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CALIFORNIA ENERGY COMMISSION

In the Matter of:

AB 1110 Implementation)
Rulemaking) Docket No. 16-OIR-05
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LEAD COMMISSIONER WORKSHOP

WARREN-ALQUIST STATE ENERGY BUILDING

ART ROSENFELD HEARING ROOM, FIRST FLOOR

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 7, 2019

10:00 A.M.

Reported by:

Peter Petty

APPEARANCES

COMMISSIONERS

Karen Douglas, Lead Commissioner

Eli Harland, Advisor to Commissioner Douglas

Kourtney Vaccaro, Advisor to Commissioner Douglas

Ken Rider, Advisor to Chair Hochschild

CEC STAFF

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Natalie Lee, Renewable Energy Division

Jordan Scavo, Renewable Energy Division

Ryan Kastigar

PUBLIC COMMENT

Steve Uhler

James Hendry, SFPUC

Dawn Weisz, MCE Clean Energy

Tim Tutt, SMUD

David Siao, Roseville Electric Utility

Scott Tomashefsky, Northern California Power Agency

Brian Biering, Ellison, Schneider, Harris, Donlan
American Wind Energy Association of California

Matthew Freedman, TURN

Samantha Weaver, East Bay Community Energy

Philip Schofield (via WebEx)

Susie Berlin (via WebEx)

APPEARANCES

PUBLIC COMMENT

Cynthia Vasko Clark, UC Office of the President

Sarah Dudley, CUE

Jessica Melton, Pacific Gas and Electric

Todd Jones, Center for Resource Solutions

Marcie Millner, Shell Energy

Margaret Miller, Avangrid Renewables

Doug Karpa, Peninsula Clean Energy

Todd Edmister, East Bay Community Energy

May Kelty (via WebEx), 3Degrees Group, Inc.

AGENDA

P R O C E E D I N G S

1:44 P.M.

SACRAMENTO, CALIFORNIA, THURSDAY, OCTOBER 7, 2019

COMMISSIONER DOUGLAS: I want to welcome all of you here. I'm Commissioner Karen Douglas. I'm the Energy Commission's Lead Commissioner for Renewable Energy. And I'll just introduce everyone on the dais.

To my, let's see, to my -- let's start with my left, Ken Rider. He's Chief of Staff in Chair Hochschild's Office. And then to my right, Eli Harland and Kourtney Vaccaro, my Advisors.

I'm pleased to have this opportunity to engage with all of you as the Commission develops updates to the Power Source Disclosure Regulations, including updates required by Assembly Bill 1110.

And so during this workshop, Staff will present the draft regulatory language which was made available for public review on September 6th, 2019. Staff will present a summary of revisions to the draft regulations presented at the staff's March 6th, 2019 workshop and answer your clarifying, technical and implementation questions. And, of course, we'll be here to listen to public comment as well.

Thank you all for taking the time to participate today. I look forward to hearing everyone's thoughtful comments and questions. And what I -- and I will make a note. We did, as I understand, have to change the WebEx number. So it sounds like a number -- a good number of people who wanted to participate by WebEx were able to get the new number and get on this. But we will also make a recording of this session available online for those who aren't able to hear it.

And so with this, I'll turn this over to the Commission staff for the workshop presentation.

MR. SCAVO: Hello. My name is Jordon Scavo. I'm the Staff Lead for AB 1110 Implementation.

We're holding this workshop as part of our rulemaking for updating the Power Source Disclosure Regulations. I'd like to thank everyone for attending, both in person and remotely.

Now let me start with a bit of housekeeping. For those of you who are not familiar with this building, the closest restrooms are located directly out this door. There's a snack bar on the second floor under the white awning up here.

And in the event of an emergency and guidance evacuation, please follow Energy Commission staff to the appropriate exits. We'll reconvene at Roosevelt Park, located diagonally across the street from this building, that direction. Please proceed calmly and quickly. And again, follow the employees with whom you are meeting to safely exit the building. Thank you.

Copies of the workshop agenda, slides and expressed terms are available on the desk near the entrance, as well as online. We will take oral comments after the staff presentation concludes. And I'll answer technical questions during the presentation at certain intervals.

For our participants joining us by WebEx, please remember to keep your line muted until you've been called on to speak.

Written comments should be submitted by Monday, October 21st, although I think I heard that we might be pushing out that date. We greatly appreciate comments submitted early. And

I'll provide a link in the presentation so that you can find the docket and instructions to file written comments online.

I'll begin with an over of the Power Source Disclosure Program and the changes required by AB 1110, then introduce the proposed regulations and discuss how they differ from the last version of the proposed regulations we presented in March of 2019.

I'll pause at certain points to answer any clarifying questions that folks have about the proposed regulatory language. After that, I'll outline our next steps and open the floor for public comments.

The Power Source Disclosure was established in 1998 and was designed to provide clear and accurate information about the sources of consumers' electricity.

Retail electricity suppliers are required to report their generation sources wholesale sales and retail sales annually. These data are used to construct individual power mixes for each electric service portfolio and for California as a whole. The Energy Commission uses information submitted in annual power source filings, as well as other sources, to help construct California's total system power mix. Retail suppliers then disclose to their customers a power content label, which displays the power mix of the customer's electric service product alongside that of the state's total system power mix.

Assembly Bill 1110, authored by Assembly Member Phil Ting, was signed into law in the fall of 2016. The new law makes a number of changes to the Power Source Disclosure Program. It requires retail suppliers to disclose the greenhouse gas emissions intensity associated with each electricity portfolio. A GHG emissions intensity is a rate, a mass quantity of emissions per unit of electricity. AB 1110 requires the Energy Commission, in consultation with the California Air Resources Board, to develop a method for calculating facility level GHG emissions intensities and overall GHG emissions intensities for each electricity portfolio and for California as a whole.

AB 1110 also requires the disclosure of a retail supplier's unbundled renewable energy credits, or RECs. These are RECs that have been disassociated from the electricity with which they were generated. AB 1110 provides the Energy Commission with the discretion to determine the appropriate method for a retail supplier to report and publicly disclose its unbundled RECs.

In addition, AB 1110 contains a provision requiring that all marketing claims pertaining to a retail supplier's GHG emissions intensity should be consistent with the methodology adopted by the Energy Commission through this proceeding.

We published the expressed terms on September 6th. Expressed terms if another way of referring to proposed regulatory language. These proposed regulations are an evolution of Staff implementation proposals we've issued since the summer of 2017.

I'll start by noting, the new version of the proposed regulations is largely consistent with the version we published in February of this year and presented in March. Unbundled RECs will still be required to be disclosed separately and not counted towards either an electricity portfolio's fuel mix or GHG emissions intensity. Firmed and shaped imports, meanwhile, will still be -- will still use the split treatment discussed in the last proposed regulations.

There are some new revisions to this version of the proposed regulations, such as the reporting of unspecified power and CAM resources, and the method for reconciling net procurements with retail sales. I'll address such differences in more detail later in this presentation.

The definition section is broadly consistent with the version we released in February of 2019. This section features several modifications designed to incorporate statutory elements or to update the program to reflect the changing industry landscape. We made one substantive change to the definition section that reflects our original intent and a basic tenant of resource accounting across the industry. To that end, we've clarified that a specified purchase recognized under this program must have been procured under a preexisting contract executed prior to the generation of the electricity being procured.

Are there any questions about that change or about the definition section of the proposed regulations?

MR. UHLER: Steve Uhler, U-H-L-E-R. A question about a private contract, and I've docketed that already. I was hoping that you'd answer that. Private contract, you don't have a definition for that. I gave you legal -- or a document from a university that talks about private contract, public contract, and impaired contracts, I'd like to have that clarified. Do you leave out public contracts? Because they'll just -- the public contracts could be impaired under the contract clause of the U.S. Constitution.

The one is you have some definitions in here in quotes. Those words are not used in any of the expressed terms. It has -- you know, it's around what is a portfolio. You have a number -- you have like three of them in a row and you only use one of them. That makes it unclear.

And your building standards, you just went through a whole situation of complying with the EPA 11394.5, or something like that, for clarity, where they've removed all these redundant and unused definitions, so I'll further docket that.

So under the definitions, also, is there a problem with putting paragraph numbers or letters on those? You used to have them. It would be good, particularly -- yeah, it would be good to have that section citable through a number system as opposed to just the words.

Thanks.

MR. HENDRY: Good afternoon. James Hendry, San Francisco PUC.

I'm just trying to reconcile the clarification that says, "Specified purchase must be substantiated through a preexisting contract." And -- but when you go that regulations, it has two criteria, which it has first that one, and then it says, "And they must have E-Tag for all electricity delivered that is imported to a California balancing authority." And then it goes on to say if you don't have both one and the second one, you get assigned, basically, the unspecified emissions rate.

And so I understand, you're trying to deal with out-of-state power and the Bucket 2 issue. But if you have an in-state transaction where we are selling greenhouse gas power to someone else, we do it under a preexisting contract, but there are no E-Tags associated with that. So I think where you have, you know, you have both one and two, I think you mean it has to be a preexisting contract and, if applicable, E-Tags associated with out-of-state delivery, I think.

MR. SCAVO: Thanks. Yeah, that's right. Okay.

Any other questions about the definition's section? Okay.

Mr. Uhler, you had a few questions kind of embedded in that comment. I'll see if I can cover all of them. There --

MR. UHLER: (Off mike.) I'll be ready for (indiscernible).

MR. SCAVO: Would you mind repeating them?

MR. UHLER: Okay. Public contract. You have a situation under custom portfolios where you refer to, if it's a public -- or a private contract, excuse me, private contract, where you don't have to provide a power content label. Now private contract, and what is submitted to the docket, there's information there describing private contracts as a contract between two private citizens. But there, you don't -- maybe that's not the good term to use because there are public contracts. And that document attached to my initial statement even cites that it was -- public contracts were the first ones to be challenged under the contract clause. And that's -- that allows impairment.

I'm largely interested in this because I've had a contract with SMUD and never got a power content label. But now I may be coming and being enlightened to the notion that they can impair those contracts at will. And if that's the case, then I'd like to -- you know, and there needs to be more clarification there.

Are you just simply accepting that they can impair those at will and that's the balance, that's the public contract side, and you're not going to talk about that? Or my suggestion was to call it, like the statute calls it, a standard contract or tariff is what is used in many places in the Public Utility Code, referring to something that is standard as opposed to something that is customer, so that would be one of them.

Do you have any reason why you choose private contract?

MR. SCAVO: That's an area where we may require additional clarification to clear up our intent there. These are meant to be bilaterally negotiated contracts between a retail supplier and some other entity. But as you say, these are meant to cover things that aren't standard offerings or tariffs.

MR. UHLER: Okay. That's what is meant, but right now it looks like a private contract that was -- or a public, excuse me, a public contract that was done that way. In other words, a POU makes a contract. Do they all, all of those, all the POUs have to give out power content labels regardless?

MR. SCAVO: Regardless of what?

MR. UHLER: Whether it's one person selects that tariff? That is -- and you need to be more clear on what -- where you don't have to supply a power content label.

It's the large reason why I'm here. My basic feeling is the public hasn't been notified with power content labels. They don't know what's in their electricity or what percentages. And I'm trying to get it clear of why I never got power content labels. So I'm coming to this, you know, rulemaking to make sure that I know exactly, and then I can tell my friends, oh, when you buy that, they can actually take the credits, never give you a power content label, if they are a public entity who's supplying that. And that's what I'm looking for. I want clarification.

MR. SCAVO: Well, I appreciate the comment. As I said, any customer that's under a standard tariff or offering should get a power content label. And we can use your feedback to consider additional clarifications to the regulatory language.

MR. UHLER: Okay. The definitions' part, you have electricity portfolio, then you have offering, electricity offering and electricity supply portfolio. The second two, if you search your expressed terms, you don't use the second two. What are they there for?

MR. SCAVO: I can appreciate why that may seem confusing. That was actually an effort to try and improve the clarity of the regulations. Those are terms that are either used in the statute because the enabling statutes use a couple of different terms, and one of the terms was used in the existing version of the regulations. This is meant to collect all the terms in one place and establish that they all mean the same thing. And in going forward, we're sticking to just a single term in the regulations.

MR. UHLER: Okay. Portfolio, electricity portfolio seems to be the single term.

MR. SCAVO: Correct.

MR. UHLER: Okay. This is another point, is some utilities have many tariffs, many portfolios. They have a portfolio for all-electric house, all-electric houses with well pumps, and so on. In the past, there's only one power content label.

I've made a request for prior power content labels, like for SMUD, can you give me one? And I gave their brochure on all of their tariffs for residential. And what was returned to me, nearly -- I mean, there was a few power content labels but they didn't -- I would like to know, in the case where you have all-electric, all-electric with well pump, and some of these in the past, what happened to those power content labels? Now if you have a time-of-use rate, a net-metering rate and such, will there be a power content label? And since that metering is not a retail sale, could that be another reason?

Because solar shares is not a retail sale. That's a net-metering. So there is -- there's no sale, no commodity exchanged for money. How are you accounting for those type of things?

Most of this stuff is around this definition, what is this portfolio? And which ones can, when you purchase this, can you expect to actually get a power content label, is what I'm after?

So do you follow?

MR. SCAVO: Closely enough, I think.

MR. UHLER: Yeah.

MR. SCAVO: So I think in those situations you described, I would expect that those customers should get a power content label. Unless they have like a custom contract with their utility or retail electricity provider, they should receive a power content label.

I know that you've asked about prior labels in the past. That's, I think, outside the scope of this rulemaking. It's also outside my particular area of work. I can't answer that question.

MR. UHLER: Okay. It's the only -- and the reason why I bring it up is before you had just simply an offer or a tariff, that's all it had to be to get a power content label, an offer or a tariff. So why are you breaking it up into all these things? Because an offer or a tariff sounds like it covers everything. And now you're going into, well, all these different other terms that are related to portfolio and stuff. That's why I'm asking. It's like why? Why does it need additional definition? Why isn't offer or tariff enough in order to know that you should get a power content label?

