Source     )  
Disclosure Regulations            )     Docket No.: 16-OIR-05

---

STAFF PRE-RULEMAKING WORKSHOP

CALIFORNIA ENERGY COMMISSION

FIRST FLOOR - ART ROSENFELD HEARING ROOM

1516 9TH STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 6, 2019

10:00 A.M.

Reported by:

Peter Petty

APPEARANCES

COMMISSIONERS

David Hochschild, Chair

Karen Douglas, Commissioner

ADVISORS

Ken Rider, Advisor to Chair Hochschild

Jennifer Nelson, Advisor to Commissioner Douglas

Le-Quyen Nguyen, Advisor to Commissioner Douglas

STAFF

Natalie Lee

Jordan Scavo, Staff Lead for AB 1110

Ryan Kastigar

Dorothy Murimi, Public Advisor's Office

ALSO PRESENT

Jamie Rose Gannon, California Public Utilities Commission

PUBLIC COMMENT

Ezana Emmanuel, Southern California Edison

Todd Jones, Center for Resource Solutions

Tim Tuff, Sacramento Municipal Utilities District

Maya Kelty, 3Degrees Group, Inc.

Colin Kerrigan, Pacific Gas and Electric

CC Song, Marin Clean Energy

APPEARANCES

PUBLIC COMMENT

Matt Freedman, The Utility Reform Network

Susie Berlin, Law Office of Susie Berlin, for Northern  
California Power Agency

Steve Uhler

Mike Been (via WebEx), Powerex Corporation

James Hendry, San Francisco Public Utilities Commission

AGENDA

	<u>Page</u>
Introductions and Opening Remarks	5
Natalie Lee	
Presentation on Pre-Rulemaking Draft Language	8
Jordan Scavo	
Presentation on Outstanding Issues	14
Auditing Requirements	
Jordan Scavo	
Disclosure of Mixed Electricity Portfolios	
Jordan Scavo	
Treatment of CAM Resources	
Jamie Rose Gannon and Jordan Scavo	
Public Comment	27
Adjourn	74

P R O C E E D I N G S

10:18 A.M.

SACRAMENTO, CALIFORNIA, WEDNESDAY, MARCH 6, 2019

MS. LEE: Folks, we will kind of generally get started here. One of our lead presenters will be stepping back in, in just a moment. Thank you for your patience and your courage getting through the traffic today and braving the weather to be here. We do appreciate your engagement in this process. We've been working together on the implementation of Assembly Bill 1110 for the last two years. We have issued draft regulations and are on the verge of starting our formal rulemaking, so this is a really critical time and we absolutely, again, appreciate your continued engagement.

I do want to thank our Chair, David Hochschild, for being here today with his staff, and Commissioner Karen Douglas for joining us.

Today, as with all of our pre-rulemaking workshops, it's primarily about listening to your comments and your perspectives. Jordan, our lead technical staff, will provide a brief presentation focused mostly on any recent changes as presented in the draft regulations. We're not

1 going to step back through the whole history of  
2 the pre-rulemaking activities. If you have any  
3 specific questions about the pre-rulemaking  
4 activities to date, we're happy to answer those.  
5 In general, we won't seek to respond to your  
6 comments. We want to hear your perspectives.  
7 But if you have any specific questions, we'll do  
8 our best to respond to those.

9 I do also want to welcome Jamie Rose  
10 Gannon from the CPUC, who will be presenting on  
11 one specific topic that we'd like some additional  
12 input on.

13 So with that, I want to ask Jordan  
14 Scavo -- excuse me.

15 Chair and Commissioner, would you please to  
16 make any comments as we start?

17 CHAIR HOHSCHILD: Yeah, just to say a few  
18 words of welcome.

19 Thanks to everyone for being here and for  
20 participating. I especially wanted to welcome my  
21 friend and colleague, Commissioner Karen Douglas,  
22 who, as of this week, is going to be co-lead with  
23 me on renewable energy issues going forward and  
24 helping with the division. And to thank all of  
25 her advisors and staff, as well, for joining.

1 And this is my -- I just finished my first week  
2 as Chair. I've been drinking from a firehose  
3 here but very glad to finally be having this  
4 workshop, so thank you.

5 And would you like to make a few  
6 comments?

7 COMMISSIONER DOUGLAS: I would. I would  
8 just like to say that I'm really looking forward  
9 to working with Chair Hochschild on renewables  
10 and on many other issues going forward. And I'm  
11 excited to be here and looking forward to digging  
12 in much more on renewable issues.

13 MS. LEE: Thank you both.

14 As you noticed as you came in, we are  
15 asking you to fill out a blue card to present  
16 public comment today. Dorothy in the back of the  
17 room will be -- has those available for you and  
18 please turn those back into her. She'll be  
19 bringing them up to me. And as we move into  
20 public comment, I'll be asking you by name to  
21 come up and letting the next party know, so they  
22 can prepare their comments. We are asking you to  
23 limit your comments to three minutes today.

24 And with that, I'll ask Jordan to step up  
25 and provide an overview.



1           MR. SCAVO: Good morning. I'm Jordan  
2 Scavo, the staff lead for AB 1110 implementation.  
3 We're holding this workshop as part of our pre-  
4 rulemaking for updating the Power Source  
5 Disclosure Regulation. I'd like to thank our  
6 stakeholders for attending, both in person and  
7 remotely. We're also joined by Jamie Rose Gannon  
8 of the California Public Utilities Commission.  
9 I'd like to extend the Energy Commission's thanks  
10 for her participation today.

11           I'll just reiterate a few items of  
12 housekeeping for folks who have just joined us.

13           There are restrooms located directly  
14 across from this meeting room and exits to the  
15 left and to the right behind the security office.  
16 There's a snack bar on the second floor, under  
17 the white awning.

18           In the event of an emergency and building  
19 evacuation, please follow our employees to the  
20 appropriate exits. We will reconvene at  
21 Roosevelt Park, located diagonally across the  
22 street from this building. Please proceed calmly  
23 and quickly. And again, follow the employees  
24 with whom you are meeting to safely exit the  
25 building.

1           Copies of the workshop agenda, workshop  
2 slides, and the draft regulation are available on  
3 the desk at the entrance, as well as online.  
4 We'll take oral comments after the staff  
5 presentations conclude. As Natalie mentioned, to  
6 be called on to speak, fill out the card and  
7 you'll be called on. We are limiting public  
8 comments to three minutes.

9           For those us joining over WebEx, please  
10 remember to keep your lines muted, unless you are  
11 called on to speak.

12           Written comments should be submitted by  
13 5:00 p.m. on Wednesday, March 20th. Due to the  
14 time constraints this rulemaking is under, please  
15 be advised that we don't anticipate providing an  
16 extension to the public comment period. Written  
17 comments may be e-filed through our website and  
18 that link is also provided on this slide.

19           I'll open with an overview of the Power  
20 Source Disclosure Program and the changes  
21 required by AB 1110, then introduce the draft  
22 regulations and discuss how they differ from the  
23 latest implementation proposal. After that, I'll  
24 lay out a few program areas that require  
25 additional clarification. Finally, I'll outline

1 our next steps and open the floor to public  
2 comments.

3           To ensure everyone here as an  
4 understanding of our starting point, I'll provide  
5 an overview of the program and changes required  
6 under AB 1110.

7           The Power Source Disclosure was  
8 established in 1998 and was designed to provide  
9 clear and accurate information about the sources  
10 of a consumer's electricity. Retail electricity  
11 suppliers are required to report their generation  
12 sources, wholesale sales, and retail sales  
13 annually. These data are used to construct  
14 individual power mixes for each electric service  
15 portfolio and for California as a whole.

16           The Energy Commission uses data submitted  
17 in annual power source filings, as well as other  
18 sources, to help construct California's total  
19 system power mix. Retail suppliers then  
20 disclosure to their customers a Power Content  
21 Label which displays the power mix of the  
22 customer's electric service product alongside  
23 that of the state's total system power mix.

24           Assembly Bill 1110, offered by Assembly  
25 Member Phil Thing, was signed into law in the

1 fall of 2016. The new law makes a number of  
2 changes to the Power Source Disclosure Program.  
3 It requires retail suppliers to disclose the  
4 greenhouse gas emissions intensity associated  
5 with each electric service portfolio. A GHG  
6 emissions intensity is a rate, a mass quantity of  
7 emissions per unit of electricity. AB 1110  
8 requires the Energy Commission, in consultation  
9 with the Air Resources Board, to develop a method  
10 for calculating facility-level GHG emissions  
11 intensities and overall GHG emissions intensities  
12 for each electric service portfolio and for  
13 California as a whole.

14 AB 1110 also requires the disclosure of a  
15 retail supplier's unbundled renewable energy  
16 credits which are RECs that have been  
17 disassociated from the electricity from which  
18 they were generated. AB 1110 provides the Energy  
19 Commission with the discretion to determine the  
20 appropriate method for a retail supplier to  
21 report and publicly disclose its unbundled  
22 requirements.

23 In addition, AB 1110 contains a provision  
24 requiring that all marketing claims pertaining to  
25 a retail supplier's GHG emissions intensity

1 should be consistent with the methodology adopted  
2 by the Energy Commission through this proceeding.

