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BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the matter of,)
) Docket No. 16-RPS-03
Amendments to Regulations)
Specifying Enforcement)
Procedures for the Renewables)
Portfolio Standards for Local)
Publicly Owned Electric)
Utilities)

**LEAD COMMISSIONER PRE-RULMAKING WORKSHOP
ON RPS POU REGULATIONS**

WARREN-ALQUIST STATE ENERGY BUILDING
1516 NINTH STREET
1ST FLOOR, ARTHUR ROSENFELD HEARING ROOM
SACRAMENTO, CALIFORNIA 95814

TUESDAY, SEPTEMBER 10, 2019

10:00 A.M.

Reported By:
Peter Petty

APPEARANCESCOMMISSIONERS AND COMMISSIONER ADVISORS PRESENT

Karen Douglas, Lead Commissioner

Kourtney Vaccaro, Advisor to Commissioner Douglas

Eli Harland, Advisor to Commissioner Douglas

Staff Present

Katharine Larson, Renewable Energy Division

Armand Angulo, Renewable Energy Division

Gina Barkalow, Renewable Energy Division

Gabriel Herrera, Office of the Chief Counsel

Mona Badie, Office of the Chief Counsel

Myoung-Ae Jones

Invited Panelists

Vidhi Chawla, Alameda Municipal Power

David Siao, Roseville Electric Utility

Jamey Stambler, Anaheim Public Utilities

Scott Hirashima, Los Angeles Department of Water & Power
(LADWP)

Tanya DeRevi, Southern California Public Power Authority
(SCPPA)

Justin Wynne, Braun Legal, for California Municipal
Utilities Association (CMUA)

Susie Berlin, Law Office of Susie Berlin, for Clean
Power Alliance (CPA)

Tim Tutt, Sacramento Municipal Utility District (SMUD)

Scott Tomashefsky, Northern California power Agency

APPEARANCES (CONT.)Public Comment

Steve Uhler

Steven Kelly, Independent Energy Producers

Nathan Gallegos, LADWP (Via WebEx)

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P R O C E E D I N G S

1
2 SEPTEMBER 10, 2019

10:00 A.M.

3 COMMISSIONER DOUGLAS: Alright I'll start talking
4 now because it's exactly 10:00. And if I wait too long,
5 we'll be 30 seconds late.

6 So, good morning and welcome to everyone. I'm
7 Commissioner Karen Douglas. I'm the Lead Commissioner,
8 now, for Renewables here at the Energy Commission. And
9 I'm really pleased to have the opportunity to engage
10 with all of you as the Commission develops updates to
11 the enforcement procedures for the Renewables Portfolio
12 Standard, for local publicly owned electric utilities,
13 which we usually just call the RPS POU regulations. And
14 you'll probably hear me use that phrase way more than
15 what I just read off.

16 The workshop notice explains that today's
17 discussions will focus primarily on implementation of
18 the RPS long-term procurement requirement.

19 Commission staff issued a paper on August 30th
20 to help prime today's discussion and, hopefully, elicit
21 meaningful input from all of you. So, I look forward to
22 hearing your comments on the staff paper topics, and
23 during the lightning round at the end of the day, when
24 we'll give you all a chance to kind of go around the
25 table one more time, and share what's on your mind, or

1 something you think is important that hadn't come up in
2 discussion, yet.

3 As always, I'm interested in hearing from the
4 public comments, as well. And in the coming months
5 we'll provide additional opportunities for stakeholder
6 and public engagement, as we address the many other
7 topics that are also going to be covered regarding the
8 RPS POU regulations.

9 So, our hope and intent is to work
10 collaboratively, but quickly, as we move forward with
11 the goal of adopting regulations that will take effect
12 during the end of Compliance Period 3. And staff will
13 talk more about our hoped for and proposed timing,
14 today.

15 And just a quick heads up, I am here all day. I
16 will have to step out right before noon for something,
17 and come back after lunch. But I'm here all day. If I
18 miss something between 12:00 and whenever we break for
19 lunch, that you really want me to hear, remember that
20 for the lightning round or bring it up when we come
21 back.

22 So, at this time, I'll go around the room and
23 ask the panelists and, really, ask everyone to introduce
24 themselves. So, let's start with the panelists in the
25 room, and then go to the panelists on WebEx and the

1 phone, and make sure we get to everyone else at the
2 table, as well.

3 So, let's see, Katharine, do you want to -- why
4 don't you take us through housekeeping and then you can
5 get us going with introductions.