Because this adds a lot of confusion. It's like, oh, you didn't get this one because you were a this or you were a that. It's an offer or tariff. And then the utilities use a tariff. And you have a tariff with a number and an ID, a separate one. I see you put this additional language in here. And that's something that might go into some other guideline to let your folks know internally that, oh, yeah, all that has to do is have a different name and we give it a power content label.

So are you following what I'm saying there when I'm talking about why do we need anything beyond an offer or a tariff? Because it adds more things to cause more confusion to people. It's like what is a portfolio? I know I get a bill and I've got a residential with gas home heating, or I've got a time-of-day rate, or I've got a net-metering rate. Why not just offer a tariff? Justify the additional language that can add confusion.

MR. SCAVO: Well, as I've said, there's one exception in there that's spelled out in the definitions that provides retail suppliers with the ability to not a submit power content label in the case in which they have a custom contract with a customer. The reasons for that are laid out in the initial statement of reasons. But I do, I think, understand the concerns you're voicing here and appreciate the comment. That's something that we can use as we're evaluating further changes to the regulatory language.

MR. UHLER: Okay. But you went back to the one related to the custom, and I'm talking about just straight, why are you using portfolio? Why don't you just use offer or tariff, like in the past? What it is? What's the big deal with that? If you have, through a tariff or a schedule from a utility, it's printed on your bill, that should be enough to get to a power content label. Then you could see all the other folks who are living in a house with gas heating and electricity and what electricity they got. And they're -- when they used it, because, you know, people with gas stoves are like, hey, I love this time, this rate, I can turn on this stuff.

So that's what I'm talking about. Are we going to see power content label from SMUD for houses that have gas heating? Is it going to be broken up? Because with time of day, that is actually -- everybody's custom at that point. Everybody has a custom use. Everybody is -- particularly if you have gas and you don't have -- that you're not all electric, because you have a choice and you cannot use that. You can consume energy that other folks don't get to consume through using gas. That's a separate thing.

MR. SCAVO: As I mentioned, we went with -- we laid out these terms because they're either used in statute or used in the existing regulations. The purpose of this was to not -- to try and consolidate terms. I appreciate the perspective that there could be different terms we could use that are maybe more illustrative of what we're trying to convey. I can only say that the terms we've gone with were semantic choices. But we appreciate the comment.

And your second question about whether you would receive a power content label if you are a gas customer of SMUD, I'm not --

MR. UHLER: Well, no, what I'm talking about is the situation for people to know their impact. Because all of this regulation and all of this stuff has little effect if the folks who are pulling the levers and turning the lights on and doing whatever have no idea how much greenhouse gas is delivered to them, and that's -- we're missing out on a lot of horsepower. A lot of people think, oh, I moved in this house, got a few solar panels on the roof, I'm guilt-free.

COMMISSIONER DOUGLAS: All right. So, Mr. Uhler, I'm just going to ask that we -- you know, this is the time for clarifying questions and it's helpful, but we also have to move on. So I'm just going to ask that you make points. If Jordan has a quick answer, he can give it.

Otherwise, we've got your comment and you can follow up in writing and get to it, just so that we get through everybody's comments and questions and get through the agenda today.

MR. UHLER: May I make a suggestion?

COMMISSIONER DOUGLAS: Please.

MR. UHLER: I think I'm the only one who's made comments pre, in plenty of time --

COMMISSIONER DOUGLAS: You did.

MR. UHLER: -- for somebody to answer all of those.

COMMISSIONER DOUGLAS: That is -- you did submit comments early. However, if Jordan has a ready answer, he can give it. If he doesn't, then I think we should move on.

MR. UHLER: I understand that. I would appreciate feedback --

COMMISSIONER DOUGLAS: Yes.

MR. UHLER: -- when I turn in a comment, through the docket, to get feedback. You should go through the docket. I've gotten no feedback on any of my comments. So I am --

COMMISSIONER DOUGLAS: We are in the process.

MR. UHLER: -- I am here --

COMMISSIONER DOUGLAS: Please ask your questions. But we don't want --

MR. UHLER: Yeah.

COMMISSIONER DOUGLAS: -- to spend --

MR. UHLER: I don't want to burden this time for anybody else either. I'm just saying, just answer the comments and do it in the docket.

Your public record's people sent me some stuff and I said, I know it says right there, answer it in the docket. Don't send me an email because it's not on the record, according to 1208.

So that's all I'm saying. I would be up here if you had already answered them.

All right, I have a better question.

MS. DECARLO: Lisa DeCarlo, really quickly, Energy Commission, Staff Counsel.

Just in terms of the formal APA process, we will be responding to all documents -- or all comments and questions submitted through the dockets during the formal comment period, certainly by the time the final statement of resources is produced and docketed. We can't commit, necessarily, to responding prior to that. But certainly the formal APA process does require a formal response to every comment submitted, so --

MR. UHLER: It does, but it’s not very efficient -- Steve Uhler again -- not very efficient to not respond to -- particularly when somebody takes the time to put in the comment and have it laying out there. They didn’t even make these simple corrections for citing issues in what you’re showing here today. That will come up later, I guess, when you get to that further down and you get into 1393. You should at least do that.

Thanks.

MS. WEISZ: I just had a brief clarification. This is Dawn Weisz. I’m the President of the California Community Choice Association.

Many of our members, over the last year, have reached out and made comments regarding the EIM transactions and determining what the right mechanism would be to reflect those in the power content label, probably by using the CMRIs that are transferred, along with those EIM transactions. We don’t see any of that reflected here. And I just wanted to ask if there’s been any progress on that and if that will be incorporated into the final regulations?

MS. LEE: Could I ask, Dawn, would you mind if we held that until the end of the presentation to address --

MS. WEISZ: Sure.

MS. LEE: -- as a broader topic?

MS. WEISZ: Of course. Thank you.

MS. LEE: Thank you, Dawn.

MR. SCAVO: Any other questions about the definitions section? Okay.

The following section is 1392. There are no substantive changes to that section from the current regulations. Section 1392 pertains to obsolete reporting requirements for generators and balancing authorities.

So I'm just going to move on to section 1393. This section lays out the accounting methodology underpinning the program. Most of this should be familiar to folks who have followed this proceeding.

Consistent with the February 2019 version of the proposed regulations, unbundled RECs will not be used to adjust the fuel mix or GHG emissions of electricity portfolio under this program. The fuel mix will be calculated according to the fuel type of the procured electricity. In the case of firmed and shaped imports the fuel type of the procured RECs, rather than that of the substitute power, will be used to calculate the fuel mix.

The GHG emissions intensity will be calculated according to the sources of electricity that deliver power to a California balancing authority.

For firmed and shaped imports, this means that the GHG emissions associated with the substitute power will be used to calculate the emissions intensity of the portfolio, rather than the GHG emissions associated with the source of the RECs.

This new version of the proposed regulations retains the GHG emissions exclusions, subject to certain provisions, as outlined in the February 2019 version of the draft regulations. This means that the GHG emissions of firmed and shaped imports under a contract executed prior to January 1st, 2019 will be exempt from disclosure on the power content label. This section also details rules for an emissions' adjustment based on banking excess zero-GHG credits in a prior year.

We know this statutory provision applies to Hetch Hetchy. Thus far, we haven't heard from stakeholders identifying other procurements that might meet the parameters we've laid out.

This version of the proposed regulations contains a few substantive updates to the February 2019 version. The first update to this section proposes a different method for calculating unspecified power. Under this proposal, unspecified power will be determined by comparing total specified procurements to retail sales. If retail sales exceeds total specified procurements, then the difference will be reported by unspecified power. If the total specified procurements exceeds retail sales, then the retail supplier will report zero procurement of unspecified power.

The second change pertains to the share resources procured at the direction of the CPUC, such as those procured through the cost allocation mechanism, or CAM. In this proposal, investor-owned utilities that hold contracts with CAM resources will only claim the portion of CAM resources attributed to the investor-owned utility by the CPUC. The remainder of CAM generation will be considered grid power with the emissions intensity of unspecified power and will be claimed by retailer suppliers when they report retail sales in excess of specified procurements, as I've detailed on the previous slide.

The third update adjusts how specified purchases are attributed to retail sales. This proposal outlines a reduction order for situations in which total specified purchases exceeds retail sales. Under this provision, natural gas resources will be the first sources to be proportionately reduced so that total specified purchases equals retail sales. If the electricity portfolio contains insufficient natural gas generation to cover the excess specified purchases, then each line item of coal and other fuels will be proportionately reduced. If all these fuel types are reduced to zero and there is still excess specified purchases, then large hydro and nuclear will be proportionately reduced.

Let me pause here and ask if there are any questions about those provisions I've just outlined or section 1393 in general?

MR. UHLER: Yeah. It's Steve Uhler.

Under A6, it sounds like you're suggesting that this over-purchase is not associated with the use of retail sales. I submitted something this morning to try to sum it up.

What we use in industry if we want to figure out if we want to deliver a certain amount is we have a yield factor. And the yield factor would say, okay, I want to deliver 100 but I have losses, so -- and 20 percent losses or so, so I need 120 or so in order to deliver those. Those costs are still involved. Those greenhouse gases still go in the air.

There is, let's see here, a requirement under 1393(c), which I'll link these two together because the measurement that's required is the greenhouse gases for retail sales related to total system power. Those are associated with the retail sales. If they're not, you need to have a power content label to tell us how much greenhouse gases are being consumed by the utility who overbuys.

Also, loading order, job one is

efficiency. This is a number of efficiency. So this is not -- it makes the power content label very inaccurate. It can be extremely inaccurate. Don't know how far off it's going to be because we don't know how much of this stuff has been buried.

So you should use a yield factor and then you multiply it times the retail sales against the various generating facilities to capture the total amount of greenhouse gases. It may take 1.18 kilowatts of generation to deliver one. There are still greenhouse gases entirely involved and associated with that one kilowatt up to that 1.18.

So this doesn't meet like the second to -- paragraph of the statute, that it has to be accurate, first and second, it has to be accurate. This is not at all accurate. And if you ran a business this way, hiding all your losses, it wouldn't be good.

So in no way can this mechanism be used to choosing, well, we'll remove natural gas and coal and stuff like that. No. It should actually be the other way around, if you're going to consider it. You remove the renewables.

Because some of those renewables are causing these undeliverables with spinning reserves and so on and so forth to that had to be purchased. So in no way should this be done. If this is prescriptive, I say the performance -- a performance method would be better, and it would be to use a yield factor. And I'll do more written comment on that but in no way should this be used.

MR. SCAVO: Thank you for your comment.

MR. HENDRY: Good afternoon. Again, James Hendry, San Francisco PUC. I had just two clarifying questions.

The first, on the third bullet point about reconciling specified purchases with retail sales is the statute says you only report retail sales. I'm unclear how you then can do this proportional allocation methodology?

And also, if you have, again, if you look at resources as opposed to contracts, if you have a resource and it's under contract to multiple people, including yourself, under the power content label, you basically report the total output and then you report what's resold to others. And so what's resold to others could be a portion of that output. And rather than that being assigned to them as a retail sale, it appears that, under this methodology, a portion of those retail sales could get allocated back to you as the owner of the plant.

And so I'm just trying to reconcile the two of those in trying to make sure it's consistent with the requirement that we're focused just on retail sales.

MR. SCAVO: Can you restate that second question please?

MR. HENDRY: Under the power content label, take, for example, you own a power plant and you, you know, you report in the power content label total output of the plant. You then report what you've resold. And what you resold is, basically, could be a specified purchases. And assume it's under contract, that you have agreement that you're going to resale this output to somebody else as a wholesale sale to them, what happens is two things. The person who buys it then is reporting it as a retail sale on their end. But under this weighted methodology, it's possible that the seller, the person who owns the plant who is selling this power is a specified purchase, would also have end up having to report it under this proportional allocation of trying to reconcile specified purchases with retail sales.

MR. SCAVO: Okay. So what we've proposed isn't a major departure from how the program has operated for years. That issue that we meant to address is that in statute the denominator for these calculations is established to be retail sales. We know that in most cases total procurements aren't going to equal retail sales, so we need some way to balance those out so that the math works out correctly.

In the case you described, if the utility resold at wholesale power from some generator it owned, that generation would be deducted on Schedule 1. It wouldn't be subject to this reduction order.

MR. HENDRY: Okay. I take it that was your reading but having read through this several times, I admit, I'm still trying to understand the clarity of how you get from that to that conclusion based on the subsequent, like equations four through six. It's -- I'm trying to understand that, so that's why I'm asking this question.

Thank you.

MR. SCAVO: Thank you.

MR. HENDRY: And then one question on CAM. If you could go back a slide on the treatment of CAM resources, on how they'd be reported? They're just reported by the investor-owned utility as a separate line item and then get attributable to grid power. But then how does that show up if you're not the IOU? Does it show up in the CCAs or publicly-owned utilities' power content label anywhere then?

MR. SCAVO: It's not specifically displayed in the power content label.

MR. HENDRY: Okay.

MR. SCAVO: That remainder generation is considered to be serving grid power. So any entity that reports unspecified power on their filings will --

MR. HENDRY: Get their share of it? Okay. Great.

MR. SCAVO: Correct.

MR. HENDRY: Thank you. That's -- I was a little unclear on that. Thank you.

MS. LEE: Can I make a request? If you

speak, when you do announce your name, could you also state your affiliation? And if you have a business card with you, if you could leave that with our Court Reporter, it will greatly help us.

MR. TUTT: Good afternoon. Tim Tutt from SMUD. I guess I just had a clarifying question about the treatment of what's called PCC-2 resources. And as I understand it, if you have a contract signed before January 2019 the contract will show up as renewable on your power content label with zero GHG emissions associated with that transaction. But if it's after that, it will show up as renewable on your power content label with GHG emissions associated with the transaction. And I'm just wondering what the rationale for the disparate treatment of those two situations is?

MR. SCAVO: The rationales are laid out in our additional statement of reasons.