3           We posted draft regulations two weeks  
4 ago. These draft regulations are an evolution of  
5 the staff implementation proposals we've issued  
6 since the summer of 2017. Let me start by noting  
7 the draft regulations are largely consistent with  
8 the staff implementation proposal we published in  
9 October 2018. Unbundled RECs will still be  
10 required to be disclosed separately, will not be  
11 counted towards either an electricity portfolio  
12 as a fuel mix or a GHG emissions intensity.

13           Firmed-and-shaped imports, meanwhile,  
14 will still use the split treatment discussed in  
15 the last staff implementation proposal. This  
16 means that a firmed-and-shaped import will be  
17 counted under the fuel mix according to the fuel  
18 type of the RECs, while the emissions associated  
19 with the substitute power will be counted under  
20 the GHG emissions intensity.

21           However, there are a few key changes in  
22 the draft regulations published two weeks ago  
23 from the last staff implementation proposal.

24           First, we've removed the proposed sunset  
25 date of the grandfathering provision for

1 emissions from firmed and shaped imports. This  
2 means that firmed and shaped contracts executed  
3 prior to February 1st, 2018 will be eligible for  
4 grandfathering through the life of the contract.

5           We've amended the definition of  
6 electricity portfolio to provide better guidance  
7 for what factors distinguish portfolios from one  
8 another. We've also added a definition for  
9 customer electricity portfolio to cover the  
10 special cases in which a large commercial partner  
11 negotiates a specific electricity portfolio with  
12 its retail supplier.

13           We've removed the reporting and  
14 disclosure requirements pertaining to biogenic  
15 CO2 to align with other accounting standards that  
16 exclude biogenic CO2 from electricity sector  
17 emissions. Please note, though, that any methane  
18 or nitrous oxide emissions from generators using  
19 biogenic fuels will still be attributed to the  
20 retail supplier under Power Source Disclosure.

21           Finally, we've simplified the Power  
22 Content Label. In particular, we've removed most  
23 of the contextual footnotes. We intend to  
24 display that information on the Power Source  
25 Disclosure website instead. We've also added

1 decimal places to the nearest tenth for fuel mix  
2 figures.

3           Here's an example using placeholder  
4 numbers of a Power Content Label with a single  
5 electric service portfolio alongside California's  
6 system figures. And here's a label displaying  
7 two electric service portfolios. We'll also  
8 provide label templates for retail suppliers with  
9 more than two electric service portfolios.

10           We've had stakeholders raise a few new  
11 issues informally, so we've decided to engage the  
12 broader body of stakeholders through this  
13 workshop before determining whether changes to  
14 the draft regulations are needed.

15           First, we've had questions about  
16 revisiting our auditing requirements for public  
17 entities. Under Power Source Disclosure, retail  
18 suppliers are required to submit an audit for  
19 each electricity portfolio reported under the  
20 program.

21           Prior to the AB 162 rulemaking in 2015  
22 and 2015, public entities, such as publicly-owned  
23 utilities and community choice aggregators, were  
24 allowed to forego the audit by submitting in  
25 attestation by their governing boards, attesting

1 that the information in the report was accurate.  
2 The AB 162 rulemaking changed that rule, only  
3 allowing public entities to provide in  
4 attestation in lieu of the audit for one  
5 electricity portfolio. Additional portfolios,  
6 such as voluntary green portfolio, are now  
7 subject to the auditing requirement. We've had  
8 stakeholder questions -- we've had stakeholders  
9 question with that change best meets the programs  
10 intent and needs, so we're asking stakeholders  
11 for input.

12           Second, we've become aware of  
13 complications in disclosing mixed portfolios to  
14 customers. Some retail suppliers off their  
15 customers electric service sourced from multiple  
16 portfolios. As an example, a customer may  
17 receive a certain number of megawatt hours from a  
18 green portfolio while any additional load would  
19 be served by the default portfolio. Determining  
20 a disclosure method that can base this  
21 information clearly on the Power Content Label  
22 has proved challenging.

23           In the draft regulations, we included a  
24 provision that requires an additional footnote  
25 for all labels of retail suppliers that offer



1 these mixed services, indicating that the  
2 customers may be served by multiple electricity  
3 portfolios. However, we are open to suggestions  
4 for alternatives to balance the statutory needs  
5 to present information that is accurate and  
6 simple to understand. On this subject, too,  
7 we're asking for stakeholder feedback.

8           Finally, I'd like to give the floor to  
9 Jamie Rose Gannon from the CPUC, who will provide  
10 an overview of the cost allocation mechanism  
11 before I present our third issue.

12           MS. GANNON: Hi. My name is Jamie Rose  
13 Gannon. I want to thank the CEC staff for the  
14 very warm welcome. That's nice. And I've been  
15 asked to come and present on the Commission's  
16 adopted cost allocation mechanism.

17           And I guess this presentation is to help  
18 facilitate input to the CEC and the input the CEC  
19 is seeking around disclosure requirements for CAM  
20 resources. So today, I'm going to present at a  
21 very high level the Commission's adopted cost  
22 allocation mechanisms and CAM-like, so cost  
23 allocation mechanism will be referred to as CAM,  
24 and CAM-like mechanisms that the Commission has  
25 adopted and that a handful of resources -- I

1 should say more than a handful of resources do go  
2 through, and I'll get into the details of that in  
3 the next few slides.

4           So starting out, what CAM is? So early  
5 on in the Commission's long-term procurement  
6 planning process there was a need to authorize  
7 new generation for reliability. And so the  
8 Commission adopted the CAM mechanism to help  
9 facilitate the development of new generation.  
10 Ultimately, nobody wanted to bear the cost. None  
11 of the load-serving entities wanted to bear the  
12 cost of building new generation because the risk  
13 of losing load into the future and then not  
14 having a cost allocation mechanism to transfer  
15 those costs to the customers that it had lost.

16           So CAM is a mechanism that allows for the  
17 cost, not only the cost to be shared but the  
18 benefits to be shared to all customers in the IOU  
19 service territory. And the IOUs were designated  
20 as the entity that would go out and perform this  
21 procurement and the cost would flow through the  
22 distribution charge. And so prior to  
23 distributing these costs the utility will net out  
24 energy revenues, so ancillary service revenues  
25 and energy rents earned in the market, forecasted

1 to earn in the market, and then it would be the  
2 net cost of that PPA.

3           And I should also add that utility-owned  
4 generation is also supported by this mechanism,  
5 so there's -- not all utility-owned generation  
6 but there is a handful of utility-owned  
7 generation that is in this mechanism.

8           So as I said, load-serving entities are  
9 allocated these costs. But in addition to the  
10 cost, they're also allocated a capacity benefit.  
11 And so the CPUC has a Resource Adequacy Program.  
12 And that Resource Adequacy Program is annually  
13 and monthly. And so LSEs are given a capacity  
14 credit that they can use towards meeting their RA  
15 requirement. And if the CAM resource is located  
16 in a local area, it has a local benefit as well.  
17 If it is a flexible resource, it has a flexible  
18 benefit as well. So all three of these benefits  
19 are allocated through this capacity allocation  
20 process that we administer in the RA program.

21           So LSE's receiving the benefit of this  
22 additional capacity pay only for the net cost of  
23 this capacity. And this is this calculation that  
24 I just referenced, it's the net of the total cost  
25 of the contract less energy rents associated with

1 the dispatch of the contract.

2           So following the adoption of CAM there  
3 was something that people refer to as the QF CHP  
4 settlement and it was adopted in the decision  
5 cited there, D-10-12035 (phonetic). The  
6 settlement agreement authorized or required the  
7 IOUs to go out and perform a series of  
8 procurement targets to meet the CHP goals of  
9 about 3,000 -- or 3,000 megawatts of CHP over the  
10 program period. And the cost allocation  
11 mechanism adopted in that settlement was  
12 identical or nearly identical to CAM, so capacity  
13 allocations would have to be allocated or in the  
14 same manner that the reliability CAM mechanism  
15 had does.

16           So in addition to these CHP resources,  
17 the Commission has extended CAM-like treatment to  
18 storage resources that were authorized for  
19 reliability issues to mitigate the Aliso Canyon  
20 gas shortage.

21           And then in the last -- well, I shouldn't  
22 say the last, in the 2018 RA decision the  
23 Commission did approve a similar CAM mechanism  
24 for existing generation that was seeking  
25 retirement, so we had two large facilities in the

1 Moorpark area -- or, not two, one large facility  
2 in the Moorpark area, and then a resource up in  
3 Goleta, that were going to retire earlier and the  
4 Commission -- they would have had to go -- be  
5 backstopped through the CAISO's process. And in  
6 order to mitigate that the Commission authorized  
7 Edison to attempt to contract with these  
8 resources and share the cost through the CAM  
9 mechanism.

10           And then there's another mechanism that -  
11 - or there's another mechanism that's called the  
12 demand response auction mechanism and,  
13 essentially, we treat DRAM resources similar to  
14 CAM resources. They're supply-side DR resources  
15 that the utility has gone out and procured  
16 through the pilot program. And we have to ensure  
17 that we're not just allocating the cost to all  
18 customers through the distribution charge but the  
19 capacity credits are also allocated, so this uses  
20 a similar mechanism.