6 MS. LARSON: Sure. I actually have a slide on
7 housekeeping, so I'm going to run up to --

8 COMMISSIONER DOUGLAS: Great, go ahead.

9 MS. LARSON: Now it's on? Great.

10 We do have extra handouts on the back table, in
11 case you didn't pick up as you came in. That actually
12 includes the workshop notice, agenda for today, the
13 staff paper, the presentation, and a list of lunch spots
14 that are in close walking distance for when we break for
15 lunch.

16 For emergency evacuation procedures, please
17 follow Energy Commission staff out the front door and to
18 the right of us, to Roosevelt Park. You can just follow
19 staff as we go.

20 We have restrooms as you exit the hearing room
21 on the left. We also have a vending machine on the
22 second floor, in case you need sustenance in the
23 interim.

24 We are recording this meeting today via WebEx,
25 and we're also being transcribed by a court reporter,

1 which will help us fully capture the comments and input
2 that you provide today.

3 We'll also be accepting written comments through
4 September 24th, at 5:00 p.m. We'll have a little more
5 on how to do that at the end of the presentation. But
6 we look forward to your engagement.

7 And I'll turn it back to introductions.

8 COMMISSIONER DOUGLAS: All right, great. You
9 know, let's go around the table, if we could. That will
10 just be easier for me. Do you want to start? Let's go
11 this way and we'll start with Kourtney Vaccaro.

12 MS. VACCARO: Good morning. I'm Kourtney
13 Vaccaro. I'm an Advisor to Commissioner Douglas.

14 MR. ANGULO: Good morning, everyone. I'm Armand
15 Angulo, acting Division Deputy for Renewable Energy
16 Division.

17 MS. LARSON: Hi, everyone. I'm Katharine
18 Larson. I'm the staff lead for the RPS Regulations for
19 POUs.

20 MS. BARKALOW: Hello. I'm Gina Barkalow and I'm
21 a Supervisor in the Renewable Energy Division.

22 MR. HERRERA: Good morning. Gabe Herrera, I'm
23 with the Energy Commission's Legal Office.

24 MS. BADIE: Hi. Mona Badie with the
25 Commission's Legal Office.

1 MS. CHAWLA: Hi. My name is Vidhi Chawla, with
2 Research Planning from Alameda.

3 MR. SIAO: Hi. My name is David Siao, with
4 Roseville Electric. And thank you, Commissioner, for
5 organizing this workshop.

6 MR. STAMBLER: Hi. My name is Jamey Stambler.
7 I'm an Integrated Resources Planner for the City of
8 Anaheim.

9 MR. HIRASHIMA: Good morning. My name is Scott
10 Hirashima, with LADWP, Regulatory Compliance Group.

11 MS. DEREVI: I'm Tanya DeRevi, Director of
12 Government Affairs for the Southern California Public
13 Power Authority.

14 MR. WYNNE: Justin Wynne, outside counsel for
15 the California Municipal Utilities Association.

16 MS. BERLIN: Good morning. Susie Berlin,
17 outside counsel for the Northern California Power Agency
18 and CPA.

19 MR. TUTT: Good morning. Tim Tutt from SMUD

20 MR. HARLAND: Eli Harland, Advisor to
21 Commissioner Douglas.

22 COMMISSIONER DOUGLAS: Is there anyone
23 participating by phone, WebEx or phone?

24 MS. LARSON: Not for the panel.

25 COMMISSIONER DOUGLAS: No. Okay, not for the

1 panel, perfect. All right.

2 So, in that case, it looks like you've got the
3 first presentation, Katharine.

4 MS. LARSON: Great, thanks. I'm actually going
5 to run back up to the podium. It will make it a little
6 easier. But don't be too alarmed to see me running back
7 and forth throughout the day.

8 So, before we get started, I want to give a
9 brief overview of the agenda. Which, as Commissioner
10 Douglas touched on, we are focusing this workshop on the
11 implementation of the long-term procurement requirement.

12 First, I'll give you a little background on the
13 RPS, which will be very familiar to most of you. Then,
14 we'll dive right in, into the implementation topics for
15 the long-term procurement requirement. We'll talk about
16 the next steps, including a lightning round for
17 stakeholders to raise priority issues. We'll have a
18 general public comment period at the end. And, finally,
19 we'll adjourn after closing remarks.

20 So, first, a little background on the RPS which,
21 again, should be very familiar to most of you. The RPS
22 establishes progressive, renewable energy procurement
23 targets for retail sellers of electricity and local
24 publicly owned electric utilities, or POUs.