Just to keep it very brief, this grandfather proposal was proposed as a response to stakeholder interest. I think, if you'll recall, in earlier versions of our implementation proposals there wasn't this grandfathered treatment.

MR. TUTT: Understand. So stakeholders suggested that they had entered into these contracts with good -- in good faith and they wanted the procurement that they thought they were purchasing honored by this process?

MR. SCAVO: Correct.

MR. TUTT: Yeah. So are you suggesting then that in the future you don't want parties to enter into these kinds of contracts?

MR. SCAVO: We don't give guidance on the types of contracts that parties should enter into.

MR. TUTT: But if an entity wishes to go buy renewable power with substitute power, they may not do that because there's no GHG emissions associated with that renewable procurement; is that correct?

MS. LEE: Can I speak to that? I think the issue here with the date was that the state had not, before this date, issued guidance to entities as to how GHG emissions would be calculated. So for contracts entered into previously, the state had not provided that guidance. The state has now provided that guidance and the rules, so that's justified the difference in the treatment. And we're certainly not encouraging or discouraging any specific type of purchase or contract arrangement. We're simply stating the rules as to how, based on the contracts that are entered into, how those emissions must be disclosed.

MR. TUTT: Sure. So Product Content Category 2 contracts are allowed under the RPS, up to 25 percent of your procurement; right? Is it fair to say that if you have to disclose on a power content label GHG emissions associated with that renewable procurement, that eligible renewable procurement, that that will act to discourage that type of contract?

MS. LEE: I'm just looking to see if any of the other parties would like to speak as well?

Yeah, I think that that would be an appropriate public comment to be addressed in the rulemaking. Specific to this workshop, I understand the concern. But, again, I can only say that the rules are being established specific to our statutory direction to provide consumer information.

MR. TUTT: Okay. Thank you.

MS. LEE: Thank you, Tim.

MR. SIAO: Hello. David Siao with Roseville Electric. And thank you, Commission, for holding this workshop and speaking with us today.

Just wanted to ask a question related to what Tim was just discussing with you, specifically regarding section 1393(d)(1)(B). So this is regarding contracts after 2019 or contracts signed before then that are either extended or amended and, you know, whether they can or can't count towards being clean?

Roseville has a situation where we have a Bucket 2 contract. It's been, I don't know if I would call it amended, but we have had an update to one of our exhibits where our counterparty is clarifying what resources we are getting the Bucket 2 resources from. So I just wanted a bit of clarification on what rises to the level of an amendment? Is it any change or any update, or is it something that's more material than that?

Thank you.

MR. SCAVO: That's not a question I think I could answer right now but it's something that we'll bear in mind to as we move further in this process. Thank you.

MR. SIAO: You're welcome.

MR. SCAVO: Excellent. Thank you.

MR. TOMASHEFSKY: Thanks. Good afternoon. Thanks. Always appreciate the opportunity to have a workshop and to have a conversation about things like this.

With respect to large hydro, going back to the reconciling of procurement and retail sales, the reduction order, at least mathematically, I understand what you're trying to do. And if you look at the way it's done on the current label, there's sort of a pro rata reduction, so this sort of clarifies some of that. So you've got sort of a priority order in terms of how you take it out of there.

With respect to a lot of public utilities with large hydro, there is no way to basically lay off that load. That load is targeted to retail sales. It is targeted to the communities that are being served. And so as soon as you do that, if you get to a point where you're starting to lay off certain elements, you can provide some variations in terms of what you're trying to show in terms of the resource mix and your emissions profile, so there's that element.

I will say that in abundant hydro years, and we've actually had a couple of good ones in the last few years, we are now getting into a situation where some utilities are well over 100 percent. And large hydro is not the one that gets laid off. You may not get down to that mathematically in certain circumstances. But as we get closer to dealing with the 100 percent carbon goals of 2045 and getting closer to the 60 percent threshold, that becomes more of a problem, just mathematically.

So I wanted to flag that for you because you certainly don't want to get into a situation where you're providing information to your community that doesn't reflect the fact that you have a lot of hydro in your portfolio, especially when you can't lay it off, and especially when we're now in the process of getting ready to sign 30-year extensions on existing agreements.

So we definitely do not want to downplay the value of large hydro in any community's portfolio, and this could do that. It doesn't necessarily do it in all cases.

The other question is more of a clarification in terms of the relationship between the sales that's normalized to 100 percent and the carbon emissions that are actually going to show up on another portion of the label. Are those two both backed down? So to the extent that you are normalizing some gas resource out of the equation, does it also then normalize one component of the emissions profile that is represented, or are they operating independently so you don't really have a one-to-one comparison between the resources that are actually showing up on the left side of the label and the emissions factor that shows up in the bar?

MR. SCAVO: Would you mind rephrasing that? I'm not sure --

MR. TOMASHEFSKY: Sure.

MR. SCAVO: -- I understand the question.

MR. TOMASHEFSKY: So with respect to you have a certain amount of resource that shows up on the left side of the label today, which gets normalized to 100 percent. And you've got a scenario to now deal with normalizing to 100 percent here. Now we throw in an emissions intensity level. So are you taking only the emissions associated with what is remaining or what's attached to the 100 percent normalized amount or are you taking the emissions that's associated with all of your mix, and therefore --

MR. SCAVO: Yeah. So the emissions calculation takes place after this reduction order is applied that reconciles total purchases with retail sales. So whatever's left over that is considered to be attributed to retail sales, those are the sources that form the basis for the emissions calculation.

MR. TOMASHEFSKY: So basically, if you lose a megawatt of natural gas, you would take that megawatt of natural gas out of the equation?

MR. SCAVO: Correct.

MR. TOMASHEFSKY: Okay. All right. Thank you.

MS. LEE: Scott, this is Natalie Lee. Could I ask, in the circumstance that you were discussing for abundant hydro years, and could, in making your comment, could you give us, you know, an anonymous but fairly practical example, so we can take a look if the concern is that we're restricting the placement of when you would deduct hydro, where you would preferentially want to have flexibility in, perhaps, reducing a different category, other than the hydro?

MR. TOMASHEFSKY: Sure. Sure, we can do that. I think that the problem that you'll -- that we run into, and I think that's just sort of the ongoing concern that we've expressed in terms of how to reconcile the power content label with the programs that we're dealing with, the RPS Program and the Climate Program, is that we have a way of dealing with that now within the RPS Program, where we step back on the renewables. So in one respect, you're doing that and you're normalizing it in the compliance aspect of the RPS Program, but then it doesn't really do the same thing here.

So they're not exact sciences anyway. But what this one does is it just sort of -- it can potentially skew the story that you're telling to your constituents in terms of what your resource mix really looks like.

So, yeah, we'd happy to do that.

MS. LEE: That would be great.

MR. TOMASHEFSKY: Yeah.

MS. LEE: It would be great to know what you recommend, you know, in that trying to be consistent with the information for your consumers.

MR. TOMASHEFSKY: Sure.

MS. LEE: Thank you.

MR. TOMASHEFSKY: Happy to do that. Thank you.

MR. BIERING: Good afternoon. I'm Brian Biering on behalf of the American Wind Energy Association of California.

I wanted to follow up on the question that SMUD posed in relation to the grandfathered dated. I heard you say that there was guidance that came out ahead of the January 1st, 2019 date, indicating that this might happen. And I was wondering what guidance you were referring to? Was that the draft staff proposal or was there something else?

MS. DECARLO: Yeah. It's the draft staff proposal.

MR. BIERING: Thanks.

MR. SCAVO: Are there other questions pertaining to section 1393?

MR. UHLER: Steve Uhler. Related to deductions, what about contracts for net metering? No retail sale happens there. Your formulas don't -- they don't recognize that production, that procurement. They don't, also don't talk about where you deduct what you wholesale. All of those should be in the formula so that members of the public, when they get the label, they can look at your regulations and figure out what it means, any -- every bit of the procurement, so we can watch over this situation.

The PCC-2 stuff, the firmed and shaped stuff, yeah, we should still -- there should be no grandfathering. We should know what's in it. RPS puts less value on that because it's less valuable. You have to burn a natural -- you have to burn a fossil fuel in order to have a retail sale on that.

So, yeah, there should be no grandfathering. We should know exactly what carbon is in. If you go to EIA, it will tell me that SMUD has about 10 gigawatts of solar. It has no wind, no wind delivered to bank. And if I look at that and I sum that out and say that's my power content, that's not even going to come close to this.

So you need to stop moving these things out of view of the public. This is for the public to see. This is the public's label. This is make it show all the costs involved in this so that we can make decisions about when or wind or what to tell our local utility to do.

Thanks.

MR. SCAVO: Thank you for the comments.

To answer the two questions, I think I heard in there, net-metered generation can't be reported. It isn't associated with retail sales. And wholesale sales are deducted before this reduction order takes place. The reduction order is applied to net purchases, which means gross purchases minus wholesale sales.

MR. UHLER: Steve Uhler again. I'm just, I'm trying to understand this net purchase. At what point do you decide it's a net purchase? Because if somebody's using a kilowatt, they turn -- flip a switch on, there is a power plant that might have gone up 108 percent to handle that little -- you know, for that kilowatt. Where is this net purchase thing? I don't -- I don't see.

You bought all this stuff in order to deliver that one kilowatt. That has all of the value -- that has all the costs in it. It has to be captured, otherwise you're hiding. You're hiding these factors. You're hiding that there's fossil fuel going into this. Because most likely, when you flip a switch, particularly in the middle of the night, there's no solar. People really need to know that, hey, you're not all solar.

We have a stadium here who says, yeah, they're powered by solar, but they play the games at night. That's not correct. So these power content label need to show, yeah, there's fossil fuel involved in you running your event there. We need to see that. The public needs to see that. We need to know we need to make the change because, obviously, this is stacked around a regulation to be light on the producers. Now we need to know what's truly there. It's got to be accurate. You need to move entirely away from that notion.

You purchased it. You purchased 1.2 kilowatts to deliver me one kilowatt, you need to tell me everything that goes into that.

Thanks.

MR. SCAVO: Thank you.

MR. TUTT: Tim Tutt from SMUD again. Another clarifying question about the PCC-2 resources.

As I understand that transaction, the renewable power, wind or solar or out-of-state, that was procured by a California consumer or their utility is laid off in the jurisdiction where it's generated and that substitute power is sort of brought in lower transmission lines. And that has a GHG attribute for that consumer or that utility.

Are you going to ensure that the power that's laid off out of state has a zero GHG attribute associated with it or is that attribute just going to be lost to the procurement transaction?

MR. SCAVO: This program only governs California emissions.

MR. TUTT: Does that mean that that attribute might be lost to the procurement transaction, that California is procuring that renewable?

MR. SCAVO: I can't answer that, Tim. If that's a comment you'd like to make, please do so.

MR. TUTT: Thank you.

MR. SCAVO: Are there any other technical questions about section 1393?

Section 1394 is largely unchanged, save for a few clarifications to support program administration. This section outlines data reporting requirements for retail suppliers, as well as optional reporting provisions for asset-controlling suppliers that would like to have their system power broken out by fuel type, instead of characterized as unspecified power.

Retail suppliers will continue to report the wholesale purchases and resales of generation procured in the previous calendar year to support each electricity portfolio, along with certain identifying metadata pertaining to each generator. Retail suppliers will also report the quantity of unbundled RECs retired during the previous year in support of each electricity portfolio.

At their discretion, asset-controlling suppliers may report to the CEC the fuel mix corresponding to the most recent data reported to CARB under the mandatory reporting regulation.

We have made a few substantive updates to this section to better facilitate our data verification activities.

First, to account for specified purchases in excess of retail sales, we've added a requirement for retail suppliers to provide the quantities and end uses of electricity that does not serve retail sales, such as line losses or municipal street lighting.

And second, to assist in verification activities pertaining to unbundled RECs, we've added a stipulation that, upon request, retail suppliers will authorize WREGIS to confirm the quantities of unbundled REC retirements reported by the retail supplier.

And I'll stop here and ask if there are questions about section 1394?

MR. FREEDMAN: Thanks. Matt Friedman on behalf of the Utility Reform Network.

The first slide in this section, you mentioned that asset-controlling suppliers may report their portfolios at their discretion. I wasn't totally clear under what circumstances an asset-controlling supplier has discretion as to how it reports. Could you say a little bit more about that?

MR. SCAVO: So they're not required to report under our program. On a voluntary basis, they can elect to report to us in a manner that's consistent with the reporting they do for CARB so that their fuel mix can be reported as broken down by particular fuel categories. They don't have to do it. If they would like to, they can choose to.

MR. FREEDMAN: And if an asset-controlling supplier doesn't report, what would be the resource attribution for a purchase from that supplier?

MR. SCAVO: It would be assigned the fuel type of unspecified power.

MR. FREEDMAN: Okay. Thank you.

MR. UHLER: This is one of the ones that has citing error. It cites 1393(a)(7) under -- Steve Uhler again -- under 1394(b)(1)(B)(4), a citing error. So that generates for me, it's like did you completely leave out a calculation or is it actually just simply a citing error?

Thanks.

MR. SCAVO: It's just a citation error. I appreciate you bringing it up.

MR. HENDRY: Thank you. James Hendry, San Francisco PUC.

I had a question on the other uses of

energy that does not serve retail sales. And I guess the main thing we've talked about is losses. And is there any guidance on how that's to be calculated or is that at the discretion of the utility trying to figure out what their line losses are and things like that, or is it transmission level, distribution level? It was a little unclear on the specificity of what was being asked.

MR. SCAVO: We haven't provided that level of detail. If that's something you have a suggestion for, we'd appreciate getting it.

I think in general the point of this was so that we can explain the different dispositions of electricity that are beyond retail sales. We expect that most retail suppliers will report excess procurements of specified purchases -- actually, I don't know if most, but some will. And this is to help us make sense of what those other -- that excess electricity is going to serve.

MR. HENDRY: Okay. Great. Thank you.