21           Just to give you a sense of the magnitude  
22 of CAM resources, so this is just, you know, I  
23 guess a charting of the growth in CAM over the  
24 last ten-plus years. And so as of 04/20/19,  
25 year-ahead allocations, we allocated 7,635

1 megawatts of CAM resources. Oh, and these are  
2 based on August values. So they do have monthly  
3 values but the August values is what I've charted  
4 here.

5           Okay, so there's different types of CAM  
6 contract, like I discussed. Most of the CAM is  
7 gas-fired generation with gas tolling  
8 arrangements in it. So because it came out of  
9 our long-term reliability planning proceedings,  
10 most of that generation was gas-fired. And the  
11 utility there did get the tolling on it or owned  
12 it and has the dispatch on it, so tolling on it.

13           So for 2019, 81 percent of CAM contracts  
14 are gas-fired. And I've just provided a little  
15 chart. This, all of our CAM resources, are  
16 publicly available. They're on our RA compliance  
17 website, so you can actually go in and find the  
18 resources I.D., the contract start and end date,  
19 the number of megawatts, and you can tell  
20 pretty -- it doesn't have the fuel type but you  
21 can tell pretty easily, I think, what -- you  
22 know, if you wanted to do your own analysis on  
23 it, you could, you know, figure it out.

24           So the other 19 percent of CAM contracts  
25 include RA-only contracts, DRAM, and storage with

1 dispatch rights. So I added those in there  
2 because I think, for purposes of this Power  
3 Content Label, I think the RA and tolling is a  
4 piece that would be the piece that would need to  
5 get kind of talked about or, you know, that would  
6 be the important piece. An RA-only contract does  
7 not have the dispatch right on the resource, so  
8 it doesn't have the energy. And so I think for  
9 disclosure reasons, you wouldn't be reporting an  
10 RA-only contract. That's my understanding.

11           And that's it.

12           MR. SCAVO: Thanks again, Jamie, for  
13 providing that overview.

14           Presently, it is our understanding that  
15 investor-owned utilities claim all generation  
16 from CAM resources. However, with implementation  
17 of AB 1110 and the required disclosure of  
18 associated emissions, CAM reporting takes on a  
19 new dimension. We've had questions about whether  
20 it is appropriate for an investor-owned utility  
21 to claim all generation and the associated  
22 emissions under CAM agreements or whether the  
23 generation emissions should be divided among all  
24 entities covered under a particular CAM  
25 agreement? So again, we're consulting our

1 stakeholder partners for feedback.

2 MR. RIDER: I'm Ken Rider. Just a quick  
3 question.

4 For baselining, for stakeholders and for  
5 my benefit, as well, the regulations as they're  
6 written right now, is there a particular way,  
7 just to set the baseline or the table for the  
8 discussion, is there a certain answer to that  
9 question, the way that we've written it right  
10 now? I understand we're seeking feedback but as  
11 we're proposing it, how would these resources be  
12 treated, or do we know?

13 MR. SCAVO: There isn't -- there aren't  
14 any explicit rules pertaining to CAM resources.  
15 I think the way the investor-owned utilities have  
16 interpreted it is that if they've got a CAM  
17 agreement, particularly if there's one with a  
18 tolling agreement attached to it, they treat that  
19 as procured generation, which I think is probably  
20 how we would have interpreted it if the question  
21 had come on up on its own. But there's no  
22 explicit instructions for CAM resources.

23 Okay, I'll open the floor to public  
24 comments in a moment. Please feel free to weigh  
25 in on any of these topics today or through



1 written comments, but first I'll touch on our  
2 milestones in this process.

3           We published the draft regulations two  
4 weeks ago. Public comments are due two weeks  
5 from today, that's 5:00 p.m. on March 20th.  
6 Staff plans to initiate a formal rulemaking under  
7 OAL Rules in May of 2019.

8           Note that starting a formal rulemaking  
9 triggers a one-year timer in which we must  
10 complete the regulation. As most folks are  
11 aware, we've spent considerable time in pre-  
12 rulemaking to ensure that we've had ample time to  
13 engage stakeholders and consider alternatives.  
14 However, our time is running thin. Under formal  
15 rulemaking, we're required to respond to all  
16 public comments through our final statement of  
17 reasons and those must take priority over  
18 informal comments and meeting requests. I want  
19 to urge our stakeholders to make use of the  
20 public comment process going forward because we  
21 may not have the flexibility to prioritize one-  
22 on-one meetings to the extent we have over the  
23 prior two years.

24           Under this accelerated pace, we'll aim to  
25 adopt the regulation at the Energy Commission

1 business meeting no later than December of 2019.  
2 The beginning of 2020, we'll begin performing  
3 outreach activities to provide implementation  
4 support to reporting entities, such as webinars,  
5 FAQs, or other instructional materials as we  
6 transition to the new reporting requirements. We  
7 expect to file the regulation with the Secretary  
8 of State and receive an effective date in the  
9 spring of 2020 in advance of the 2020 reporting  
10 deadline on June 1st.

11 I want to reiterate that rulemaking  
12 documents can be obtained online through the  
13 docket log or by contacting staff.

14 Okay, now on to the fun part of the  
15 workshop. You don't need to pull any punches but  
16 just bear in mind, I'm not very well dressed for  
17 my own funeral.

18 For those stakeholders joining us in  
19 person, please use the microphone across from me.  
20 You're welcome to use this one, too, if you  
21 prefer.

22 As mentioned in the beginning, we are  
23 distributing the blue cards, so fill those out.  
24 Those will be taken to Natalie and she'll call on  
25 speakers.

1           For those on WebEx, please use the raise  
2 hand feature and we'll un-mute you during your  
3 turn, but please keep your line muted unless  
4 you've been called on.

5           In the interest of providing everyone  
6 with an opportunity to speak, we request that  
7 each speaker limit their comment to three minutes  
8 and limit the comments to the scope of this  
9 proceeding, and please refrain from making a  
10 second comment until other stakeholders have had  
11 an opportunity to speak.

12           Once again, the public comments are due  
13 in writing by 5:00 p.m. on March 20th. And they  
14 can be submitted online through our website or  
15 using the link on the next slide.

16           Okay, let's get started.

17           MS. LEE: Okay. Thanks, Jordan. All  
18 right, so we'll get started.

19           Our first commenter is, and I apologize  
20 if I misstate anyone's name, Ezana Emmanuel from  
21 SCE. And then following Ezana, Todd Jones, if  
22 you'd be prepared?

23           And I'll roughly be watching your time  
24 and if we're getting over three minutes, I'll ask  
25 you to wrap up.

1 MR. EMMANUEL: All right. I shouldn't  
2 take too much time. My name is Ezana Emmanuel.

3 So first of all, thank you for the  
4 opportunity to speak.

5 MS. LEE: Put your mike on, sir.

6 COURT REPORTER: Press the little oval.

7 MR. EMMANUEL: This one?

8 COURT REPORTER: Yeah. There you go.

9 MR. EMMANUEL: All right. Better? All  
10 right.

11 So first of all, thank you for providing  
12 us the opportunity to engage in this process. I  
13 don't think my comments will be too surprising,  
14 but SCE has supported the cleanup methodology  
15 throughout the stakeholder process and that's  
16 something that, as this process continues, we'd  
17 appreciate more consideration for the adoption of  
18 PG&E's proposal. We believe it's a more accurate  
19 way to really show the greenhouse gas emissions  
20 factor that's actually being delivered to end-use  
21 customers. And since it's been adopted, a  
22 modified version, at least, that has been adopted  
23 in the IRP, we also believe it aligns with the  
24 other state agencies.

25 Overall, I believe that our mission is to

1 really show a Power Content Label that's accurate  
2 and reflective of what's actually being delivered  
3 to customers. And our belief is that the current  
4 proposal doesn't do that, as well as the clean  
5 net short methodology. And you know, if we're  
6 going to be worried about reporting requirements  
7 and different things like that, we should be  
8 working around revising those reporting  
9 requirements instead of creating an inaccurate  
10 measurement just to get this done in a timely  
11 manner.

12 MS. LEE: Thank you.

13 Todd. And then following Todd, we'll  
14 have Tim Tutt from SMUD.

15 MR. JONES: Hi. Great. Thank you.  
16 Yeah, my name is Todd Jones with the Center for  
17 Resource Solutions.

18 So first and foremost, we'd like to  
19 express our strong support for the requirement  
20 that RECs must be procured to claim both the fuel  
21 type and GHG emissions profile of an eligible  
22 renewable generator and that purchases from  
23 renewables without the associated RECs must be  
24 classified as unspecified. That's absolutely  
25 critical to preventing double counting and

1 ensuring the integrity of retail disclosure or  
2 renewable energy.

3           Second, we understand that Commission  
4 staff's preference is not to allow unbundled REC  
5 imports, presumably to establish the same  
6 boundaries for delivery in Power Source  
7 Disclosure and the MRR, but there's no need to  
8 restrict trading within that boundary. So the  
9 Commission can and should allow unbundled RECs to  
10 be reported in the power mix and the GHG  
11 emissions intensities as long as the power is  
12 directly delivered in the boundary.

13           In this case, the boundaries of the Power  
14 Source Disclosure and the MRR would be the same,  
15 allowing these specific unbundled REC  
16 procurements to be reported, meaning RECs that  
17 have been generated in California or that come  
18 from facilities directly delivering into  
19 California, so they're imported bundled, would  
20 simply allow for renewable energy trading within  
21 the state which provides flexibility to suppliers  
22 that may over or under procure, meaning it's good  
23 for long-term contracts and lowers the cost of  
24 renewable energy for customers.