25 AS it was first enacted in 2002, the RPS targets

1 only applied to retail sellers and POU's were required to
2 adopt their own renewable energy or RPS goals and
3 targets. In 2011, SBX 12 expanded the RPS to include
4 POU's and set a target for all electric utilities in
5 California to serve at least 33 percent of their retail
6 sales from eligible renewable energy resources.

7 The RPS is jointly administered by the Energy
8 Commission and the CPUC. The Energy Commission's
9 responsibilities include overseeing RPS compliance and
10 enforcement for POU's, among others. And the CPUC is
11 responsible for compliance and enforcement for retail
12 sellers.

13 So, as part of our responsibilities for the RPS
14 we adopt regulations specifying RPS enforcement
15 procedures for POU's. We adopted our first regulations
16 in 2013 and they took effect in October of 2013. June
17 2013, took effect October. I'm not going to say the
18 whole title here because, as Commissioner Douglas
19 mentioned, it's pretty long.

20 We subsequently amended our regulations in 2015.
21 We adopted the amended regulations in 2015 to implement
22 legislative changes and to make clarifying changes, and
23 they took effect in April of 2016.

24 Now, since we last amended our regulations, a
25 number of pieces of legislation have affected the RPS

1 program for POUs. I'm not going to go through all the
2 details here. But notably, SB 350 increased the RPS
3 requirements to 50 percent by 2030. It established a
4 long-term procurement requirement, among many other
5 changes.

6 And SB 100, last year, revised the RPS
7 requirements to 60 percent by 2030.

8 We did conduct initial prerulemaking activities
9 in 2016 to implement RPS changes from SB 350 in the RPS
10 regulations. We issued draft regulatory amendments
11 which here I'll refer to as the August 2016 draft,
12 because the title is still pretty long. And we held a
13 public workshop on those draft amendments.

14 However, we subsequently suspended our
15 prerulemaking activities until 2019. We do expect that
16 the upcoming update to the regulations will cover the
17 full range of statutory changes affecting the RPS,
18 however.

19 So, as we've touched on, one of the bigger
20 changes that we anticipate addressing in the forthcoming
21 update to the regulations is the implementation of the
22 long-term procurement requirement. I say it's a bigger
23 change because it's pretty complex and it affects all
24 POUs, as well as all retail sellers.

25 So, as amended by SB 350, Public Utilities Code

1 399.13(b) requires at least 65 percent of the
2 procurement a retail seller counts for its RPS
3 compliance, the RPS requirements of a compliance period
4 to come from its contracts of 10 years or more in
5 duration, its ownership or ownership agreements.

6 And PUC 399.30(d)(1) makes this requirement
7 applicable to POUs and directs governing boards to adopt
8 consistent requirements.

9 The long-term procurement requirement takes
10 effect in January 2021, so for compliance period four.
11 But there is a voluntary early compliance process, as
12 provided in PUC Section 399.30(a)(4)(B). This could be
13 desirable because SB 350 also revised access procurement
14 rules that take effect in 2021 unless a retail seller
15 complies early with the long-term procurement
16 requirement, beginning in 2017.

17 And again, PUC Section 399.30(d)(1) makes this
18 requirement applicable to POUs. Rather, this optional
19 process applicable to POUs and requires them to adopt
20 consistent requirements.

21 So, it sounds simple, right? It's pretty easy.
22 No. Again, we think long-term procurement requirement
23 implementation is a big one for the next update. And
24 so, even though we are planning to address the full
25 range of statutory changes in the upcoming update to the

1 regulations, we do want to focus today on implementation
2 of the long-term procurement requirement and get
3 additional input from stakeholders and the public.

4 So, the August 2016 draft did include proposed
5 amendments to implement the LTR, but as I hinted at a
6 few events have transpired since then.

7 So, first, we got public comments on our August
8 2016 draft, which included comments on how we would
9 implement the LTR. In addition, the CPUC implemented
10 the LTR, the long-term procurement requirement, for
11 retail sellers in 2017, in a manner that differs in part
12 from the way that we proposed in the August 2016 draft.

13 Now, statute doesn't require POUs and retail
14 sellers to have the exact same implementation for this
15 requirement, but it is a reasonable alternative for us
16 to consider for POUs.

17 And, as well, there have been a number of
18 additional implementation issues that have come up that
19 we didn't address specifically in the August 2016 draft,
20 that we'd like to do so, now.