And then one minor comment on -- there's a statement that you will assign EIA numbers to resources that don't have one. And I'm just thinking that that may be very burdensome detail, especially in like in the case of San Francisco, we have a number of small, very small, solar facilities. And I think SMUD and other POUs do as well. And so the process for assigning them all an EIA number may be difficult. And to the extent that they're already in WREGIS and you have the WREGIS ID numbers and the RPS ID numbers, maybe you just want to limit that to non-RPS resources that don't have any EIA number and that might significantly cut down on your reporting requirement, and also reporting efforts of the load-serving entities.

Thank you.

MR. SCAVO: To be clear, those aren't -- we won't be assigning EIA numbers. We'll be assigning proxy numbers.

MR. HENDRY: Proxy numbers. And so --

MR. SCAVO: But I appreciate your comment.

MR. HENDRY: Okay. So you'll be assigning proxy numbers to -- every resource in the western grid, potentially, would have a proxy number assigned for it then?

MR. SCAVO: Correct.

MR. HENDRY: Okay.

MR. SIAO: David Siao with Roseville electric. Just a quick clarifying question on the second bullet point there.

To the best of my knowledge the Power Source Disclosure Report is due on June 1st. After that, on July 1st, the annual RPS Compliance Report is due. With that report, typically we submit the WREGIS reports for both Bucket 1, 2, and 3 RECs. So I’m a little unclear as to what the purpose of this piece of regulation is. To the best of my knowledge, you, and by you, I mean the Energy Commission, would have this information out, at the latest, a month later. So if you could clarify that, that would be helpful.

Thank you.

MR. SCAVO: So first, this is only upon request. As I -- I believe we don’t have that information for retail suppliers that aren’t POUs. So there are entities that their RPS Program is administered by the Public Utilities Commission and I don’t believe we have that information currently.

But please follow up in writing if, you

know, if you feel this isn't something that needs to be included for this regulation for us to perform our verification activities.

MR. UHLER: Steve Uhler.

Can you clarify the assigning of proxy identification? Are you going to assign for every rotating shaft, invertor or whatever, a number?

One of the things that I notice about this is you've got WREGIS numbers, you've got RPS IDs, you've got EIA numbers. EIA doesn't have the resolution to cover everything that needs to be covered. I think it's about time the Energy Commission sit down and each meter gets assigned a number under your jurisdiction.

My experience, and it comes from folks who worked in the space program, who put us on the moon, they assigned a number to a Sears & Roebuck part or a Lockheed part, their own number. It's the only way that you can assure that you know what you're handling.

It also -- when you get over to your form, and I guess, hopefully, you're going to talk about that later, but it's not very efficient, but if you assign your own numbers, you can use an entirely different system. Which would then point to there's no need for any of these people to do anything, other than you hand them a report an say here's your stuff.

So please think about a numbering system, universal, under your jurisdiction and not just add and have people figure out EIA numbers and everything else.

Thanks.

MR. SCAVO: Thank you.

Are there other questions about section 1394? Okay.

Section 1394.1 details the content, format and timing of consumer disclosure through the power content label, which will display the fuel mix, GHG emissions intensity, and quantity of unbundled RECs associated with each electricity portfolio on a single label, alongside statewide figures. This section is largely unchanged from the February 2019 version of the draft regulations but does feature an update that clarifies a retail suppliers ability to provide additional footnote information on the power content label.

AB 1110 allows a retail supplier to

include additional footnote information -- include -- sorry. It allows the retail supplier to include additional information about the sources of its unbundled RECs. To ensure the additional information is consistent with the statutory provisions, retail supplier will submit the additional content to the CEC for review prior to its inclusion as a footnote on the power content label. The annual deadline to submit that added footnote language is June 1st annually.

Are there any questions about section 1394.1?

MR. TUTT: Tim Tutt from SMUD again.

I think the first question, and it's not clear to me at present, is when, assuming these regulations are adopted, when does this new annual reporting and power content label take effect? For what year's generation are we expected to follow these rules?

MR. SCAVO: If this regulation is adopted and put into effect prior to June 1st of 2020, then these new rules will govern reporting for 2020 based on 2019 procurement data.

MR. TUTT: Okay. So when AB 1110 was

passed it set up a structure where the CEC was to adopt regulations to implement it by January of 2018. And that -- then generation starting in 2019, a full year later, were to be subject to those new regulations, giving parties as much as a year or about a year to prepare for reporting and procurement under the new regulations. As it stands now, these regulations are considerably late. And we've already gone through nearly a full year of procurement in 2019 under the current regulations.

And it is, in a word, unfair to go back and then tell us, we've adopted new regulations that apply retroactively to your procurement and you have to follow the new regulations for that year's generation. In fact, we will, likely, not be in compliance because of the procurement we've already made for 2019.

So I respectfully request that you follow the timeline in the law, or something like that, and say that these regulations are not effective until 2020 procurement at the earliest. Otherwise, you're going to cause some noncompliance issues that I don't think you intend to cause.

Secondly, I had a question about the extra footnote for unbundled RECs in the power content label. I appreciate the addition of expressed terms to address that. It is a provision in the law that's allowed. Just sort of curious if you have, at this point in time, any idea what that process will look like? I mean, the CEC review process for that information?

MR. SCAVO: I think we left this a bit open. It's, I think, meant to be kind of ad hoc. What will happen is that a retail supplier will submit to us language. We'll just take a look to make sure it conforms to the other provisions within the regulation. I think probably most importantly, the requirement that -- marketing claims about GHG emissions need to be consistent with the AB 1110 methodology. And that that the additional information disclosed on this additional footnote should be restricted to the sources of (indiscernible) RECs.

So we'll take a look. If it, you know, meets those requirements, then we'll issue a power content label that includes the additional footnote language for the retail supplier to use to construct its power content label.

MR. TUTT: Okay. The third question I have relates to customer products as, I think you guys are aware, reflected in the expressed terms. product where, usually, for a large commercial or industrial customer, we have -- a utility has said, you tell us what kind of power you want and we'll structure a product to give you exactly that kind of power. In that situation, I would submit, it doesn't make sense to then have a requirement for the utility to tell that customer, well, we've negotiated that exact product, here's the product that we've sold you; that happens anyway.

So I would prefer that you consider the fact that a power content label for those custom contracts is not necessary. It's superficial.

Thank you.

MR. SCAVO: I can appreciate that it may not be necessary but it is required under the governing statutes that each customer get a label. If you've got a suggestion for a way that allows for your suggestion that still conforms to the law, we'd be happy to receive that.

MS. WEAVER: Hi. Good afternoon.

Samantha Weaver with East Bay Community Energy. I had a quick question, a clarifying question about an earlier section, 1394.1(g). It's actually not in there yet. This pertains to new CCAs. It allows additional time for new CCAs to provide GHG emissions information.

My question for you is: Do you expect to issue a template for new CCAs to use in that situation, since it wouldn't show the GHG component yet?

MR. SCAVO: We hadn't expected to. That's a useful suggestion and something we can take under consideration.

MS. WEAVER: Got it. Thanks.

MR. TOMASHEFSKY: Hi. Scott Tomashefsky again. A couple things. One is more of a practical thing.

Going to 1394.1(b)(2), when we talk about providing the label by U.S. Mail, I guess this goes under the with-all-due-respect category, we're in 2019 right now and we're now at that point where most forms of communication is not done that way. In fact, many customers actually don't even get their bill by U.S. Mail, so that creates some issues.

I think some discretion in terms of how that's interpreted would probably be helpful, so let me just leave it at that.

One way we've dealt with it in the past is basically just having a reference on your bill that basically says where it is located on your website. So at least there's some reference that comes out in some form of paper communication. But the notion of paper communication in 2019 is really getting far beyond where we should be, so that's just one general comment.

The other one is later on in that same paragraph, this notion of what happens with August 30th, and there's probably a couple of things we need to consider here. And I understand the August 30th date in there is intended to address the confusion of the end of the first billing cycle the third quarter of the year. But in practice, what's been happening for years has been October 1st. And so there's the natural progression of how we deal with the various reporting requirements during the year. October 1st fits very well.

Now when you start to look at where things are in terms of the information that we get, you get the information on June 1st. Staff puts together the California mix. That's generally done in the middle of July. So on first glance you'd think, okay, well, that's all available at the middle of July, we're done. We should be able to turn that around and be done with it by August 30th.

One complicating factor on that is public process within local communities. And while some communities can turn around things fairly quickly within their council discussions and process, some take a month, some take two months. That's the reality of what we deal with in terms of local governance.

So it's not a matter of saying we're just not interested in doing it. It's just a matter of dealing with the transparency of public process. And whether it is putting that out in front of a council discussion, whether there's a staff report that comes out of that, whether there's internal information that's exchanged by the staffs as their putting that material together, it just simply takes time sometimes. Sometimes it may not make sense why that takes much time but it does. And that's the reality of just submitting information that goes through the public process.

One other thing to think about in the context of this is that over the last couple of years the reporting aspect of greenhouse gas emission reporting, the verification process used to be due on September 1st. And for reasons at the Air Resources Board, because of the timing of how they deal with their internal regulatory reporting, because they want to get all the information out to the public by November 1st, that date was moved up by three weeks. That three weeks is really important. So that moves it up to August 10th. So what that does is it provides the Commission with an opportunity for the power content label to actually reflect 2018 emissions data.

And as much as we have said, and I think the regulations talk about that, the most recently -- the most recent batch of data that's available on emissions, if it's a matter of dealing with just a few additional weeks, why wouldn't you take current year emissions and build that into the power content label? You're doing that with the present power content label on the procurement side by including the current year California mix, and we've got that fairly squared away, whereas before it was a little bit iffy on whether it was the previous year or the current year. We have the opportunity to do that on the emissions side as well.

So in some weird way, I would rather have the nebulous language that's actually included in that, so we can actually continue to use that and apply an October 1st date. Even though I know some have asked to have clarification, August 20th actually works to your detriment in terms getting the most recently-available information out on emissions.

MR. SCAVO: So the emissions data is actually based on the filings that are submitted June 1st. I don't think the August 30th date impacts that. But let me actually start by going through your questions one at a time.

You mentioned that mail, physical mail, is perhaps an outmoded form of communication. That section does allow for email in lieu of physical mail.

You also mentioned that a simple, I don't know, message or something saying that the website displays the power content label and that's where it can be found should be how we move forward. This was considered under the AB 162 rulemaking. And we determined at that point that actual outreach by the retail suppliers best meets the intent in the statutory elements of the statutes.

And the other question about changing the date or leaving the language more nebulous, we've had a lot of comments from -- of inquiries from reporting entities that have asked us to identify an actual date that occurs within this first full billing cycle, the third quarter. If you have a suggestion for how to interpret that language in a way in which October 1st occurs within it, I'm very open to hearing it. But we're kind of constrained here, just based on the statutory requirements.

MR. TOMASHEFSKY: I, well, yeah, I understand. I understand what's in the language. This has been a little bit of a frustrating because I know what's in that language and the reality of what actually will ensure success in terms of what you're trying to accomplish. And this is one example where sometimes the evolution of the process has now led to a point where you will have a number of utilities that cannot meet that deadline, which is not the intent of the Commission by any means, and certainly not the intent of any local community or utility that's not representing a local community, not intending to keep this information from disclosing it.

The objective here really is to make sure that the information is as accurate and as current as possible. And the ability to stay on the framework allows us to do those types of things.

And you're right, in terms of the emissions data that's in the Power Source Disclosure Report, I will definitely concede that point, that the information that's included and was filed in June 1st is based on -- it's based on stuff that, perhaps, is not verified but at the same time, it's also based on 2018 emissions.

So the difference is you don't have something that has been verified by some entity, a third-party verifier that says those emissions are actually true and tested. That's something that, when we provided to you on June 1st, is basically this is based on what we think is correct but it hasn't yet been verified.

So you're right to some extent on that but the data is still generally the same.

MR. SCAVO: Perhaps I misunderstand your point, but retail suppliers don't actually calculate their own emissions in their reporting to us. It's based on generation and based on the emissions factors that we assign, which are in turn based on published emissions data that's been vetted by CARB and --

MR. TOMASHEFSKY: In some cases, we're fully, fully integrated, so they are sometimes actually tied to the utility that is actually providing that information, not in the case of the -- in the case of one public utility that has its own generation, that does have a connection. Even though it may be a little bit different in terms of what's reported to which agency, the information is still coming from the same general source.

But we can talk about that further. I mean, I don't want to hold this up at all.

MR. SCAVO: Thank you.

MR. TOMASHEFSKY: Sure.

MR. TUTT: Tim Tutt from SMUD again. I

just wanted to echo Scott's concern. It's not just the emissions data and when that is available that has an impact on this. It's the fact that before we send out a Product Content Label to consumer, we need a template. That template comes from the Energy Commission. That has to be at a -- come at a time where we can fill it out and then we have to have it audited by a third-party auditor before we're willing to send it out to our customers.

And I can tell you that process has been constrained in the past so that my folks tell me that August 30th is not a date that's likely to be met for getting it out to mail customers in particular.

Thank you.

MR. SCAVO: Thank you.

MR. SIAO: David Siao again with Roseville Electric.

I just want to echo the comments made by Tim and Scott. As you know this Power Source Disclosure report is due on June 1st. The deadline to mail everything out to our customers is August 30th. Our process, at least for Roseville, is it takes about a month to get this before our city council and have them attest to it and approve it, then it takes about a month for our printers to get the Power Content Label and put it together and then send it out.

So that doesn't give us a lot of time. At the very latest, we would want to get the template for the Power Content Label by mid-July if not the beginning of July in order to make sure we have enough time to meet our deadlines. And I'm sure there are other utilities with more complex products and processes that would need at least the beginning of July to get the template.

MR. SCAVO: I appreciate the comment. Thank you.

MR. UHLER: Steve Uhler. Related to receiving a Power Content Label, the statute says that customer has to consent to receiving it by email. It also has to be available for any marketing materials, printing marketing materials and such. So it's going to probably have to be printed at some point for this.