25           To be clear, the Commission could also

1 allow unbundled imports and this would not result  
2 in double counting. While there may not be  
3 requirements to report retail emissions in other  
4 states, power without the REC or null power  
5 cannot be reported as renewable or zero emissions  
6 in any other regulatory or voluntary program that  
7 exists. In fact, using RECs to account for  
8 delivered emissions from renewables in the west  
9 is the best way to avoid double counting with  
10 other states.

11           But by requiring that RECs and the power  
12 must be procured bundled, never unbundled and, in  
13 fact, delivered at the same time to convey the  
14 GHG profile of a renewable generator for a retail  
15 claim the Commission is simply choosing a  
16 renewable energy policy that is, first,  
17 inconsistent with the RPS. So bucket three,  
18 renewable -- RPS renewable energy, doesn't show  
19 up at all in Power Source Disclosure. And  
20 second, it's just very restrictive, so it doesn't  
21 take advantage of the trading and market  
22 efficiencies that reduce costs and advance the  
23 development of renewable energy across the  
24 region.

25           Third and finally, the treatment of

1   firmed and shaped renewable imports as renewable  
2   in the fuel mix but nonrenewable in the GHG  
3   emissions intensity clearly doesn't meet the  
4   requirements of AB 1110 to provide accurate and  
5   reliable and easy to understand information. It's  
6   factually inaccurate. Disclosure emissions are  
7   determined by fuel type. But also, it violates  
8   the states REC definition under the RPS, it  
9   contradicts federal guidance, yeah, and it may  
10  have negative consequences for renewable energy  
11  markets.

12           It may also result in double counting and  
13  overreporting of emissions if the California  
14  supplier reports the emissions of the substitute  
15  generator and another entity purchasing the null  
16  power from the renewable energy generator also  
17  reports emissions that include the substitute  
18  generator. So firmed and shaped procurement  
19  should be reported as fully renewable and both  
20  the fuel types and emissions, there's no  
21  accounting problem in that case.

22           Thank you.

23           MS. LEE: Thank you.

24           Tim?

25           Following Tim will be Maya from 3Degrees.



1           MR. TUTT: Tim Tutt representing SMUD.  
2 Thank you for the opportunity to come and speak  
3 here today. And particular, for the changes that  
4 are made -- have been made from the third  
5 proposal, particularly the simplification of the  
6 Power Content Label. I think that's going to be  
7 much better for consumers.

8           As you might guess, SMUD still believes  
9 that unbundled RECs should be reflected in the  
10 fuel mix and in the GHG calculations as  
11 representing zero GHG energy. Those are eligible  
12 renewables and to not include them in the fuel  
13 mix as in the eligible renewable line is going to  
14 be confusing to consumers. Also, as Todd said,  
15 it seems to facilitate double counting around the  
16 west.

17           We also believe that new PCC-2 contracts  
18 should have the same treatment as the  
19 grandfathered one. They should -- the fuel mix  
20 should match the GHG calculations. You should not  
21 -- you should include the GHG signature of the  
22 underlying energy

23           Some other things that we've seen in the  
24 informal regulations, we'd like clarification of  
25 the treatment of multi-fuel resources. The

1 regulations say that they should be -- they  
2 should reflect the predominant fuel. In a multi-  
3 fuel plant, we would like to be able to represent  
4 our biomethane in our (indiscernible) cycle as  
5 biomethane, not as natural gas, in the fuel mix.

6 We want clarification of what is meant by  
7 a custom product being disclosed in a separate  
8 Power Content Label to the customers. We're  
9 already negotiating with those customers what  
10 their product is and we don't know whether we're  
11 going to be asked to follow the rules of a Power  
12 Content Label in giving it to those specific  
13 customers. That doesn't make sense to us,  
14 frankly.

15 There is a reference in the regulations  
16 to a footnote five and we don't know what that  
17 reference is to.

18 And we'd like to find a way to ease the  
19 RPS certified restrictions on resources that are  
20 solely for voluntary programs. And if they're  
21 not going to be used for the RPS, then maybe find  
22 a way to not have to go through the entire  
23 process of certifying for the RPS.

24 We may have more than one solar shares  
25 product in the future for different customer

1 segments. They're all going to be supplied from  
2 solar. They should be -- we should be able to  
3 include them in the label under one column, not  
4 under separate columns.

5           The effective date is listed as June 1st,  
6 2020. That will be reporting on 2019 procurement  
7 decisions. And since we're already three months  
8 into 2019, it may be a little bit complicated to  
9 do that. So we would prefer the effective date  
10 to be 2021, June 1st, 2021, not 2020.

11           And then we didn't see any clear way of  
12 implementing the second sentence of 398.4(h)(7)  
13 in AB 1110. The first phrase says that the  
14 Energy Commission has to determine what the  
15 portion of annual sales derived from unbundled  
16 energy, how that should be included in the Power  
17 Content Label.

18           The second phrase in that same paragraph  
19 says that a retail supplier may include  
20 additional information related to the sources of  
21 the unbundled renewable energy credit. We read  
22 that as something that's inside the label because  
23 we were always able to include additional  
24 information on a separate page outside the label,  
25 and that's specifically in the section describing

1 what the disclosure should look like.

2 Appreciate. Thank you.

3 MS. LEE: Thanks, Tim.

4 We were not intending to specifically  
5 answer questions. These are something that the  
6 Commissioners, your offices, would like us to  
7 address?

8 MR. RIDER: I thought there was. Hi.  
9 This is Ken.

10 I thought there were a few questions that  
11 were asked for clarification in that comment and  
12 did just don't want to move -- I mean, I think we  
13 -- if it is --

14 MS. LEE: Sure.

15 MR. RIDER: -- a clarifying question. I  
16 mean, there were some comments there, too, but I  
17 thought I heard a few questions in there.

18 MS. LEE: So, Tim, I took your comment to  
19 be that as we develop the next set of  
20 regulations, that we provide clarification on  
21 these topics and, you know, kind of seek to work  
22 on that, perhaps with the stakeholder community,  
23 before that's issued. Are you -- is there a  
24 specific question you'd like us to address right  
25 now?

1 MR. TUTT: I don't see the need to  
2 address a specific question --

3 MR. RIDER: Okay.

4 MR. TUTT: -- right now. But as this  
5 workshop proceeds --

6 MS. LEE: Yeah.

7 MR. TUTT: -- and I understood Jordan to  
8 say, please don't get up and speak a second time  
9 before everybody else has had a chance, I would  
10 hope that we can enter into some kind of a  
11 dialogue that's not constrained by the three-  
12 minute concept.

13 MR. RIDER: Okay. All right.

14 MS. LEE: Absolutely. Absolutely.

15 MR. RIDER: So without further  
16 interruption.

17 MS. LEE: Okay. So I think our hope is  
18 that we provide everyone an opportunity to put  
19 their issues on the record. And then we'll, of  
20 course, kind of address any questions or issues  
21 that you'd like to explore further.

22 MR. RIDER: Sounds good. Thanks.

23 MS. LEE: Okay. Great. All right.

24 And I apologize, the next person that I  
25 asked to speak was Maya. Thank you. And

1 following Maya, we'll have Celia -- I'm sorry,  
2 Colin.

3 MS. KELTY: Hi. Thank you. My name is  
4 Maya Kelty. I lead the Regulatory Affairs Team  
5 at 3Degrees. I do want to thank staff for the, I  
6 know, as Jordan mentioned, the long pre-  
7 rulemaking process and all the opportunities for  
8 feedback. And we look forward to providing more  
9 detailed comments on March 20th.

10 So we work -- our perspective comes  
11 primarily from our experience working with  
12 utilities in California, helping them develop  
13 programs that allow customers, all customers, to  
14 support renewable energy and providing guidance  
15 to those customers on purchasing renewable  
16 energy.

17 In line with some comments that have  
18 already been made, CRS -- sorry, 3Degrees from  
19 CRS and SMUD, we would like to see maybe some  
20 changes to the RPS certification requirement for  
21 voluntary programs. It is an additional burden  
22 on those programs and not because the renewable  
23 energy isn't being used for the RPS. We'd like  
24 to see maybe other opportunities or other ways of  
25 showing that the renewable energy is RPS

1 eligible.

2           We also would like to see a  
3 reconsideration of the proposed treatment of RPS  
4 eligible renewables that are located in  
5 California. We think this would better align  
6 with MRR reporting, as well as the RPS showing  
7 up, for instance, for in-state renewables rather  
8 than showing that unbundled RECs are sort of  
9 environmentally inferior. We think that -- so  
10 from the October proposal a case was made that  
11 the reason unbundled RECs should not be reported  
12 as zero-emissions power is due to the fact that  
13 the PCL must match CARB's emissions inventory for  
14 the electricity sector.

15           However, as currently proposed the PSD  
16 program would underreport emissions since  
17 unbundled RECs associated with energy generated  
18 in or delivered into California would not be  
19 reported as zero-emissions power. Any RECs  
20 associated with electricity delivered into  
21 California should be reported as zero-emissions  
22 power and as the applicable renewable resource  
23 type.

