

DOCKETED

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March 20, 2019

Jordan Scavo
California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-OIR-05
1516 Ninth Street
Sacramento CA, 95814-5512

Filed Electronically

RE: *AWEA-California Comments on Staff Pre-Rulemaking Workshop on Updates to the AB 1110 Regulations*

Dear Mr. Scavo,

The American Wind Energy Association California¹ (“AWEA-California”) provides the following comments on the February 20, 2019 Draft Regulations for the Power Source Disclosure Program.

Summary of Recommendations

1. The PSD program should reflect that firmed and shaped imports are bundled transactions that include both energy and RECs.
2. The CEC should continue to explore the applicability of the Clean Net Short calculator to PSD reporting.

DISCUSSION

I. The PSD Program Should Count All Firmed and Shaped Renewable Energy as Zero GHG Regardless of the Procurement Date.

¹ Members of AWEA-California include global leaders in utility-scale wind energy development, ownership, and operations, and many members also develop and own other energy infrastructure such as transmission, utility-scale solar, and energy storage. We are committed to the need for—and widespread economic benefits derived from—a diverse and balanced portfolio in California to reliably and affordably meet state energy demands and environmental goals. AWEA-California strives to direct the economic and environmental benefits of utility-scale wind energy to California.



Under the RPS program, a firm and shaped contract must be bundled, and the LSE must receive title to both the RECs and the energy from the renewable energy facility (i.e., similar to PCC-1). According to the WREGIS Operating Rules, RECs include all “Environmental Attributes,” which are defined to include any and all credits, benefits, emissions reductions, offsets, and allowances-howsoever-titled-attributable to the generation from the Generating Unit, and its avoided emission of pollutants.”² While AWEA-California recognizes that the transfer of RECs does not provide an absolute right to claim GHG reductions in other state programs, such as the Cap-and-Trade, it is important to acknowledge that many LSEs that invested in firm and shaped imports did so in reliance on the RPS rules in effect at the time (which allowed firm and shaped contracts), and made these investments to reduce their GHG emissions. Investments in firm and shaped imports provide LSEs with an important degree of flexibility in managing variable resources and transmission availability against their load profiles. The firm and shaped contract structure also ensures that the RECs cannot be counted twice and that the LSE actually owns the output of the underlying resource.

AWEA-California suggests that rather than setting an arbitrary cut-off for the grandfathering provision (e.g., February 2018), the Commission should simply allow all PCC-2 to count as zero GHG because ratepayers have paid for the underlying energy of these renewable energy facilities. Doing so would ensure that entities who have purchased a bundled firm and shaped product and have paid for the emissions attributes of the underlying facility receive the value of their investment by being able to claim a firm and shaped import as a zero-carbon import. Over time, the quantity of PCC-2 contracts will decline as the PCC-1 minimum percentages increase. As a result, lifting the grandfathering date would not likely affect the procurement practices of LSEs and LSEs could continue to fill out their portfolios with PCC-2 as they pursue longer term contracts with PCC-1 resources.

II. The CEC and Other Agencies Should Continue to Evaluate the Use of the Clean Net Short Calculator.

In the CPUC’s IRP process, the CPUC adopted the Clean Net Short (“CNS”) Calculator for purposes of evaluating each LSE’s progress towards its own GHG target. AWEA-California believes that the CNS calculator is an important tool to bridge the production profiles of clean energy resources with expected load growth. For example, the CNS calculator recognizes the production profile of high capacity factor wind resources. The CNS calculator aligns that production profile with the load profile of typical EV charging sessions (e.g., evening charging sessions). This alignment is particularly important as the State pursues complementary carbon reductions in the transportation and electricity sectors. Given the CEC’s role and oversight over

² WREGIS Operating Rules at p. 5, available at: <https://www.wecc.biz/Administrative/WREGIS%20Operating%20Rules%20Comment%20update%20LEAN.pdf>.



both areas, the CEC is uniquely positioned to help facilitate those complimentary carbon reductions. The CEC should align the PSD and PCL reporting that LSEs provide to ratepayers with the planning that is underway in the CPUC's IRP process. The CEC should continue to evaluate the applicability of the CNS calculator to the PSD program. Doing so will ensure that customers better understand the carbon profile of their LSE's investments and deliveries.

CONCLUSION

The proposed treatment of PCC-2 and grandfathered firmed and shaped resources should be revised to remove the grandfathering date for firmed and shaped imports. AWEA-California looks forward to working with the CEC towards the successful implementation of the PSD program and in evaluating future refinements that may better align the carbon accounting in the IRP process with the PSD program through the application of the Clean Net Short calculator to the PSD program.

Respectfully submitted,

/s/

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