Now the -- the other thing is as far as being able to do this and meet these schedules, I know SMUD has SAP planning system. SAP uses ad hoc reporter. And somebody who knows how to use an ad hoc reporter for SAP which is kind of based on something known as Crystal Reports or ReportSmith all the way back to the '80s, all you need is what it looks like. You don't need anything other than that, and then somebody writes the query language that goes behind it and you press a button. And that button could be pressed at any time of the year. They already are if they're trying to track and keep control of their greenhouse gases, they should be doing it every day.

So any -- any situation where somebody like SMUD is like, well, we're not going to be able to meet this, they have the tools, they may not have the individuals who know how to use them, but this is easily done. I've spent 25 years doing that for companies. Company in Roseville called NEC, gave them information at five-minute levels. That would be larger than what SMUD would need to do to -- to get -- produce a Power Content Label. So don't let them tell you that they can't meet that.

Some of this stuff needs to put pressure on these people to utilize the tools they have. As a customer owner, it's like why aren't you using that? Why aren't you delivering us this information so we can make decisions of why and when and actually how much greenhouse gas. Firmed or shaped or not, we want to know what greenhouse gases are right now.

And that's -- this says annual As to the footnote. Is there any problem with somebody offering hourly information in there? Because we really need to know what time, hour of the day is terrible to use electricity. That would probably have a much larger impact on this. So is there a problem with a footnote being produced that actually gave you curves for hourly curves? Is there any limitation to that in statute or anything? It says I don't have to do hourly but if somebody wanted to do that to set themselves apart from everybody else, is there anything wrong with that?

MR. SCAVO: I don't think I can answer that question right now. I can say that we can't require -- our interpretation of the statute is that we can't require hourly reporting. If an entity wanted to disclose hourly emissions, as long as the methodology was consistent with that established under this proceeding, yeah, maybe.

That's not a question I think I can really answer right now. But I appreciate the comment, that's something we can --

MR. UHLER: Well, then importantly, APA wants to see performance over prescription. Can you do away with that spreadsheet? It's just -- I sit there and look, it's like I'd lose all kinds of money running a business having to fill out this spreadsheet. Can you just give a format and say here's what the label looks like and then, you know, maybe somebody will get the book out at SMUD and go SAP ad hoc reporter, oh, here's how to do this.

Because a lot of this could have been done a long time ago. Like Tim Tutt says, you're very late on this. Nobody's responded. I docketed an example of something that would meet what I think you intend to do where you enter something and it does a VLOOKUP and it populates it. But that system -- spreadsheets were never designed to do what needs to be done to do this. And you're supposed to minimize. That means the lowest level, that doesn't mean just simply reduce, you're supposed to minimize the reporting requirements.

You need to move away from that spreadsheet. That spreadsheet itself even has odd errors in it and you can remove the facility name and it doesn't empty the records. There's all kinds of places for error. If somebody's worried about auditing before they get it, one good thing about having software is you can audit the software and you press a button and you get the answer and it's all added up right. Won't be any errors. SMUD has made errors in heat -- heat rate on their stuff because somebody did it in a spreadsheet and didn't realize that they averaged partial cells and stuff like that.

So you need to move away from that. Just provide a format and let these other folks utilize something else. If you're running into a problem where you can't process this information, like I said, I have already submitted with an actual application that you can enter this stuff. Nobody's gotten back to me. It may be that I have to wait until the day before the last day for you to get back and say, oh, we can't do that.

We need to do this stuff now. This stuff needs to be done now. We have got 16-year-old girls coming from Sweden to tell us we need to get moving. And I'm saying you guys are not using the right tools and I would like to get together with somebody here and demonstrate this process. I think you'll find that a lot of things that are being done here will be reduced and we'll get these answers. Because this is regulating what I get to see and it needs to be done faster. And it can be done faster.

We should be able to know every week what our power content was. The statute may not say that because they don't think it could be done.

Last night on 60 Minutes the woman who run --

MS. LEE: Mr. Uhler, I'm sorry --

MR. UHLER: This is an important point. You guys are not doing what needs to be done. You need to understand that you're not using the right tools. You need to stop using those spreadsheets. They're a source of errors, that's why you have to have auditing. So.

MS. LEE: Thank you for your comment.

MR. UHLER: Okay. Thanks.

MR. SCAVO: Does anyone else have comments on Section 1394.1?

Section 1394.2 does not differ substantively from the February 2019 version of the draft regulations. This section lays out auditing requirements for retail suppliers. An audit must be submitted for each electricity portfolio to verify the accuracy and completeness of power source filings.

As an alternative, however, retail suppliers that are public agencies can submit an attestation from their respective governing boards attesting to the veracity of the retail supplier's power source filings for each electricity portfolio.

Does anyone have technical questions about Section 1394.2?

We're going to pause here for a moment and allow some questions from our guests on WebEx.

MR. KASTIGAR: Hi, my name is Ryan Kastigar, I'm with the CEC.

First I'm going to be unmuting Philip Schofield. He had a question about one of the previous sections.

Philip, you're now unmuted, so feel free to ask away.

MR. SCHOFIELD: What verification requirements -- oh, boy. Sorry.

Interested in verification requirements for zero emission sales. Do you guys just want to see power purchase agreement, do you want more than that? We have a concern about double counting, we have WREGIS for rep transfers but we don't have anything similar for hydro and nuclear transactions between parties.

MR. SCAVO: I think we talked about this a bit earlier. To substantiate specified purchases, you'll need to have power purchase agreements in place or an ownership contract or some kind of documentation that demonstrates you've got a specified claim for the generation that was executed prior to the point of generation.

In addition for imports, you'll also need to retain e-TAG information. During Energy Commission's verification activities, we can request to see the substantiated documentation, it doesn't need to be automatically furnished in every case.

MR. SCHOFIELD: Okay. Fair enough.

MR. KASTIGAR: Thank you, Philip.

Our next question is from Susie Berlin. Susie, I'm going to unmute you now.

MS. BERLIN: [Connection breaks up during question] Regarding that -- the footnote -- know you -- would be an ad hoc cost, do you have a timeline for the review and potential revisions -- to the extent there would be an agreement about whether the -- with the legislation?

MR. KASTIGAR: Sorry, Susie, could you please repeat your question?

MS. BERLIN: It sounds like the audio is kind of bad, can you read it?

MR. KASTIGAR: Okay, I'm going to go ahead and -- I'm just going to read that question out loud.

MS. BERLIN: Thank you.

MR. KASTIGAR: The question says: Who will be reviewing the footnote and what process will be used in the event that there is a disagreement about whether the proposed language is consistent with the statutory provisions?

MS. LEE: So I'll take care of that, Jordan is trying to work with his microphone.

This is Natalie Lee. Hi, Susie. Thank you.

That kind of process detail, staff will develop not within the regulation but will provide guidance. I would say based on, you know, our current review processes, if it's something that you're looking to do, the June 1st is a deadline but it's certainly not -- you could start working with staff early on as to what your intent is. But we recognize the deadline for having your final labels approved and issued so we'll operate to ensure that we don't limit your ability to meet those deadlines.

MS. BERLIN: Thank you.

MR. KASTIGAR: That concludes all of the online questions for now.

If you have any more questions, please use the raise hand feature and we will unmute you at the end so you have an opportunity to ask your questions.

MR. SCAVO: Okay. I'd now like to touch on our upcoming milestones in this process.

Public comments on the draft regulations and supporting documents are due by October 21st, 2019. If we don't make further modifications to these proposed regulations, we will submit the regulations for adoption at a business meeting on

November 13th, 2019. If we do make additional changes based on the comments received, we'll aim to adopt in the first quarter of 2020.

We expect to file the regulations with the Secretary of State and receive an effective date in the spring of 2020 in advance of 2020 reporting which begins June 1st.

I'd like to reiterate that the rulemaking documents can be obtained online on our website. It's also in the docket log. You can also contact staff for help if you have questions. The docket is provided in the link on this slide.

Now we'll open the floor for general public comments. For those stakeholders joining us in person, please use the microphone on the lectern over there. If you need assistance or would like a portable microphone brought to you, please raise a hand.

For those on WebEx, please use the raise hand feature and we'll unmute you during your turn. And for those calling in, we'll unmute the lines but please keep your end muted unless you are speaking.

I know that -- I don't think we were planning on using blue cards but I know that a handful of parties have filled those out and I'm not sure whether those comments have been covered through the Q&A portion. But folks who have filled out a blue card, please just feel free to take the lectern and microphone.

MS. LEE: Actually, Jordan, I think I'm going to call through the blue cards and ask folks to come up. And then if you want to speak but did not fill out a blue card, we'll open up and allow you to come on up.

So David, from Roseville Electric, do you have additional comments you'd like to make? Thank you.

MR. SIAO: So I just wanted to mix it up a bit and thank the Commission for -- for some changes that were made, specifically for allowing our governing board to attest to the veracity of not just the first Power Content Label but all of them. That really helps us meet the deadline given the time constraints that we have and it does save our ratepayers some money too. So thank you.

MS. LEE: Thank you.

Cynthia Clark with the University of California.

MS. CLARK: Hello, my name is Cynthia Clark. Is this working? Okay. Renewable energy manager at the University of California, office of the president.

The University of California is both a world class research and education institution with aggressive environmental goals and a registered electric service provider.

We're active in both compliance and voluntary renewable energy markets. U.C. aims not only to achieve system-wide net carbon neutrality by 2025 but also to inspire and inform widespread carbon reduction efforts by demonstrating replicable and scalable solutions.

The CEC's proposed modifications to regulations governing the Power Source Disclosure program are concerning to U.C. because they limit renewable and carbon-free procurement options available to us as a registered Load Serving Entity and because they are likely to cause confusion, not clarity, among both internal and external stakeholders regarding U.C.'s progress towards carbon neutrality.

The proposed modifications also threaten to undermine renewable energy investments and markets more broadly by devaluing the instruments that renewable energy transactions are based on. Renewable energy credits, whether bundled with the underlying power or not, convey all environmental and, if applicable, greenhouse gas emission attributes of renewable electricity from buyer to seller.

RECs are used to demonstrate compliance with renewable portfolio standards across the country, including California, and to validate voluntary renewable energy use claims in accordance with international greenhouse gas accounting best practices.

By positing that physical power delivery is required to make an accurate retail claim, the Commission’s proposed regulations create a rift between compliance and voluntary reporting protocols. This rift introduces needless complexity for entities like U.C. that operate in both markets, and mainly to a number of negative consequences presumably unintended for all market participants and consumers.

By emphasizing direct delivery of renewable electricity to a grid that’s already congested during peak solar hours, the new regulations may increase energy curtailment in California while sending a signal that could undermine the regional cooperation I believe is needed to meet both state and global emission targets.

The regulations may also raise the cost of electricity in California by increasing competition for resources that are located in or can be directly delivered to the state. This includes hydroelectricity from existing facilities which while it has an important role to play in California's carbon-free electricity future, does not have the same carbon impact as replacing or displacing carbon intensive resources with new renewable capacity throughout the WECC.

The proposed regulations may disincentivize non-Load Serving Entities from actively participating in California's energy markets. Why would a customer, for instance, elect to pay premium for a voluntary green product from their Load Serving Entity partner with their Load Serving Entity to develop a custom green power portfolio? Or become a Load Serving Entity to self-supply electricity that supports institutional goals at a cost effective manner as U.C. has done when doing so will subject them to unnecessarily restrictive procurement options and greenhouse gas accounting rules?

As these sophisticated energy consumers are well-aware, they have the option to operate exclusively within voluntary reporting standards using virtual PPAs and REC purchases while at the same time avoiding any obligation to support grid capacity, liability, and integration efforts. Is this really the best outcome for California?

I do not believe that the Power Source Disclosure regulations as currently proposed will meet the stated objective of providing accurate and simple to understand information to consumers about their sources of energy and associated greenhouse gas emissions. I also happen to disagree that the direct delivery requirement and proposed treatment of unbundled RECs supports California’s environmental objectives.

I urge the Commission to clarify that these provisions, if implemented, are aimed at achieving state specific policy objectives rather than trying to rewrite the greenhouse gas accounting rules that have fostered robust voluntary renewable energy markets.

Thank you for the opportunity to comment.

MS. LEE: Thank you.

Can I ask for Sarah Dudley from Cal Utility Employees?

MS. DUDLEY: Can you hear me? Is that good? Okay.

Hi, good afternoon, my name is Sarah Dudley, I'm here on behalf of the California -- the coalition California Utility Employees or CUE. CUE is a coalition of unions that represent approximately 34,000 people who work for investor owned and publicly owned utilities in California and for contractors who perform work for utilities and project developers.

We really appreciate everything staff has done and we fully support staff's recommendations. I'm also mixing it up a little.

Staff's recommendations will allow consumers to better understand the impacts of their electricity use and to effectively choose the electricity portfolio that suits them. Specifically, staff's recommendation for what counts as a carbon-free resource is exactly right. Staff is right that unbundled RECs should not count as carbon free when calculating or adjusting the fuel mix or GHG emissions intensity of an electricity portfolio disclosing -- disclose on the Power Content Label.

CUE supports separately disclosing on the Power Content Label, retired unbundled RECs. Staff is also right that firmed and shaped products should not count as a carbon-free resource. GHG emissions should be assigned to firmed and shaped products based on the emissions profile of the delivered substitute electricity. This is a good policy and it's consistent with CARB's treatment of firmed and shaped projects.

We understand that there's some concern about staff's proposed treatment of firmed and shaped products and CUE believes that grandfathering current firmed and shaped contracts until the end of the contract is a good compromise.

Thank you.

MS. LEE: Thank you. And, again, if you have a business card that you could provide to our court reporter, that would be helpful.

All righty. Next we have Brian Biering

from the American Wind Energy Association.

MR. BIERING: Good afternoon, Commissioner, advisors, and staff.

My name is Brian Biering, I'm here on behalf of the American Wind Energy Association of California. We at California represents both renewable energy suppliers and developers both in California and throughout the west. Our members develop both wind energy projects and other technologies.

We really do appreciate staff's efforts on this regulation. It's complex, there's a lot of crossover with different regulatory programs including the Air Resources Board's regulations, the IRP program. And so the need for accuracy is important. And I think there's also a need for consistency with other programs.