21 So, to help facilitate public input, we
22 developed a staff paper, which you all should have in
23 the back table, and discussions questions to facilitate
24 stakeholder and public input.

25 I just want to give a little more detail on the

1 workshop format today. The format is organized into
2 three, primarily three topic area discussions. In each
3 topic area, which are implementation of the long-term
4 procurement, how we characterize long-term procurement,
5 and the voluntary early compliance process, for each of
6 these topics we'll have a staff presentation, a
7 roundtable discussion with stakeholders, and then a
8 public comment period for each topic area.

9 I want to briefly go over the rules for public
10 comment. So, during the roundtable discussions
11 themselves, Gina Barkalow and I will be moderating and
12 keeping track of time.

13 For the public comment periods, comments will be
14 limited to three minutes per period. Please turn in a
15 blue card to speak, to Greg. He has a stack. Greg is
16 over in the corner. Hopefully, you all can see him. He
17 waved. He has a stack of blue cards in front of him.
18 There's also blue cards on the table, as you enter the
19 hearing room.

20 If you want to speak to a particular topic,
21 please indicate on the topic or question that you're
22 interested in, so we can help best direct the flow of
23 the conversation.

24 Please come to the podium when we call your
25 name, if you're commenting in the room. And, please,

1 state your name and affiliation for the court reporter.
2 If you have your business card, please provide that as
3 well.

4 If you're commenting via WebEx, please use the
5 raise hand feature. We'll unmute you during your turn.
6 And again, please state your name and affiliation for
7 the court reporter. You can alternatively type a
8 comment into the chat box and we'll read it aloud for
9 the record.

10 And any commenters on the phone, who aren't on
11 WebEx, we will unmute all the lines at the end. So,
12 please unmute your phone only to ask a question.

13 As I mentioned, we'll also be accepting public
14 comment through September 24th, at 5:00 p.m.

15 Okay, with all that said, let's dive into the
16 first topic. So, what we're trying to address here and
17 what we're trying to answer here is how the long-term
18 procurement requirement is calculated and how compliance
19 with that requirement affects compliance with the other
20 RPS procurement requirements.

21 So, the slide here has excerpts from 399.30 (b),
22 which establishes the LTR for retail sellers. That's
23 the one on top. And 399.30 (d) (1) which makes this
24 requirement applicable to POUs.

25 The underline refers to the portion of the

1 statute that we're focusing on in topic one. So, for
2 the first part it's the meaning of the procurement, 65
3 percent of the procurement that's counted toward the RPS
4 requirement of the compliance period.

5 First, I want to mention what the current RPS
6 procurement requirements are prior to the effective date
7 of the long-term procurement requirement. So, POU's were
8 and are subject to two procurement requirements. The
9 procurement target, which refers to the amount of
10 eligible renewable energy generation a POU must retire
11 and apply for a compliance period to meet the statutory
12 targets, and the portfolio balance requirement, or the
13 PBR, which consists of minimum and maximum limits of
14 different procurement types. The PCC 1, or portfolio
15 content category 1, minimum, and the PCC 3 maximum.

16 Although these procurement targets target PBR
17 are related and required for compliance, compliance with
18 the requirements is evaluated separately and is
19 independent. So, a POU can meet its RPS procurement
20 target and fail to meet the PBR or vice-versa. The same
21 is true for retail sellers.

22 I do also want to mention that prior to SB 350
23 retail sellers were, and are, continue to be subject to
24 a minimum long-term contracting requirement for
25 compliance period between 2011 and 2020. That

1 requirement must be met in order to count short-term
2 procurement towards their RPS procurement targets. The
3 requirement never applied to POU's and will be replaced
4 by the LTR for retail sellers beginning in 2021. I just
5 want to mention that because it's a different
6 requirement that POU's were not subject to and operates a
7 little differently than the current RPS requirements for
8 POU's.

9 So, we've identified two potential options to
10 calculate the LTR, in a similar way, but they differ in
11 how LTR compliance, long-term procurement requirement
12 compliance, affects compliance with the procurement
13 target and the PBR.

14 The first option, which we call the independent
15 compliance option, is the same approach that we proposed
16 in the August 2016 draft and it's similar to the current
17 implementation of the RPS procurement requirements.

18 In this independent compliance option,
19 compliance for the LTR is evaluated separately and has
20 no impact on compliance with the target or the PBR. The
21 second option, which is the dependent compliance option,
22 is similar to the CEC's implementation for retail
23 sellers and establishes compliance with the LTR as a
24 precondition for compliance with the procurement target
25 and the PBR. We'll go into a little more detail on

1 these options in the next few slides, so you can see how
2 they differ.