24           We also, in line with SMUD's comments,  
25 think that the CEC should not limit the ability

1 of utilities to discuss the environmental  
2 attributes of RECs. The proposed regulation  
3 would require that suppliers use the CEC-provided  
4 PCL template where there's an opportunity to  
5 report on the percentage of unbundled RECs and a  
6 standard footnote that describes what an  
7 unbundled REC is. But the legislation  
8 specifically states that a retail supplier may  
9 include additional information related to the  
10 source of unbundled RECs and we'd like to see  
11 that included within the Power Content Label  
12 itself rather than in a separate location.

13 I'm going to stop now. I don't know if  
14 you started the timer but -- oh, okay. Well,  
15 those are our main comments and we'll be  
16 submitting written comments at the end of the  
17 month.

18 Thank you.

19 MS. LEE: Thank you.

20 And I apologize, Colin, I mispronounced  
21 your name. Colin Kerrigan from PG&E. And then  
22 CC.

23 MR. KERRIGAN: Okay. Colin Kerrigan with  
24 PG&E. I just wanted to thank all the staff and  
25 Commissioners for all the work done to date on



1 this proceeding.

2           So first off, we do agree with SCE,  
3 that --

4           (Timer rings.)

5           MS. LEE: Sorry. Didn't restart that.

6           MR. KERRIGAN: Oh. I thought that was  
7 too quick.

8           So we do agree with SCE that an annual  
9 netting approach, such as clean net short is the  
10 most historical and accurate approach for the  
11 Power Content Label going forward and it will  
12 maximize consistency with what the CPUC is using  
13 for its Integrated Resource Plan proceeding.

14           I'd also want to note that for PG&E the  
15 current and proposed methodology will start  
16 breaking starting in 2018 and going forward. We  
17 will have negative system sales for the 2018  
18 Power Content Label. And it's conceivable that  
19 we could start to have zero GHG emissions in  
20 future years, depending on how low departure  
21 goes, which we don't believe would be accurate to  
22 represent to customers.

23           I'd also highlight that the issue of CAM  
24 does raise why the current annual netting  
25 approach, you know, is not necessarily accurate

1 in that it does leave bundled customers with all  
2 of the GHG emissions associated with those  
3 resources, even though all customers benefit from  
4 the resources existing.

5 I'd also highlight that the change to the  
6 format of the Power Content Label, while we  
7 appreciate the drive to simplicity, one  
8 particular change that is concerning is the  
9 increase in the prominence of unbundled RECs.  
10 Currently, they're being given more space on the  
11 Power Content Label than any actual source of  
12 energy supply which we think will be, at most,  
13 confusing to customers and could be misleading in  
14 that it could, you know, make customers think  
15 that their supply is greener than it actually is.

16 Last, we also disagree with the change to  
17 indefinitely grandfathered firmed and shaped  
18 resources. At the very least the CEC should  
19 ensure that there are safeguards the contracts  
20 cannot be extended or expended beyond where they  
21 were starting at the grandfathering date.

22 Thank you.

23 MS. LEE: Thank you.

24 CC, and then Matt Freedman please.

25 MS. SONG: Thank you, Commissioners and

1 Staff. Really appreciate the process of working  
2 with you on the draft regulations. And I want to  
3 specifically provide some feedback and questions  
4 on the CAM presentation made by Jamie. Thank  
5 you.

6           So I think the first point I want to make  
7 is that -- is a reminder that Power Content Label  
8 is intended to -- for low-serving entities to  
9 disclose energy resources purchased to serve our  
10 customers. Now these CAM resources, I think they  
11 were purchased to meet regulatory requirements  
12 that a lot of load-serving entities, like a CCA  
13 like MCE doesn't necessarily have visibility into  
14 how they are dispatched. And it would be, one,  
15 challenging for us to account for those resources  
16 in our Power Content Label since we didn't  
17 procure them. And it would also be confusing to  
18 our customers since it would be adding to the  
19 amount of energy disclosed in the label.

20           The second point is that energy and  
21 capacity resources are different. Energy  
22 resources are kind of just constantly flowing.  
23 Capacity resources are called on when the system  
24 needs them. So they are also measured  
25 differently. Energy using Power Content Label is

1 measured as megawatt hours, whereas capacity  
2 resources are measured in megawatts. And that  
3 might seem like a very minor difference but it's  
4 actually pretty challenging to convert one to the  
5 other. For instance, what we've seen at the --  
6 in the IRP proceeding with the clean net short  
7 methodology, it was really challenging to convert  
8 resources from megawatt hours to megawatts and  
9 kind of resulted in overestimate of certain types  
10 of resources, including hydro.

11           So I just wanted to raise that to help  
12 us, I think, figure out that, you know, one, it  
13 is -- we are already kind of late in the  
14 rulemaking process. We're staring down at a  
15 statutory deadline at the end of this year and I  
16 think this would add more complexity into  
17 refining the methodology.

18           I want to point to a third challenge that  
19 I see which is auditing for the Power Content  
20 Label. Some of these resources are dispatched  
21 for 15 minutes and then are settled at five-  
22 minute intervals. And to go through all the  
23 resources and then, I think, figure out the  
24 dispatch and then retroactively true up the  
25 emissions and then somehow figure out a way to

1 attribute them to different load serving  
2 entities, I think will be extremely  
3 administratively burdensome.

4           And then I think lastly, you know, since  
5 we don't have any visibility into these resources  
6 dispatched, I'm also wondering if it's possible  
7 that some of the emissions are already accounted  
8 for in the system emission average and therefore,  
9 you know, attributing emissions to LSEs in  
10 addition would likely lead to double counting of  
11 emissions in the system.

12           So I welcome more dialogue, you know,  
13 offline. And also, we'll be submitting comments.  
14 And I want to thank you so much for making the  
15 presentation.

16           MS. LEE: Thank you, CC.

17           Matt Freedman, and then we have Susie  
18 Berlin.

19           MR. FREEDMAN: Okay. Matt Freedman,  
20 representing the Utility Reform Network. I want  
21 to thank the staff very much for the work that  
22 they've done on this. I know it's been a long  
23 process and the staff have worked quite hard and  
24 coordinated with other agencies in developing the  
25 draft regulations.

1           TURN was the sponsor of Assembly Bill  
2 1110 and we believe that the draft regulations  
3 are consistent with the intent of the statutory  
4 language and that they represent an accurate  
5 reflection of what the bill was intended to  
6 accomplish.

7           We specifically do support the treatment  
8 of unbundled RECs and firmed and shaped contracts  
9 under the proposed regulations. We think they're  
10 not inconsistent with RPS accounting, that they  
11 are consistent with the provisions of AB 1110,  
12 that they are consistent with the source-based  
13 accounting that is done under the state's air  
14 regulation paradigm, and also consistent with the  
15 approach taken by the Public Utilities Commission  
16 in adopting the clean net short methodology that  
17 is being used to assess greenhouse gas emissions  
18 as part of the integrated resources planning  
19 process.

20           Although we do like the clean net short  
21 approach and we urge the Commission to consider  
22 how it could be worked into future iterations of  
23 the Power Content Label, we don't think it's  
24 ready to be adopted at this time. And one of the  
25 primary reasons is that the clean net short is

1 designed to be a forecasting tool. It is not  
2 designed to be used to look historically at  
3 recorded general and emissions. We've had  
4 conversations with PG&E and others about how the  
5 tool might be adopted for that purpose and it  
6 gets very complicated very quickly when you try  
7 to back out all contractual commitments in the  
8 system for a prior year. So we think it's worth  
9 continuing to study but we don't think it's ready  
10 to go right now.

11 In terms of the grandfathering treatment  
12 for firmed and shaped contracts executed prior to  
13 February 1, 2018, we're not thrilled with this  
14 outcome. If a contract for the same resource has  
15 a particular treatment after that date, it's not  
16 totally clear why it should have a different  
17 treatment if executed prior to that date. We  
18 understand this an attempt to fashion a  
19 compromise and to reflect historical commitments  
20 that have been made. We do believe that the  
21 Commission might want to look back at the  
22 treatment of grandfathering for pipeline  
23 biomethane contracts executed and that treatment  
24 under the RPS program. This is the  
25 implementation of Assembly Bill 2196 6 that was

1 done six or seven years ago. And part of that  
2 process included a requirement that any  
3 grandfathered contract had to be submitted to the  
4 Energy Commission so that the Energy Commission  
5 knew what the universe of those contracts looks  
6 like, and also required that the contracts could  
7 not be extended, amended, that it was limited to  
8 minimum take quantities to prevent entities from  
9 having evergreen deals that essentially went in  
10 perpetuity. And we would recommend similar  
11 treatment for any grandfathered contracts in this  
12 context.

13           And then finally, with respect to the CAM  
14 resources, this is an interesting issue. It gets  
15 very complicated. We don't think that the  
16 emissions associated with CAM resources should be  
17 assigned exclusively to bundled customers of the  
18 investor-owned utilities. That doesn't really  
19 make any sense. These resources are being  
20 procured on behalf of the system and all  
21 customers within an IOU service territory are  
22 being required to pay the net above-market costs.  
23 It may be appropriate to assign a pro rata share  
24 of these emissions to all load serving entities.  
25 But I do recognize that these entities haven't



1 specifically procured that electricity and so it  
2 may requirement another line item in the Power  
3 Content Label to show attributed emissions  
4 associated with these resources.