One of the areas where there's a need for consistency is with the ARB's mandatory reporting regulation and the cap and trade program. The cap and trade program applies what's called the RPS adjustment which produces the carbon costs associated with firmed and shaped imports.

There's an importance in understanding the distinction between unbundled RECs and firmed and shaped imports. They are two different things. Unbundled RECs refer to procurement content Category 3; whereas firmed and shaped imports are actually a bundled transaction. The Load Serving Entities that procure PCC-2 or Bucket 2 have purchased both the RECs and the energy that is provided by those resources. Those contracts essentially represent an investment by those ratepayers in the energy that's actually produced by those facilities.

What the PCC-2 contract structure really does is it provides the LSE with flexibility to account for the intermittent nature of the generation and the fact that they may need to import during periods when the wind may not be blowing or the sun may not be shining.

So it's important to keep in mind that the bundled -- the fact that it is bundled should be recognized on the Power Source Disclosure and the Power Content Label that the ratepayers have invested in that resource. So we would ask that you would remove the grandfather date and apply the RPS adjustment indefinitely.

Thank you.

MS. LEE: Thank you. Jessica Melton with

PG&E.

MS. MELTON: Sorry. Hi, Thank you. Jessica Melton with PG&E. I appreciate the -- being able to comment today.

PG&E appreciates the hard work of CEC staff to implement the requirements of AB-1110 to date. That said, PG&E is concerned that there are aspects of the proposed regulations that fall short of the legislative requirements. As drafted, these regulations would fail to provide accurate, reliable, and simple to understand information to customers regarding the sources of their electricity supply as required by the law. Instead, customers of all Load Serving Entities will be told that their electric supply is cleaner than it actually is.

First, the CEC recognized in the most recent revision that it is inappropriate for the bundled customers of IOUs to bear the entirety of the energy content and emissions associated with CAM resources procured and paid for by all customers. While the CEC is on the right track here, sweeping the energy and emissions associated with CCA MDA customers under the rug fails the statutory mandate to provide accurate information and ensures that Power Content Labels will underreport GHG emissions overall.

While other LSEs claimed it would be unfair for resources, they didn't procure to appear on their Power Content Label, CAM procurement was not optional for the IOUs and done on behalf of all LSEs. If the CEC believes it is unfair that non-IOU LSEs would have to show CAM resources, then it is unfair that any LSE show CAM resources.

Second, PG&E recognizes that time constraints in this proceeding made it difficult to consider Clean Net Short, the more accurate hourly GHG accounting method proposed by the utilities. However, the CEC should commit to further revisions of the methodology after this rulemaking is complete. The current annual netting methodology will result in Power Content Labels systematically undercounting GHG emissions. The proposed methodology also fails to reward LSEs for pairing solar with storage resources that are needed for California to actually hit its GHG goals.

Third, the current implementation methodology ignores all GHG emissions associated with electricity lost in transmission and distribution. This is in error and results in the Power Content Label systematically undercounting GHG emissions for all Load Serving Entities.

Fourth, the draft regulations inappropriately expand the eligibility window for grandfathering of firmed and shaped resources. PG&E narrowly benefits from the grandfathering but believes it is inappropriate to provide inaccurate information to customers. Many of the LSEs requesting grandfathering extensions do not contest that the proposed treatment of firmed and shaped resources is correct. They simply want to avoid incurring small costs to continue to make voluntary marketing claims. Extending grandfathering eligibility requires brinkmanship by some LSEs and punishes others that adjusted the procurement in anticipation of the CEC’s proposed regulations. Most importantly, it results in Power Content Labels providing inaccurate information to customers.

PG&E supports the objectives of AB-1110 and hopes to help the CEC successfully implement its requirements. We’ll provide -- we will provide further written comments on how these issues can be resolved.

Thank you.

MS. LEE: Thank you.

Todd Jones, Center for Resource Solutions.

MR. JONES: Thank you. So my name is Todd Jones, I'm with the Center for Resource Solutions.

We would like to thank the commissioners and Commission staff for leading this process, interpreting AB-1110 and addressing intersections between programs run by different agencies and involving -- involving priorities for the state are all really challenging. So thank you for your -- your hard work.

We think there have been some very good outcomes. One in particular that RECs will be required for reporting both renewable fuel type and the GHG emissions of a renewable generator is really critical to prevent double counting.

We have concerns with other parts of the proposal that would create inconsistencies between the RPS and discrepancies between fuel type and emissions. We don't think those elements are accurate or simple to understand and we think they could have complicating effects as we move to 2030 and 2050. But today I want to -- I want to actually focus on the statement of reasons which we think could have profound impacts in itself because of California's leadership role.

The main point I'd like to make is you can limit purchasing options for Power Source Disclosure. But the explanation in the statement of reasons is that the purchasing options are not valid, not just that they're ineligible for this program. And that's incorrect and it's harmful. So we ask you to revise the statement of reasons so that it doesn't undermine these market instruments, accounting regimes, regulatory and voluntary programs that drive renewable energy development and climate action.

So the statement of reasons provides several different explanations particularly for the exclusion of unbundled RECs and the treatment of firmed and shaped contracts. And we go through each of them in our written comments in detail. But the central argument appears to be that physical delivery of power from a renewable resource is required for accurate retail disclosure. I mean, there's just a fundamental problem with that since -- since the type of power any retail customer is receiving can only be determined contractually, including for bundled procurement. And the emissions characteristics of power do not travel through -- through the wires. They're required contractually. There are large sections of the country that sell and disclose delivery of specified power to retail customers using certificates that are separate from wholesale power transactions and purchases.

The current language in the ISOR says that these widely adopted methods for retail disclosure are inaccurate. And I don't think that it's the intent of the Commission to effectively discredit all of PJM, New York, NEPOOL that operate in this unbundled way. There's also a fundamental problem with the assertion that bundled power contracts somehow represent physically delivered renewable electricity. This idea -- this idea that physical power or even just a bundled contract is required to sell and disclose renewable energy to retail customers is also inconsistently applied both within the proposal and across California programs. And I provide examples of that as well in our written comments.

But once you abandon this idea that specified power is physically delivered to grid customers, there's no distinction between energy contracts and RECs for tracking and between bundled and unbundled procurements for accurate Power Source Disclosure.

So we encourage you to make the explanation about other objectives for Power Source Disclosure rather than accurate accounting. It may be clearer to just say that you're limiting Power Source Disclosure to power that can be physically delivered in this program to match the boundaries of the MRR, for example. But retail disclosure is still contractual in nature, the physical electricity still conveys no information about source, and unbundled RECs both within the physical delivery boundary that should be able to be reported in that case and outside the boundary, even though they can't still represent accurate retail transactions of renewable energy. So again, it's not a matter of accuracy, you're just making a program decision to limit the boundaries and you explain why.

So last, why do we -- why do we think it's harmful? You're providing this argument to justify the exclusion of unbundled RECs from reporting, but it also undermines the credibility of virtual power purchase agreements, firmed and shaped renewal power and really all retail renewable energy and REC programs that are not bundled power contracts. And the truth is, according to Lawrence Berkeley National Labs analysis of RPS and the National Renewable Energy Labs analysis of voluntary green power markets, the majority of renewable capacity additions in states with retailed choice and the vast majority of non-RPS investment and renewable energy capacity additions across the county which represent the majority overall have been driven by these unbundled procurement purchasing mechanisms. They're incredibly and increasingly important for renewable energy development and the State really puts all of that investment and development at risk with this statement of reasons.

So, again, we thank you for your

consideration of our written comments which will go through the proposal and the ISOR and references in detail and provide additional information and alternatives. But our strongest recommendation is to provide a final statement of reasons that provides more credible and complete explanation of the State's approach to accounting and it doesn't undermine the credibility of these other markets and market instruments and programs that drive renewable energy.

Thank you very much.

COMMISSIONER DOUGLAS: Thank you, Todd.

Mr. Uhler.

MR. UHLER: Steve Uhler. I'm going to make an analogy. Imagine going through a restaurant and buying a meal and the waiter comes up and says give me another 10 percent and you can say it's all organic even though no organic food is grown in your area. At some point there's going to be a transition unless we hang some wires to go reach out to these places because you can actually track all of this stuff where it comes from.

The Power Content Label needs to reflect what is delivered. You have a what -- a statement of under definition of delivery, and it says at the boundary of the balancing authority. If I look at EIA, very little renewables are in bank. So there should be no Power Content Label that says that there are much more than about 3 percent renewable in any of the energy in anybody in bank.

These things need to be known because just like we're fortunate to have a river here and a lot of water, well, if somebody didn't build a canal, people in L.A. would not be -- there wouldn't be as many people. We need -- and electricity needs to be produced where it's used and it needs to be renewable. This label needs to reflect that, needs to give people warning they need to conserve, they can't just buy, oh, I'll buy this green product. And then you're going to tell them every last kilowatt that comes out of that plant actually arrives to you but it's supported by fossil fuels. That needs to be conveyed.

And other areas, it dawns on me there's a calculation for emission intensity that you're supposed to adopt with the Air Resources Board. I don't see any of that methodology in these regulations. I don't see any of that. Is it true? Do you have this methodology -- methodology in this regulation?

I'll go right from the code. Public Utility Code 398.4(k)(2)(a), the Energy Commission adopt a methodology and consolation with the Air Resources Board for calculating greenhouse gas emission intensity for each purchase of electricity by a retail supplier to serve its customers. And then further in that series, under (k)(2), you're to deliver this information for people to do calculation upon. I don't find any formulas. I don't find any information in the expressed terms on how these calculations are done.

Is it --

MS. LEE: So in interest to all of our folks that need to comment in the five-minute window, why don't you please finish your comments and then we'll address it.

MR. UHLER: Okay. Well, I'm looking -- okay. I want -- it appears that you're missing some regulation, and I would like to know where this calculation is and how you're going to calculate these emission factors.

And above all, like I've said over and over again, the public needs to know actually what's happening. This bit about oh, you bought something and it can only bid on contractually, it's not going to work. You know, hit a wall and everybody will be wondering why you didn't build it here and you invested and somebody else is getting all the renewables because it's already built by them.

Thanks.

MR. SCAVO: Just to speak to that briefly, we did develop our methodologies in consultation with the Air Resources Board. The calculations for determining emissions are included in Section 1393, and it's based on CARB data and CARB methodologies.

MS. LEE: We'll be using the emissions intensities assigned by CARB to each facility. If that's unclear in the regulation, we'll definitely follow up but I do want to make sure we have an opportunity for all of our commenters.

Is there anybody in the room that would like to speak that didn't turn in a blue card?

Yes, please come up to the podium and introduce yourself and your affiliation. Thank you.

MS. MILLNER: Good afternoon. Marcie Millner with Shell Energy North America.

We're an energy service provider in California and we serve commercial and industrial customers so we have been reporting under the PSD regulations since the beginning of the regulations.

So we appreciate that its intent is to provide clear and accurate information about the customer's sources of electricity, but there are three areas that we really wanted to focus on that -- where we think there's a miss.

And the first which speaks, Jordan, directly to your point about a mismatch between procurement and retail sales and that's the requirement that LSEs report only power that was generated in the prior year that is sold to retail customers. And that provides a challenge for us as an energy service provider because as you know, the RPS regulations allow a three-year retirement.

So what this challenge looks like is if Shell Energy were to go out and buy a slug of wind energy that's produced only -- or generated only in 2017, it then invoices its customers over time in order to manage the cost for those consumers. But what that looks like on the label is that in 2017 that they received 100 percent RPS when in fact that's not what they received. We're going to be billing them in 2018 and 2019 for those wind resources or whatever it was that we procured that was generated in 2017.

So I think if that requires a legislative change to align the actual sales with what is being procured regardless of the year it was generated, then we would encourage the Commission to work with the legislature on fixing that. Alternatively, we would suggest that you be very clear in the label and the footnote about the RPS to state that this -- this -- these sources of electricity don't necessarily match what you're being invoiced because that is the intent of the label.

The second issue that I wanted to address was with respect to the unspecified resources. It appears that you are using ARB's default emissions rate which was calculated only on generation resources outside of California. And so you're assuming that all unspecified resources are imported. And I think it would be valuable to have two unspecified source rates, one calculated associated with imports and then the other associated with an ISO system purchase, for example.

Because the ISO DMM reports annually to you what its sources of generation are by fuel mix. It would be very easy to assign an annual ISO system power for unspecified sources. They could look at the imports and the OATI tags that are associated with that percentage of generation that is imported and be able to come up with an ISO system power mix. And I think that that would go much farther in being more accurate in what we're telling our customers we're selling them.

And then the last thing was really to talk about the PCC-2 which other folks have mentioned and will probably continue to mention. And I would note as Brian noted that ARB does in fact zero out that carbon obligation. So it is accounting for those emissions but it's not assigning a carbon obligation with those imports. So should you go forward with detailing that there are emissions associated with those PCC-2 imports, we feel it's really important to state that the state does not impose any carbon obligation associated with those imports.

So thank you, again, I appreciate the opportunity.

MS. LEE: Thank you.

MS. MILLER: Hi, good afternoon, I'm Margaret Miller with Avangrid Renewables. We are one of the larger suppliers, developers, owners, operators of renewable energy in North America, and we are a supplier of PCC-1 and PCC-2 products to Load Serving Entities to help them achieve their procurement goals to meet California's policy goals.

My concerns have been raised by others so I'll keep my comments very brief. We want to reiterate our support for the comments provided by Brian Biering on behalf of AWEA California. Our concerns are specific to the reporting of PCC-2 power. We do encourage Commission staff to modify the proposal to allow PCC-2 to be reported based on the attributes of the bundled procurement rather than the incremental energy. As others have stated, that does -- would put this proposal in line with the RPS program and the flexibility that's offered to Load Serving Entities under PCC-2 in order to meet their procurement obligations. This proposal as it stands would undermine that.