3 The asterisk in the coming slides identifies
4 when we are proposing something different from the
5 August 2016 draft so, hopefully, that can help you keep
6 things straight.

7 I do also want to mention that these are not
8 necessarily the only implementation options for the LTR,
9 but they are the two main ones that have been identified
10 to date. And so, in your comments, we're certainly open
11 to hearing other ideas.

12 All right. So, let's first talk about the
13 independent compliance option which, again, is the same
14 approach from the August 2016 draft. We propose to
15 calculate the LTR as 65 percent of the lesser of the
16 procurement target or the quantity of RECs that are
17 applied for compliance because this is the procurement
18 that is actually counted toward the RPS requirement for
19 a given compliance period.

20 We then propose to evaluate compliance with the
21 LTR by comparing that 65-percent quantity to the number
22 of long-term RECs that are applied. It seems pretty
23 straight forward.

24 In this option, the independent compliance
25 option, a POU does have to satisfy the LTR, the

1 procurement target, and the PBR to meet the RPS
2 requirements of the compliance period. But compliance
3 with each requirement is independent. So, you have to
4 satisfy all three to meet all your requirements, but you
5 could not satisfy one and still meet the others.

6 If a POU applied insufficient long-term
7 procurement to meet the LTR in this option, it could be
8 subject to enforcement based on the processes in
9 Sections 3208 and 1240 of the RPS regulations, even if
10 it meets the other two procurement requirements. It
11 could be subject to enforcement if it incurs a deficit
12 in the LTR requirement.

13 How would this affect excess procurement? Well,
14 as I mentioned a couple slides ago, we propose
15 calculating the LTR based on the lesser of the
16 procurement target or the total RECs that are applied
17 for compliance. So, any RECs that are retired and not
18 applied for compliance wouldn't be subject to the 65-
19 percent LTR because they are not actually counted for
20 RPS compliance in that compliance period.

21 If any of those RECs retired and not applied are
22 eligible for banking, they would retain their
23 classification as long- or short-term, and be subject to
24 the LTR and the compliance period in the future during
25 which they're actually applied.

1 However, we do propose clarifying that a POU
2 must meet all of its RPS procurement requirements,
3 including the LTR, in order to actually bank excess
4 procurement. So, in other words, excess procurement
5 would refer to procurement in excess of the amount
6 needed to satisfy all RPS procurement requirements.
7 This is a clarification that is really based on the
8 plain language meaning of the word "excess".

9 Now, if a POU incurred a deficit in the LTR,
10 what options would it have? For this independent
11 compliance option, we believe a POU could adopt and
12 apply cost limitations that considered the cost of long-
13 term procurement. Such cost limitations could then be
14 used to address a deficit in the LTR, subject to all
15 statutory and regulatory requirements for using cost
16 limitations.

17 However, as we discussed in the staff paper, we
18 believe that a POU cannot use either the PBR reduction
19 or the delay of timely compliance optional compliance
20 measure to address a deficit in the LTR. In particular,
21 the delay of timely compliance optional compliance
22 measure is a procurement requirement that applies to the
23 requirements of Section 399.15. Whereas, the long-term
24 procurement requirement is established in an entirely
25 different section, Section 399.13, so it wouldn't be

1 covered by this measure in our interpretation.

2 Okay, let's move on to the dependent compliance
3 option. So, the second option that we discussed for
4 implementing the LTR is the dependent compliance option.
5 Which, again, is similar to the CPUC's implementation
6 for retail sellers, but it differs from the approach in
7 the August 2016 draft.

8 As in the first option, we're proposing to
9 calculate the LTR as 65 percent of the lesser of the
10 procurement target or the procurement that's applied.

11 Evaluating compliance with the LTR starts out in
12 exactly the same way as in option one by comparing the
13 LTR with the quantity of long-term RECs applied.
14 However, in this option, if the LTR isn't met short-term
15 RECs that were applied would be disallowed until long-
16 term RECs applied account for 65 percent of the total
17 RECs applied for compliance.

18 So, in other words, we'd adjust the total number
19 of RECs that are applied by disallowing short-term RECs
20 in order to bring the RECs applied into compliance with
21 the LTR. That's a mouthful.