5 I also question how these resources are  
6 counted for purposes of establishing the  
7 California system mix and the emissions factors  
8 associated with that mix, and whether the  
9 emissions associated with these resources are  
10 included in the calculation of system power  
11 purchases and the factors that are assigned  
12 there.

13 Those are all the different things that  
14 come up when we think about this. I'm glad that  
15 the staff has flagged this issue, although it's  
16 late in the process. But at a minimum, I don't  
17 think it makes sense to tag bundled customers of  
18 the utilities with 100 percent of these  
19 emissions. That's simply not an accurate  
20 accounting for what's happening.

21 Thank you.

22 MS. LEE: Thank you, Matt.

23 Susie Berlin. And then we have in the  
24 room, Steve Uhler.

25 MS. BERLIN: Good afternoon,

1 Commissioners, Staff. My name is Susie Berlin  
2 and I'm presenting the Northern California Power  
3 Agency and MSR Public Power. I want to thank  
4 Staff for their efforts on the revised regulation  
5 and their continued work with stakeholders. And  
6 we're offering the following comments to  
7 highlight a few of the issues for areas that we  
8 believe require further refinements, and we'll be  
9 discussing them in greater detail in our written  
10 comments.

11           One thing we want to notice on their  
12 proportionate -- requirements to proportionately  
13 allocate resources, any customers that take WAPA  
14 power can't do that by virtue of the federal  
15 contract, so there would need to be some  
16 recognition of those exceptions. And we also  
17 want to ensure that any accounting does account  
18 for the state's loading order and how renewables  
19 will be dispatched before fossil fuels.

20           We appreciate that there's no sunset  
21 provision on the grandfathered accounting for  
22 firmed and shaped contracts. We think that it's  
23 very important to recognize these existing  
24 contracts and that it makes no sense to change  
25 the treatment of those contracts part way through

1 the term.

2           We'd like to get confirmation that  
3 substitute energy can be reported as an  
4 unspecified purchase when a specific source is  
5 not identified in those underlying contracts. We  
6 want to flag that with the balancing authority  
7 reporting. Since most generators already report  
8 this information to EIA, we would like to see a  
9 revision that says that you only need to report  
10 to the CEC if you're not already reporting to EIA  
11 to avoid a duplicate reporting requirement.

12           We support you looking at the issue of  
13 the auditing requirements for public agencies.  
14 We think this is very important to reevaluate the  
15 current rules. Since there was a change to the  
16 rules, the City of Healdsburg, which is a small  
17 POU that provides electricity to less than 6,000  
18 meters, incurred a cost of \$3,500 to have their  
19 green program product audited and that was a  
20 significant expense for a small POU trying to  
21 provide this additional service.

22           And we'd also like to see more discussion  
23 around how a second product is defined. We'll  
24 provide more written details on this but,  
25 essentially, in instances in which customers

1 served by a utility are offered the opportunity  
2 to participate in programs to purchase unbundled  
3 RECs that are administered by third parties we  
4 think that there should be a very explicit  
5 recognition that that is not serving the POU's  
6 load.

7           So that's what we wanted to present for  
8 further consideration and look forward to working  
9 with Staff on those additional refinements. And  
10 we will have that more detailed information in  
11 our written comments.

12           Thank you.

13           MS. LEE: Thank you, Susie.

14           Mr. Uhler?

15           MR. UHLER: Hi. I'm Steve Uhler, that's  
16 U-H-L-E-R. Thank you for this opportunity.

17           I note in the regulations that these  
18 Power Content Label are supposed to come related  
19 to an offer or a tariff. I find that many labels  
20 in the past have not been generated for tariffs  
21 and offers. I'm considering all of this stuff is  
22 for naught if we don't actually get the Power  
23 Content Label.

24           Another thing that should be taken into  
25 account, similar to maybe the CAM, is RPS

1 399.30(c)(4) allows POUs to reduce, make a claim  
2 to reduce the retail output for RPS. I think the  
3 Power Content Label should state that that  
4 product, that voluntary product is being used for  
5 that, so a customer can decide if there's a  
6 better choice and not having it used for RPS.  
7 This could be particularly important for those  
8 who have LEED certification because LEED doesn't  
9 allow RECs that have been used to comply in any  
10 way with RPSs, and that's 399.30(c)(4) allows  
11 them to use RECs to comply with RPS.

12           The formulas that are listed in here, you  
13 might want to look at actually supplying how it's  
14 going to be in the computer program. You have  
15 things like 100 percent. Does somebody not  
16 realize that 100 percent, when it's depicted as a  
17 rational number, is 1?

18  
19           Then overall in this, the style, what  
20 style manual are you using? Are you using  
21 Witkin's, you know, 1942-originated style manual  
22 which the State of California recommends? They  
23 named the library after him, the law library  
24 after Witkin. Or are you using the Bluebook  
25 Uniform citation? I had trouble following

1 citations through here. They end up going into -  
2 - there's no reference for the citation.

3 I'd also like to know, what is the last  
4 version? I downloaded everything that's under  
5 this docket and I don't find an unmarked up  
6 version. You should supply this with a clean  
7 version so that we can look at that and read it  
8 without having to stumble over all of this stuff.

9 This has taken a long time. I'm thinking  
10 if I was given this task at a for-profit company,  
11 I wouldn't be there any more if I took this long.  
12 This could be done much faster. We need to let  
13 the public know what their RPS is doing because  
14 RPS is in here, they're dovetailed together. And  
15 so I'd like that information on.

16 And I mentioned, apparently the staff can  
17 decide that they can waive the public's right to  
18 a Power Content Label. I would like an answer to  
19 maxims of jurisprudence on 3513 of how they got  
20 waived, because I'm still waiting for Power  
21 Content Label.

22 Thank you.

23 MS. LEE: Thank you.

24 I think we have one more comment in the  
25 room. And then we'll turn to WebEx and phone

1 comments.

2           Todd, I'm going to -- thank you, Todd.

3           Okay, we're going to move over to our  
4 WebEx comments. And again, we're going to ask  
5 you to stick to the three minute. We'll come  
6 back -- hey, James, we'll come back to you. Let  
7 me take a couple of the WebEx folks that are  
8 queued up. We'll, again, ask you to stay to the  
9 three-minute limit.

10           Are they able to see the screen timer on  
11 their WebEx view? Okay.

12           Jordan, can we go ahead and use the  
13 screen timer for our WebEx participants so they  
14 have some warning?

15           And for those of you on WebEx, to assist  
16 our court reporter can you very clearly speak  
17 your name and your affiliation before starting  
18 your comments?

19           Ryan, can you take the first one?

20           MR. KASTIGAR: The first comment is from  
21 Cynthia Clark.

22           You're now un-muted Cynthia. You can go  
23 ahead and speak.

24           MS. LEE: Cynthia, are you on the line?  
25 Cynthia, we're going to move to the next

1 participant. We'll come back to you.

2 Ryan?

3 MR. KASTIGAR: The next comment is from  
4 Mike Benn.

5 Mike, you are now un-muted.

6 MS. LEE: Okay. I'm getting a little  
7 nervous that our un-mute function is not working  
8 properly.

9 Cynthia or Mike, if you are on the line  
10 can you use the Q&A function to let us know so we  
11 can see if we're having a problem with the un-  
12 mute function? Please note that our un-mute only  
13 un-mutes from our end. You'll also need to un-  
14 mute on your end of the line.

15 MR. BENN: Hi. This is Mike Benn with  
16 Powerex. Can you hear me?

17 MS. LEE: Great. Thank you. Yes, we can  
18 hear you.

19 MR. BENN: Sorry about that technical  
20 difficulty. I'll keep my comments brief.

21 I just want to thank Staff for the  
22 efforts they've made to date to include the  
23 controlling suppliers in the draft regulation.  
24 We believe that including ACS systems provides  
25 additional transparency to California consumers



1 to reflect the energy of the systems that deliver  
2 to the state.

3           One thing I did want to flag that we  
4 consider is a couple of issues in the regulatory  
5 language to align the CEC requirements with  
6 CARB's requirements under the mandatory reporting  
7 regulation. We don't think it's anything major  
8 but we do think that there are some cleanups that  
9 are necessary. And we'll providing a little bit  
10 more details in our written comments.

11           Thanks.

12           MS. LEE: Great. Thank you.

13           For our court reporter, is there anything  
14 we can do to help you with your -- okay.

15           Again, when you start speaking, please  
16 identify your affiliation or your organization  
17 with your name.

18           And, Ryan, do we want to step back and  
19 try our first one again or move forward? Are  
20 you --

21           MR. KASTIGAR: Yeah. Cynthia's hand is  
22 still raised but she is listed as an inactive  
23 participant right now, so --

24           MS. LEE: Okay. Let's move on to our  
25 next.

1 MR. KASTIGAR: Those are the only two  
2 attendees with their hands raised currently.

3 MS. LEE: Okay. We have a couple more  
4 comments in the room. And then we'll go to our  
5 phone lines and un-mute those.

6 James Hendry.

7 MR. HENDRY: Good afternoon. This isn't  
8 on. Good afternoon, Commissioners and CEC Staff.  
9 I'm James Hendry. I'm with the San Francisco  
10 Public Utilities Commission. I just wanted to  
11 make a couple points.