In addition, as Marcie and Brian and others have mentioned, I think the spirit of this proposal is to be in line with the cap and trade MRR regulation. But this is not in line with that regulation in that there is the RPS adjustment that applies under MRR. And that was put in place specifically to acknowledge that these firmed and shaped contracts do exist, that is why that policy was implemented. So we encourage you to modify this element of the proposal.

I also wanted to mention as a supplier, I can tell you that this proposal will increase costs significantly for consumers in California. This proposal will basically create an incentive to firm and shape with hydro resources. Those are specified source resources that come at a higher cost than what PCC-2 currently provides for Load Serving Entities. And we're estimating that cost is about five to eight dollars per megawatt hour. That cost would increase. So either Load Serving Entities aren't going to procure PCC-2 or they're going to firm and shape with hydro and that will result in significant cost increases. So we want you to keep that in mind going forward.

The other concern that I wanted to raise is in regards to the contracting of firmed and shaped contracts of January 1st, 2019. We have already entered into contracts with Load Serving Entities. After that date, I realize guidance was put out but we still have not finalized regulation. We have signed other contracts that go out through 2020. That's a concern for us as well as Load Serving Entities that are expecting to report this firmed and shaped power as zero GHG.

So I support Brian Biering's comments in that the grandfathering date should be removed completely. I don't think we need it because as I -- as I just stated, firmed and shaped energy should count as zero GHG regardless of the procurement date to remain in line with these other rules under RPS program and the MRR, cap and trade MRR.

At a minimum, if we are to move forward

with this proposal, the grandfathering date needs to be moved out or I should say the implementation of this policy should be moved out to 2021 at the earliest. Thank you.

MS. WEISZ: Hi, this is Dawn Weisz and I'm speaking as the president of Cal CCA. I'm also the CEO of MCE Clean Energy.

And I wanted to thank the Commission for taking comments today. We have also provided written comments and we'll do so again in this round.

The main things I wanted to highlight are that the proposed regulations would create a stark inconsistency between the California RPS, CARBs rules, and current best practices around GHG accounting. This is confusing to customers. It's also expensive or possibly not possible for suppliers to comply with the requirements, specifically around PCC-2. The regulations would devalue PCC-2, counting the firm incrementally delivered renewable energy as if it were a conventional system power.

The IPS counts PCC-2 as renewable and CARB counts it as carbon free as has been noted by many of the prior speakers. The regulations would also count carbon-free EIM transactions like hydroelectricity from Washington state, for example, as if it were system power rather than carbon free. So it’s not clear to me how this helps us get to our overall goals. I believe that the Commission is in alignment with our -- many of our CCA local boards who want to see more renewables available to meet the growing SB 100 goals, inclusive of the growing electric vehicle load that we’re going to see. We need access to a lot of different types of renewable resources rather than finding ways to limit the types of resources that are available.

We also are aligned with your Commission in wanting to avoid curtailment of renewables in California to the extent possible. These proposed regulations do not help us move in that direction. Also I think we are aligned with your Commission wanting to keep customer rates as low as possible. I don’t see that happening through these proposed regulations.

These regulations would actually shift renewable and GHG free purchases to in-state only, limiting supply and driving up costs and likely increasing curtailment and increasing reliability issues or shortages around reliability.

As was noted by the representative from the U.C. system, there's a stark inconsistency between these proposed regulations and the regulation -- the best practices that have been used for many years across the nation and globally. Why does California want to set up something that's so different at a time when there's so much other volatility in the market?

For the growing number of agencies, CCAs in particular that are accelerating their GHG free purchases, it would increase cost to customers. For MCE, we've done the analysis and found that our ratepayers, not our shareholders, because we don't have any, our ratepayers will pay an extra $9 million every year to buy PCC-1 instead of PCC-2. And that's what we'll do if we need to, but we don't think that's the right direction for California to be taking right now.

It's also important to note that the language in AB-1110 which was the result of input from many parties and which we ultimately supported is not reflected in these proposed regulations for PCC-2 treatment. The proposed regulations are inconsistent with what was anticipated as part of the statutory language that was agreed to.

So we have three -- three specific asks. The first is we ask that you revisit the treatment of PCC-2 and adjust the requirement so that PCC-2 can qualify under the RPS as GHG free. And the same way it counts under the RPS, it should count as GHG free to avoid confusion for customers.

Second, we'd like the Commission to be able to include the EIM transactions that we are engaged in, possibly through using the CMRIs in the same way that the ETACs are used so that GHG free transactions in the EIM can count. We need to be able to rely on the EIM and I know that aligns with CAISO's perspective in order to increase access to renewables and reliability.

Our third ask is that if the CEC is going to move forward without allowing PCC-2 to qualify as GHG free, we would implore you to at least implement this rule change as it was envisioned under the statute giving one year after the rules are in place to allow for procurement to be adjusted. The statute is very clear in setting a

January 2018 date for the rules to be adopted and then an end of 2019 date, the end of December is when the rules -- in 2019 for the rules to become effective.

Since we're behind schedule, let's not make the customers lose out by getting information that's confusing and that really backtracks without giving us any opportunity to procure according to the rules. A one-year period to procure is what we would ask for to align with the statute.

And I just want to note that Load Serving Entities have been procuring throughout 2019 under the existing rules and there's no benefit in penalizing these LSEs when there's no way for us to go back in time and repurchase for the year. Our customers have already paid for our resources this year as if they were GHG free because that's what the current rules say. It's not fair to take away a resource that we've promised to our customers by changing the way it is categorized.

MR. KASTIGAR: Ma'am, sorry --

MS. WEISZ: Yeah.

MR. KASTIGAR: -- your five minutes are

up.

MS. WEISZ: Okay. Thank you very much.

MR. RIDER: May I ask a clarifying question of you and then maybe if Tim, you're planning to come up again, of you or in written comment if you prefer. This is Ken Rider, by the way, with the Energy Commission.

And when you say you -- you were mention -- you were talking about Bucket 2 resources and then said that you couldn't comply or there was a compliance issue.

And then, Tim, earlier you said there was, you know, you're not going to get compliance or -- can you be more -- and this can be in written comment, but can you be more specific about exactly what it is that you're not going to be able to comply with and what the concern is around compliance? Because I understand the other concerns you raised but I would like to understand a little bit better as we deliberate exactly what you mean when you can't comply. That's really important to understand better.

MS. WEISZ: Yeah, thank you for the question. First of all, I think the issue with not being able to comply going backwards is, you know, we've procured Bucket 2 this year, it qualifies under the RPS, we followed the RPS percentages for how much Bucket 2 is in our portfolio. We are exceeding compliance with the state's RPS, and so we can't go backwards in the last month of the year and sell off all of our Bucket 2 and then rebuy a bunch of Bucket 1.

So what's going to happen is when our customers get their Power Content Label, under the proposed regulations what would happen is they would get their Power Content Label in October 2020 and it would show their 2019 GHG emissions rate as much higher than what was intended and promised to them by us because we've purchased for all of 2019 under the existing rules.

So it's really an issue of it doesn't make sense to change the rules after the fact. If the rules are going to be changed, you need to change them and then expect folks to make a change.

The other issue, though, is as far as suppliers maybe having an issue with complying, I wanted to note that the documentation requirements for firmed and shaped transactions seems to have changed in the September 6th revisions to the express terms and it now includes an element that deviates from commercial terms typically reflected in PCC-2 transactions which is the inclusion of EIA numbers associated with generators supplying substitute energy.

And this is a substantial problem because as Bucket 2 suppliers are highly unlikely to be able to declare such resources in advance at the time that a contract is executed. So as we're designing rules, we need to make sure that they actually can be accomplished through existing market mechanisms.

Thank you.

MS. LEE: I believe we have a few more speakers in the room. I just for a time check for the Commissioner wanted to ask Ryan, do we have a large number of hands raised on the WebEx?

MR. KASTIGAR: I believe we have two people with their hands raised.

MS. LEE: Okay. Great. Thank you. Just with that in mind, I ask that we really try to stick with that five-minute window if we can.

MR. TUTT: This is Tim Tutt from SMUD again.

I just wanted to briefly address the issue that Ken raised.

We have been marketing to our voluntary customers or Greenergy customers a certain product. And if we send them a Power Content Label next year that doesn't match that product to which they marketed to them which they have assumed they've procured, there -- that causes significant questions in terms of audits and in terms of compliance with our CRS requirements, and so on. It's not clear whether we could actually change the product at this point in time to buy resources that comply with the new rules and go back clear to January and make that happen. If we could, it would at the very least to be fairly costly for us to do that and would cause a lot of confusion amongst the costumers that have already been marketing the Greenergy program as it stands.

MR. KARPA: Wait for the reset there.

Yeah, I'm Doug Karpa from Peninsula Clean Energy.

I had a couple of issues to bring before you. I think one -- the first one really is around timing. I am part of the Cal CCA work team that is involved in the PCIA proceeding at the Utility Commission. And wanted to highlight there's a bit of a potential timing issue because in the PCIA proceeding, we are working on mechanisms to transfer energy from the IOU PCIA portfolios to LSEs whose customers pay the PCIA.

So that optimization process may in fact have implications for this regulation because it would be very nice if this regulation could actually accommodate whatever transfer mechanisms come up in, you know, eventually come out of that proceeding. The work group is scheduled at the end of January with a proposed decision. Decision coming out sometime thereafter, probably Q2 of next year. So I would put that on your radar as a potential timing issue that it might be worth waiting to see what's coming out of that proceeding in order to make sure that these regulations actually can accommodate all of the implications of those mechanisms, rather than maybe having to go back and redo them.

I also wanted to, I think, urge you to take this issue of reexamining of how PCC-2 RECs actually should be treated. I know there's been a lot of discussion here about the implication --

one, there's obviously, I think, probably a difference between the actual physical GHG emissions from those products and then compared to how they are treated.

But I think there's also -- it is important to recognize that the treatment does shape how Load Serving Entities are going about in the market, certainly for Peninsula Clean Energy even the regulatory uncertainty around them has, I think, shaped some of our decision making processes around these products.

So I don't think it's the sort of thing that we can pretend that won't have implications for how this market is shaped going forward. So I really would urge you to take the time to reexamine that issue as well.

Thank you.

MR. EDMISTER: Good afternoon, Commissioner, staff, thank you for your time this afternoon.

I'm Todd Edmister, I'm the regulatory affairs director for East Bay Community Energy.

Like Dr. Karpa, I've been deeply involved in PCIA land at the Public Utilities Commission, one of the colleagues on one of the other working groups at the Commission.

And I wanted to speak with you today about a distinct but related corner of PCIA land that has resulted in an emerging issue that we were not aware of as of February but we do expect to be putting before you when comments on the new regulations come into effect now. Specifically it's this, the way that the PCIA is configured and the underlying accounting at the PUC is set up, all customers that pay the PCIA are paying for the full panoply of utility resources. And in particular, we're paying for all of the GHG free resources as well as the RPS and so forth.

I want to focus on the GHG free for a moment. Right now there is no mechanism by which the customers were paying the PCIA and by extension, paying for the GHG free resources can make a claim on the GHG free resources for their reporting purposes, even though they're paying for them.

Historically, there's been some opportunities that the utilities presented to contract for these resources but that was not made available for 2019. This inequity is something that we, the CCAs, EBC in particular raised with the Public Utilities Commission. We are currently working with PG&E. By we, I mean EBC and a consortium with NorCal Utilities. We're working with PG&E to, we think, rectify this issue, this inequity around payment versus crediting to provide for essentially the same sort of two-step that we're seeing as the explanation for the CAM approach here, where those who pay and put their head up and say yes, I would like some of that, please, can have a share allocated to them.

Now it overlaps a little bit with Working Group 3 where they're also working allocation methodology. But to add a wrinkle here is this would be an interim methodology until whatever Working Group 3 comes up with gets adopted. Point simply being that we have a time and issue here as well because we are I the throes of negotiating an arrangement with PG&E that we think will work going forward, also can work retrospectively but we have a regulation here that only provides for counting for things where there is a contract going forward.

So what we're really anticipating coming forward to you with in a couple of weeks when the comments are due is a square peg. We're talking here solely about GHG free resources, we're not talking about RECs, we're not talking about PCC-2s or out of state imports or firmed and shaped transactions, we're talking solely about GHG free from specific in-state resources and having the essentially the accounting adjusted after the fact to show that pursuant to the allocation mechanism, again, which is still in the works, but assume that it comes forward, the GHG free associated with that set of resources that is available for allocation for those PCI payers that want to take it goes to the correct account and doesn't simply pile up entirely with the utility customers, that it goes to anybody who's paid and puts their hands up and says they're interested in taking it.

Again, we -- you know, we think that this is a square peg, it doesn't quite fit the rubric, it's not anything that's been talked about so far today in terms of PCC-2s, unbundled REC, firmed and shape, but it's also not a contract that has been entered into in advance. At least part of this will be backward looking.

So we're going to probably be asking you to get out your scalpels and carve an appropriately shaped hole here for this particular arrangement when we're in a place where we can formally present it to you.

Thank you.

MR. TUTT: Hi, Tim Tutt from SMUD again.

I had a question or a couple of questions about the initial study and negative declaration of the Environmental Analysis. That analysis does recognize that its proposed project will result in procurement changes by California retail suppliers, and then it goes on to say that the CEC expects any procurement changes to be limited to increased imports of hydroelectricity from the Pacific Northwest and reductions of in-state or imported electricity derived from natural gas or unspecified power.

I have two questions at first, I guess. One is, do you expect that the proposed project may also result in procurement changes in the voluntary market given your testimony -- or the testimony you've heard today about the evaluation of RECs and changes in that market potential -- potentially?

And two, what's the rationale for your

statement about your expectation of the limited changes that you've had -- you see from this regulation given that there's been a lot of written testimony or written comments and comments today that indicate that the market impacts on renewable procurement might be significant?

MR. SCAVO: The rationales for the initially -- initial Environmental Impact Study and for the fiscal and economic impacts are embedded in those documents.

MR. TUTT: There's really --

MR. SCAVO: As noted, there are --

MR. TUTT: There's really not much more detail besides what I just read on that.