12 First, I think there's been an ongoing  
13 concern through this proceeding by a number of  
14 parties on the mismatch between the use of  
15 renewable credits and the environmental  
16 attributes attributed to them under state law and  
17 how they're being reflected in the AB 1110  
18 reporting requirements. This is an ongoing  
19 debate and I'm sure you've heard it and you seem  
20 to have moved on from it. But I do think it  
21 still raises a number of policy and legal  
22 questions that really should be addressed.

23 Second, when you look at what's happening  
24 going forward, it's clearly going to be a focus  
25 on GHG emission levels. And that's going to be,

1 I think, one of the main marketing tools that  
2 people have and one of the main concerns that  
3 customers have when they look at products. And  
4 therefore, I think what we should do is try and  
5 ensure the regulations actually promote means  
6 that actually achieve greenhouse gas reductions.  
7 And I think in several cases, that's not quite  
8 clear.

9

10 I mean, first, clearly, when you procure  
11 renewable energy resources, you are helping  
12 reduce greenhouse gas emissions. But then due to  
13 the various accounting rules about bucket two,  
14 bucket three RECs, even bucket one RECs which are  
15 carried over for future years, you don't get  
16 credit for those.

17 Second, and I think more problematic, is  
18 like with voluntary green pricing. California  
19 state law encourages voluntary green pricing.  
20 It's one way to promote and push the envelope for  
21 what's required for greenhouse gas reductions.  
22 But yet, we instead, we're requiring more  
23 mandates on publicly-owned utilities to have them  
24 do separate reporting requirements for that. And  
25 I think that's an onerous burden that's actually

1 kind of deterring the development of a good  
2 program. I think publicly-owned utilities where  
3 they're public process, their attestation and  
4 veracity should not be subject to that  
5 requirement, even if they offer multiple  
6 portfolios.

7 I think the same issue can be raised with  
8 regard to biomethane. In the SB 1368 report the  
9 California Energy Commission did looking at  
10 greenhouse gas emissions they said, yes,  
11 biomethane emits CO2 but the presence of it  
12 reduces methane emissions that otherwise would  
13 occur from landfills that would be like 30 or 40  
14 times as worse. And so they decided that that  
15 would not be subject to the emission performance  
16 standards.

17 And now we have this system where if  
18 customers are going to focus solely on greenhouse  
19 gas emissions and they look at their marketing  
20 and their choices and what they're objecting the  
21 public utilities do, they're going to see that  
22 there may be less incentive to buy biomethane  
23 resources because even though they actually are  
24 overall a net benefit, they end up showing up in  
25 the greenhouse gas reporting and it makes -- it

1 looks bad. And people say, well, why aren't you  
2 greenhouse gas free? Why aren't you doing more  
3 progress? So I think you should try and craft  
4 the regulations to actually encourage the  
5 greenhouse gas reduction goals that you're  
6 actually trying to achieve.

7           Second, with regards -- this is a  
8 specific San Francisco issue. I'm not sure how  
9 I'm doing on time.

10           MS. LEE: You're getting close.

11           MR. HENDRY: Getting close. Okay.

12           MS. LEE: You have 20 seconds.

13           MR. HENDRY: San Francisco is one of the  
14 only utilities in the country that -- in  
15 California that actually sells surplus greenhouse  
16 gas-free electric energy to the California grid.  
17 And for a variety of contractual legal reasons,  
18 this usually gets sold as an unspecified sale.  
19 And so we end up selling to the grid greenhouse  
20 gas-free energy that other people will get to use  
21 but it doesn't really show up in the accounting  
22 mechanism.

23           Working with Assemblyman Member Phil  
24 Ting, who is our assembly member, he developed a  
25 regulation that would allow us to get credit for

1 our previous year's generation. And it was left  
2 to the Energy Commission's discretion how far  
3 back we would get credit for our surplus sales of  
4 greenhouse gas emissions. The current standard  
5 is the minimum required best statute which goes  
6 back to 2017. But we think that's inconsistent  
7 with the way the Energy Commission has normally  
8 looked at hydroelectric generation over the  
9 years. You usually use like a seven-year average  
10 to figure out variations and fluctuations in  
11 generation. And we think that's a fair number  
12 for the SFPUC to use and I think that reflects  
13 actual seasonal variation, reflects the fact that  
14 we shouldn't be penalized if we have a drought  
15 year, that we should be -- sort of receive credit  
16 for the --

17 MS. LEE: Can I ask you to wrap up?

18 MR. HENDRY: -- excess energy that we've  
19 sold to the grid over the years, so we think a  
20 seven-year process is reasonable. It was  
21 discussed in the legislative history of this.  
22 We've discussed it with Assemblyman Ting when we  
23 were trying to draft this regulation and it's  
24 clearly within your authority to do that.

25 If there's a second round of comments, I

1 do have some clarifying questions I might like to  
2 ask, if possible, so thank you.

3 MS. LEE: Absolutely. Thank you, James.

4 Okay, Ryan, do we have any phone  
5 participants to un-mute lines for?

6 MR. KASTIGAR: No, we do not.

7 MS. LEE: Okay. All right. And no more  
8 raised hands on the website?

9 MR. KASTIGAR: No, we do not.

10 MS. LEE: Okay. All right. I want to  
11 take a quick minute and ask the Chair and  
12 Commissioner Douglas if you have any comments,  
13 questions or areas you want to focus on? Okay.

14 So I have Todd. You've identified you'd  
15 like to speak again. And James.

16 MR. JONES: Yeah. Thank you for the  
17 opportunity to speak again. So in my previous  
18 statement, I sort of highlighted some of the  
19 drawbacks associated with both the restriction on  
20 unbundled RECs and the proposed treatment of the  
21 firmed and shaped power. We believe that both --  
22 sort of the reason behind both of those things  
23 has to do with the perceived role of the MRR in  
24 Power Source Disclosure, specifically the  
25 interpretation that the MRR determines retail

1 claims to emissions. So the accounting rules for  
2 retail claims should be aligned between the RPS  
3 Power Source Disclosure and the MRR if the MRR is  
4 for retail claims.

5           Unbundled RECs and firmed and shaped  
6 products, if they are considered a renewable  
7 energy delivery for retail claims under the RPS,  
8 then they should be under Power Source  
9 Disclosure, as well, in terms of both fuel type  
10 and emissions. If both the RPS and the MRR  
11 reflect retail claims, one for fuel type and the  
12 other for emissions, and they disagree on  
13 unbundled RECs and firmed and shaped imports,  
14 then one of them has to be changed. That has to  
15 be reconciled. But Power Source Disclosure  
16 should not attempt to be consistent with both by  
17 creating this factual discrepancy between fuel  
18 mix and emissions.

19           But arguing that the MRR does represent  
20 an accounting of retail admissions for California  
21 has implications beyond Power Source Disclosure  
22 and CARB should really pay very close attention  
23 to that. If the MRR is for retail claims, then  
24 RECs really should be required for specified  
25 renewable imports to avoid double counting. If



1 it is not for retail claims, then it doesn't  
2 necessarily need to reference RECs at all but it  
3 shouldn't be necessarily used as a model for GHG  
4 emissions intensity in Power Source Disclosure.  
5 But in either case, unbundled RECs can be  
6 included and firmed and shaped emissions can be  
7 those associated with the RECs and Power Source  
8 Disclosure.

9           But in general, we recommend that this  
10 methodology for retail portfolio GHG emissions  
11 intensity be separate from the MRR. Forcing them  
12 to match is not good for either program. And AB  
13 1110 does not require that. California needs  
14 both a source-based account of emissions for cap  
15 and trade and a consumption-based account of  
16 emissions. And they can be different and both be  
17 accurate simultaneously for what they are.

18           And then finally, we think the best  
19 solution overall for Power Source Disclosure in  
20 California is to establish common rules across  
21 the west using all-generation certificate  
22 tracking. WREGIS could be an all-generation  
23 tracking system used for Power Source Disclosure  
24 in the same way that NEPOOL-GIS and PJM GATS and  
25 NYGATS are all currently used in the northeast

1 and mid-Atlantic states. And that would ensure  
2 no double counting for retail electricity  
3 products across the region and would not  
4 necessarily affect source-based accounting for  
5 cap and trade, and we think that's still an  
6 option for the Commission.

7 Thank you.

8 MS. LEE: Thank you, Todd.

9 James, did you have some additional  
10 comments?

11 MR. HENDRY: Thank you. James Hendry,  
12 San Francisco Public Utilities Commission.

13 I did want to pull out one thing Todd  
14 said is that San Francisco does also track all of  
15 its GHG-free but not renewable generation through  
16 WREGIS, as well, so I think that's a potential  
17 opportunity.

18 I just mainly had one question on the  
19 regulations regarding the definition of adjusted  
20 net purchase. I was wondering if someone could  
21 explain that because I've tried to go through the  
22 math and I'm having trouble trying to figure out  
23 whether it's retail, wholesale, exactly how it is  
24 calculated. So it's also a new addition to the  
25 regulations and so I was hoping it could be kind

1 of explained a little, what is -- what the intent  
2 is and at least sort of operationally how it  
3 works, if that's possible?

4 MS. LEE: Yeah. I think that we are  
5 happy to answer what the intent was behind that  
6 specific definition.

7 Jordan, would you?

8 MR. SCAVO: So adjusted net purchases  
9 means -- actually, let me start by saying there's  
10 gross purchases and then there's net purchases  
11 which is the gross purchases minus wholesale  
12 sales. After that, there's adjusted net  
13 purchases and that takes out other end uses that  
14 are not retail sales, so that would include  
15 potential storage losses, that would include  
16 transmission and distribution losses, other  
17 unaccounted for dispositions of electricity.  
18 It's meant to reconcile total purchases with  
19 retail sales so that the fuel mix percentages  
20 come out right.

21 The way that math works is that it  
22 proportionately reduces non-renewable fuel types.  
23 So if there is a difference between total net  
24 purchases and retail sales, non-renewable fuel  
25 categories are reduced proportionately to ensure

1 that total purchases then equals retail sales.

2 Does that make sense?

3 MR. HENDRY: So just to make this clear,  
4 if you have -- you know, you receive a certain  
5 amount of energy and you sell off what's  
6 wholesale, what's left is retail. And then why  
7 wouldn't that -- and then you take off whatever  
8 is the -- are you trying to adjust up just for  
9 the own uses, the excluded uses, the self-  
10 consumption ones? Is that the only thing you're  
11 trying to shore up for? So you're not trying to  
12 adjust for wholesale sales or -- so if you didn't  
13 have any self-use, you had a portfolio, you still  
14 have a few wholesale, you have a retail, don't  
15 exactly match what you're -- there would be no  
16 adjustment then between net purchases and  
17 adjusted net purchases; correct, I think?

18 MR. SCAVO: If you didn't have any  
19 transmission or distribution losses, then --

20 MR. HENDRY: Okay.

21 MR. SCAVO: -- yes.

22 MR. HENDRY: And true up distribution  
23 losses, as well, or is that --

24 MR. SCAVO: I'm sorry?

25 MR. HENDRY: Do you need to true up

1 transmission distribution losses, as well, or --

2 MR. SCAVO: Trip?

3 MR. HENDRY: True up transmission and  
4 distribution losses between --

5 MR. SCAVO: Oh. The way the regulation  
6 is written, you're supposed to report purchases  
7 as they're reported to balancing authorities. So  
8 if you're importing electricity into California,  
9 I assume there would be some T&D losses --

10 MR. HENDRY: Okay.

11 MR. SCAVO: -- from the point of  
12 importation to the BA to serve the customers.

13 MR. HENDRY: Okay. Great. Thank you.

14 MS. LEE: Okay. Anything new on the  
15 line, Ryan? Any parties raising a hand?

16 MR. KASTIGAR: No.

17 MS. LEE: Okay. All right.

18 Mr. Uhler, I believe you asked for a  
19 second opportunity to speak.

20 MR. UHLER: Steve Uhler again.

21 I'm concerned when somebody -- when a  
22 retail supplier says that's something's going to  
23 be onerous about tracking this stuff. I'm  
24 wondering how they bill and balance their  
25 systems? They should have data of where all this

1 stuff comes from because there should be  
2 contracts.

3           On this adjusted net purchase, does that  
4 also mean that the greenhouse gases that are lost  
5 into transmission losses are not accounted for?

6           MR. SCAVO: The greenhouse gases are only  
7 meant to reflect electricity that serves retail  
8 sales.

9           MR. UHLER: So --

10          MR. SCAVO: So if there's line losses,  
11 then those emissions aren't captured.

12          MR. UHLER: So where would one go to  
13 look, to find that missing greenhouse gas that it  
14 takes to run this system?

15          MS. LEE: That's really not within the  
16 scope of this proceeding, so we'd like to try to  
17 just address things specific to Power Source  
18 Disclosure.

19          MR. UHLER: So, okay, let's take an  
20 example of a generator from the basic notion of  
21 heat rate and the energy lost there and the  
22 greenhouse gases produced there and the QFER data  
23 and such. We're just going to decide that losses  
24 within the system are -- they don't change the  
25 carbon in the air?

1 MS. LEE: So again, I think, Jordan, you  
2 spoke, as well --

3 MR. UHLER: This has to do with the  
4 quality of the product that's being delivered.  
5 If somebody has undersized lines and is losing  
6 all kinds of electricity, I think the customers  
7 should know that they're -- they should invest in  
8 those kind of things. It's part of the product.  
9 I noticed this electric service product, you've  
10 crossed that out as a definition but you still  
11 use it on the label. And that service product is  
12 actually delivering it to the home. So those  
13 losses, those losses are a cost that is borne by  
14 that customer. They should know what the  
15 greenhouse gases are, you know? They pay for  
16 those losses. The utility doesn't just eat that,  
17 they pay for it.

18 So you need to consider that before you X  
19 these out. It should be all of the greenhouse  
20 gases produced in order to deliver that amount.  
21 Don't deduct any losses or any other type uses  
22 because the customer is paying for that. And  
23 your site says they know what they paying for.  
24 It's like a nutrition label and they know what  
25 they're getting for what they pay. So, yeah, you

1 need to account for those.

2 MS. LEE: Tim Tutt.

3 MR. TUTT: Hello. Just wanted to talk a  
4 little bit more about the PCC-2 contracts  
5 question.

6 I think Todd mentioned that the decisions  
7 that you make in this proceeding may have impacts  
8 on the renewable marketplace. And I want to go  
9 back to the example of 2196 and biomethane. I  
10 mean, that law did create grandfathered  
11 biomethane contracts. SMUD has several of those  
12 grandfathered biomethane contracts and we use  
13 that biomethane in our power plants. But the  
14 other aspect of that law is it pretty much cut  
15 off all new out-of-state biotmethane contracts.  
16 I am not aware of a single one that's been signed  
17 since that law went into effect. It had a big  
18 impact on the biomethane marketplace.

19 And SMUD used to have a policy of getting  
20 more biomethane so that we could use our flexible  
21 power plants to integrate the rest of the  
22 renewables we were buying. We no longer have  
23 that policy. We no longer trust state biomethane  
24 policy because of that law.

25 I don't think that what happens in the



1 Power Content Label will necessarily have as  
2 dramatic an impact as that but you've got to be  
3 careful with what you are saying because if you  
4 say this renewable contract which is eligible  
5 under the RPS has greenhouse gas emissions  
6 associated with it on your Power Content Label,  
7 it might say to companies and utilities, don't  
8 buy any more PCC-2, man. Okay.

9 MS. LEE: So those are all the formal  
10 request for comment. We did offer the  
11 opportunity to have further discussion around  
12 certain topics. If there's any specific question  
13 that you would like -- again, we can't really  
14 speak to specific policy approaches or  
15 considerations broadly. But if there's a  
16 specific question you'd like us to address or an  
17 area you'd like to revisit, anyone is welcome to  
18 let us know.

19 Yes, I have a hand raised. Please go  
20 ahead to the podium, just announce yourself.

21 MR. KERRIGAN: I'm Colin Kerrigan with  
22 PG&E again. I just wanted to, you know,  
23 highlight something that TURN mentioned.

24 We do acknowledge that, you know, there's  
25 still a lot of issues to work out with clean net

1 short before it could be implemented. We think a  
2 lot of those are probably not that hard in that  
3 most of the data that would be required is  
4 already something that's, you know, collected by  
5 nature by every scheduling coordinator for LSEs.  
6 However, to the extent to which we're on the  
7 clock now and it's not going to be possible to  
8 get it through this cycle, I would think the CEC  
9 needs to commit to working through these issues  
10 going forward because this issue is not going to  
11 go away. And the existing annual netting  
12 methodology won't be durable for the long term.

13 Thank you.

14 MS. LEE: Thank you. And I do want to  
15 encourage folks, the draft regulations are built  
16 on -- (timer rings) I'm stopping myself -- are  
17 built on the third staff draft proposal which  
18 does speak to, in some more detail, as to how the  
19 Energy Commission is viewing clean net short and  
20 does make reference that we do see value and  
21 benefit to it. And there has been a commitment  
22 made within statutory authority to continue to  
23 look at that.

24 Is there anything else that anyone in the  
25 room would like to comment on or visit in

1 discussion?

2           And, Commissioner Douglas, any areas you  
3 would like to ask any questions around? All  
4 right. Okay.

5           Well, Jordan, could you close out just  
6 our -- remind folks, we've said it a few times,  
7 comment period, things of that nature?

8           MR. SCAVO: Public comment period closes  
9 at 5:00 p.m. on March 20th. You can submit  
10 comments through our online docket system.  
11 There's a link on this slide. If you've got  
12 other questions, you can contact program staff.  
13 Contacts are also provided on the slide deck.

14           I want to thank everyone for coming.

15           MS. LEE: Thank you everyone.

16           (The workshop adjourned at 11:45 a.m.)

17

18

19

20

21

22

23

24

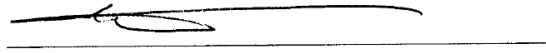
25

**REPORTER' S CERTIFICATE**

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of March, 2019.




PETER PETTY  
CER\*\*D-493  
Notary Public

**TRANSCRIBER'S CERTIFICATE**

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of March, 2019.



---

Myra Severtson  
Certified Transcriber  
AAERT No. CET\*\*D-852