COMMISSIONER DOUGLAS: So, Tim, if you'd like to make further comment on that, you are of course very welcome to.

MR. TUTT: Thank you.

COMMISSIONER DOUGLAS: Thank you.

MR. FREEDMAN: Thank you. Matt Freedman here on behalf of The Utility Reform Network.

TURN was the outside sponsor of Assembly Bill 1110 and we worked very closely with Assembly Member Phil Ting on getting that bill through the legislature and engaged with many of the stakeholders here in this room around negotiating the language.

We appreciate the hard work of staff and the commissioners have done to get the process to where it is today. We understand that it has been a long process and we get that the issue is fraught with complications. It is not an easy thing to tackle and the deeper you dive into it, the more confusing sometimes it may appear. That said, we believe that the proposed regulations are consistent with both the letter of AB-1110 and the intent of the statute and we want to be clear that this bill was never intended to establish requirements around what Load Serving Entities are allowed to procure. And I think the staff and commissioners understand that.

This is a reporting methodology. It does not require any Load Serving Entity to buy or not buy any particular product. And I'm concerned that there's a conflation of the reporting protocols with this sense that these constitute procurement obligations unto themselves which they do not.

We understand that some of the proposed

changes here are opposed by entities that buy and sell and market and certify various types of renewable energy attributes. We get that market participants want fewer restrictions. They want more freedom to establish all different types of commercial transactions in which they can convey environmental claims.

But the Commission's goal is not to accommodate all of those transactions. It's to work with the other agencies consistent with state law to establish consistent approaches. And we believe that the approach here is consistent with both the approach the ARB has taken and maybe even more importantly with what the Public Utilities Commission has adopted. Many of the parties here are complaining about the treatment of firmed and shaped resources saying it is completely unfair to deny those resources a carbon-free attribution in their portfolios.

Well, if you just gaze west to San Francisco, you'll note that the Public Utilities Commission has adopted that exact treatment as part of the Integrated Resources Planning Process. They have said that entities submitting integrated resources plans may not make any zero carbon claims based on forward procurements of PCC-2 or firmed and shaped products. So your reporting protocols would be in perfect alignment with that particular element of how the PUC treats this issue.

And the PUC also doesn't allow unbundled renewable energy credits to be treated as a carbon offset for purposes of Integrated Resources Planning. I think those are really important things to understand. So we support the treatment of unbundled renewable energy credits. We support the treatment of firmed and shaped resources. There was a number of comments made about the RPS adjustment at the Air Resources Board as if somehow that demonstrates that the state has adopted a policy of treating those imports as zero GHG. It does not. It relieves importers of a financial obligation to pay for the carbon pricing associated with the import but it does not change the accounting under the MRR.

And if you -- I'm sure you folks know this and I know there have been participation from the ARB in this process and I would direct you to the ruling that the PUC issued in its integrated resources planning process docket where it addresses this exact issue and makes this distinction. I think it's quite important.

In terms of the grandfathering treatment, I would agree that this is an imperfect solution at best. I'm not a fan of grandfathering but we do recognize that entities entered into commitments prior to the Energy Commission notifying participants that there was going to be a change in direction. And we think that this approach is actually fairly consistent with how the Energy Commission handled a similar situation that arose with pipeline biomethane transactions where the Commission notified market participants that it was suspending eligibility for new transactions, that historic transactions would count but not new ones. We think there are parallels there that justify the treatment here.

And finally, there's been this notion that RPS eligibility is the same as calling a product zero GHG. It is not. They're different programs and what you're doing here is not attempting to say that if it qualifies for RPS, it is automatically zero GHG.

Finally, one last comment about the PCIA. We are also involved in that process and I'll just flag some concerns we have about proposals to allocate historic delivered attributes after the fact amongst retail suppliers. TURN is not on board with that and we are expressing concerns in that process at the PUC. So I would not take what you've heard today as an expression of a done deal or an indication that the PUC is about to sign off on that particular proposal, especially as it relates to historic attributes and not forward transactions.

And we'll submit these in written comments. Thank you.

MR. TOMASHEFSKY: Promise I won't take more than two minutes until I do.

One thing that's interesting through this entire process is, is we're dealing with what the -- what the label is. And if you think about, this label is now 21 years old and it's gone through an evolution that started with direct access, has gone through a number of transitions. And now we're trying to force it into an environment where we have lots of financial trading that were created in the climate program for good reasons.

And so we're dealing with the ability to sell off renewables, to generate revenue that would be used for investment and clean energy and a lot of utilities do those things. When they do that, it changes the dynamics of what's in the Power Content Label. So as a proxy, the label itself for what it's worth and all the -- all the argument back and forth, it is intended or at least it's greatest value is to say I can do a relative comparison between where the state is what other utilities are doing, but it's not an exact science. And we've gone through a lot of these reasons why it's not. And we're trying as hard as we can to make it an exact science. So it is not an exact science.

But I could take a look at the label today and as much as it's got some flaws, I can get a relative feel for where things are in terms of procurement. And after we deal with this, I can get a relative feel for where things are with respect to emissions intensity. But it's not an exact science. It is a -- the compliance is the reporting aspect. So I do agree with Matt on that one as far as it is -- it is the reporting aspect of what comes to consumers.

Transparency is extremely important to our members and it’s extremely important to every governing board that tests this thing and signs off on it. And to the extent that it has flaws for better, for worse, it still has to have some recognition that your actual miles may vary. This is no different when you get a car that has an EPA limit and it says these may vary because certain things you do to the extent that you are participating in the cap and trade market and you’re dealing with -- with selling off renewables to generate revenues and investing in other things. Whether it’s part of the low carbon fuel standard program or what, there’s a lot of things that are going on in the marketplace you cannot capture in this particular label.

So regardless of where we end up, there still needs to be some recognition in the label that this may be not exactly 100 percent true in form, in terms of what that number represents. When someone says my carbon footprint is 322 pounds on my label, it may be a little bit different than that. And there needs to be at least at an absolute minimum, there needs to be a footnote that recognizes that.

These numbers may be impacted by the results of trading and other things that are -- that are fully allowed under the state's climate program. Because it needs to bring it back to the fact that this is just one piece of information that's available to customers to try and get an understanding of what their -- what their utility is doing for them or not doing for them. But it's not the end all. And there needs to be some reflection of that.

One little thing like that at least provides enough transparency to say I'm giving you this information based on the rules that were set. I had some concerns with some aspects of it but this allows me to say it may be a little bit different than that. But it gives you a decent proxy.

So just kind of keep that in mind as you deal with regulations that as much as we love flexibility and we loved to have the label look the way we want it to and whatever we want it to address, we still need to have those disclaimers in there that just talked about what this thing is and what it’s not. And that’s the one thing that’s missing from Footnote 1 and 2. One small -- one additional footnote will help there immensely. Won’t solve our problems, but it will solve the transparency problem that we deal with when we’re addressing consumers.

MS. LEE: No one else is standing up in the room so let’s move to comments on the -- let’s go ahead and move to our comments on the WebEx and then we’ll give you all another opportunity.

And Dawn, I owe you an apology about the -- your earlier comment on EIM that we’ll address as well.

MR. KASTIGAR: Okay. Our first comment is from Maya Kelty. Maya, you are now unmuted.

MS. KELTY: Hi, can you hear me?

MR. KASTIGAR: Yes.

MS. KELTY: Yeah? Okay. Perfect, thank you.

Hi, my name is Maya Kelty and I am with the regulatory affairs team at 3Degrees.

Thanks so much for giving an opportunity for those of us on WebEx to participate as well. I unfortunately couldn’t make it to Sacramento today.

But I’d like to thank the CEC commissioners and staff for leading this workshop and for broader work on implementation of AB-1110. Along with many other attendees at this workshop, 3Degrees has been engaged in the rulemaking process for AB-1110 for a few years now.

So I’m getting quite a bit of feedback.

MS. LEE: I’m sorry, we turned down the volume here to hear you a little better. We’re --

MS. KELTY: Okay.

MS. LEE: We can turn down our volume here a little bit if

MS. KELTY: I turned up the mic, but I’ll try to be

MS. LEE: Yeah, if you can speak up, then we’ll turn the volume back down here.

MS. KELTY: Okay. So for those unfamiliar with 3Degrees, we work with organizations across California including utilities and corporate customers to help build and implement renewable energy strategies, products, and programs.

So I'd first like to voice our support along with several others who have spoken about the provisions and the draft rules that require that RECs be retained in order to report any renewable energy (indiscernible) and the associated greenhouse gas emissions of that generation. We support that all credible renewable energy purchasing must be supported by RECs.

We disagree with the treatment of Bucket 2 and Bucket 3 RECs in the proposal and anticipate that the proposed plan could be confusing for customers. But we also acknowledge that any final proposal must (indiscernible) multiple stakeholder perspective and policy goals. So in that context, similar to Todd from CRS's comments, we view the final program rules to be as important as the statement of reasons explaining why certain decisions have been made.

We find that the justification that's been provided for the initial statement of reasons for treatment of Bucket 2 and Bucket 3 RECs inaccurately criticizes RECs in a way that RECs undermining important investments made in renewable energy in California and across the country each year. The statement of reasons criticizes these procurements as inaccurate and questions their role it seems as valid ways to procure renewable energy. But the reality is that renewable energy procurement in the voluntary market and in compliance markets across the country rely heavily on the ability to first RECs project without also contracting for that underlying electricity.

Focusing on private purchasing of renewal energy in the voluntary market, according to NREL in 2018, at least 134.3 million megawatt hours of renewable energy were purchased by voluntary customers and at least half of that was purchased through unbundled RECs. But the number that's presented there actually underrepresents the number of unbundled RECs purchased in the U.S. voluntary markets and the number of other procurement options including utility green pricing programs rely on regionally sourced unbundled RECs. And a portion of the nearly 24 million megawatt hours sold through a Power Purchase Agreement are financial or sometimes termed virtual PPAs where the customer signs a long-term contract for RECs without physical delivery of the power.

So all of these options provide access for lots of different customers to access renewable energy. While the statement of reasons expressly says at one point that the program is not meant to assess the environmental benefit of RECs procured in good faith for RPS and voluntary purposes, the reality is that much of the statement of reasons seems to contradict this message. The statement of reason does make seems to make negative judgments about the environmental benefits of the procurement options and their accuracy in renewable energy and greenhouse at the time.

So we, you know, will submit written comments with additional feedback. But I think a main point for us is that if this is the proposal that is moved forward with, it's important that the final statement of reasons be revised to no longer question the validity of these renewable energy procurement options.

And it's possible -- we think it's possible for the CEC to move forward with the program as written without stating that RECs are an accurate way of purchasing renewable energy, but it could be more accurate to state that the boundaries of what renewable energy can be reported or chosen in order to align with the boundaries of what is reported under the mandatory reporting requirement.

So thank you again for this opportunity to speak and for holding this workshop, we look forward to submitting comments.

MS. LEE: Thank you.

MR. KASTIGAR: Thank you, Maya.

It looks like there's no other attendees with raised hands. If you are viewing remotely and you would like to make a comment, this is your last chance to speak so please leave a comment in the chat feature or use the raise hand feature if you'd like to speak.

MS. LEE: Okay. Dawn, would you like to comment.

MS. WEISZ: Yeah. Thank you for the opportunity to comment. I do have one comment on the EIM transactions and just wanted to request that that be considered as an addition to the definitions. And that's all.

And then I also just wanted to clarify in response to one of the comments that was made previously that speaking now as the CEO of MCE, we are -- we're a CCA, we're a public agency founded with a mission statement to reduce greenhouse gas emissions.

So I just wanted to clarify that because of our mission statement, we are governed by a board of 28 board members. The rules adopted by the CEC will absolutely impact our ability to procure. So there was a comment made that these rules aren't going to really cause any changes in the market. They will. They will cause changes for our agency. I believe they will cause changes for other CCAs, and they will absolutely increase our ratepayer cost if there is a new treatment imposed for PCC-2.

And I also wanted to clarify that the intent of the statute, according to Mr. Freedman in the audience there, is different from the actual statute which many of us agree to support. I noted that the legislative intent letter was attached to the packet here which I found to be odd. I know there are some prohibitions against following legislative an author's intent letter when that really can be different from the actual statute that was negotiated and agreed to.

The public process is what should be leading to the final result, and I think the legislative intent -- or the actual statute that was agreed to is reflected by many of the comments that you've heard here today. So I hope that the public process and the existing best practices really can drive the process and the final decision here.

Thank you.

MR. UHLER: Steve Uhler. On that calculation, the statewide emission intensity calculation that is required, I don't find that in your regulation. I see the bid about factors but no statewide calculation. Calculate the greenhouse emission intensity associated with statewide retail sales based on greenhouse emissions for total California system electricity. But I don't find a calculation that supports that there.

MS. LEE: Thanks for that clarification.

MR. UHLER: Oh, and are the renewable energy credits that are shown on the Power Content Label, do they belong to each customer whose -- who bought that portfolio? Are they transferred to them?

MS. LEE: We'll address that through public comment.

COMMISSIONER DOUGLAS: All right. Well, it looks like we are through a packed agenda. We are through public comments including in some cases some multiple clarifications and comments which can be very helpful. So thank you for that.

This has been helpful for me to just be able to sit through and listen to the exchange and I appreciate all of your participation.

And let me just ask Natalie or Jordan if they have any closing comments to make.

MS. LEE: I just, again, want to thank everyone for their attendance, for continuing this dialog. And I want to personally thank my staff that are here in support roles and have been working on this for three years now. We could not have gotten this far without all of them. So. That's all.

COMMISSIONER DOUGLAS: All right. Very good. Well, then, thanks again, we'll look forward to receiving written comments on this.

And workshop's adjourned.

(Thereupon, the hearing was adjourned at 4:36 p.m.)

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 October, 2019.

PETER PETTY
CER**D-493
Notary Public

CERTIFICATE OF TRANSCRIBER

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.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

Martha L. Nelson

MARTHA L. NELSON, CERT**367

October 14, 2019