22 So, under this dependent compliance option, LTR
23 compliance is always needed before calculating
24 compliance with the procurement target and the PBR.
25 Compliance with the LTR in effect determines how many

1 RECs can count toward the other procurement
2 requirements.

3 A POU that has insufficient long-term
4 procurement or, rather, applies insufficient long-term
5 procurement can never incur a deficit in the LTR because
6 compliance with that requirement always is required.
7 But it could incur a deficit in its procurement target
8 and/or its PBR based on the disallowance of short-term
9 RECs that are needed to bring it into compliance with
10 the LTR.

11 And if the POU does incur a deficit in the
12 procurement target of the PBR for this reason, it could
13 be subject to the enforcement processes in the
14 regulations.

15 So, as in the independent compliance option,
16 we're proposing that RECs that are retired and not
17 applied wouldn't be subject to the 65-percent long-term
18 procurement requirement. If they are eligible to be
19 banked as excess, they would retain their classification
20 as short- or long-term and be subject to the LTR in the
21 compliance period during they'd actually apply.

22 And again, we'd make the same proposed
23 clarification that you need to satisfy all your RPS
24 procurement requirements in order to bank excess
25 procurement.

1 So, as I mentioned, in this option, the
2 dependent compliance option, a POU can't incur a deficit
3 in the LTR. So, optional compliance measures aren't
4 applicable to that requirement. However, if a POU
5 incurs a deficit in the procurement target, or the PBR,
6 as a result of the disallowance of short-term
7 procurement to bring it into compliance with the LTR, a
8 POU could potentially use the delay of timely
9 compliance, optional cost limitations, or PBR reduction
10 optional compliance measures as applicable for these
11 requirements subject to the statutory and regulatory
12 requirements.

13 So, this table just highlights the differences
14 between the two options, the independent and dependent
15 compliance options. The first row looks at impacts on
16 the other RPS procurement requirements. Again, in the
17 independent compliance option there's no effect. LTR
18 compliance has no effect on the other two requirements.

19 On the dependent compliance option, LRT
20 compliance is required before evaluating the target in
21 PBR and does have an effect on compliance with those
22 requirements.

23 If a POU applies sufficient long-term
24 procurement -- and sufficient procurement to meet all of
25 its procurement requirements, there's no difference in

1 these two implementation options. But differences do
2 arise if a POU applies insufficient long-term
3 procurement.

4 The second row looks at the implications if a
5 POU applies insufficient long-term procurement to meet
6 the long-term procurement requirement.

7 And the third row looks at possible enforcement
8 actions.

9 So, under the independent compliance option, a
10 POU can incur a deficit in the LTR if it applies
11 insufficient long-term procurement. And the Executive
12 Director could issue a complaint for failure to meet the
13 LTR if that deficit isn't excused by the cost
14 limitations measure.

15 For the dependent compliance option, again a POU
16 cannot incur a deficit in the LTR, but it could incur a
17 deficit in the other requirements based on the
18 disallowance of short-term RECs to bring it into
19 compliance with the LTR. And if those deficits aren't
20 otherwise excused, the Executive Director of the Energy
21 Commission could issue a complaint for failure to meet
22 the procurement target and/or the PBR.

23 So, I'm going to briefly summarize results from
24 a few example calculations that illustrate the
25 similarities and differences between these options. The

1 example calculations are described in detail on the
2 staff paper that you have before you, so I'm not going
3 to actually walk through every step. It's a little
4 tedious and might bore you, but we can certainly come
5 back if you have any questions.

6 I do also want to mention that we reissued the
7 staff paper at the end of last week to correct two,
8 three minor typos in Tables 2 and 5. They didn't
9 actually change the result of the calculation, but they
10 may have made the steps a little harder to follow. But
11 the copy that you have in front of you is the revised
12 version.

13 So, in this first example, we'll consider a POU
14 that has -- that retires long-term procurement. It
15 applies long-term procurement in excess of the LTR, so
16 it meets the requirement.

17 For simplicity, we'll assume all procurement in
18 this example is PCC 1, so we don't have to worry about
19 the PBR.

20 In this example, the POU applies the minimum
21 amount of long-term procurement to meet the LTR, so
22 65,000 RECs for a procurement target of 100,000 RECs.
23 It applies short-term RECs to the remainder of its
24 procurement target. Because it has applied enough
25 procurement to satisfy all its procurement requirements,

1 the compliance outcomes don't differ between the
2 independent and dependent compliance options.

3 After meeting its procurement requirements, the
4 POU's left with an additional 10,000 long-term PCC 1
5 RECs, and 15,000 long ---, short-term PCC 1 RECs that
6 may be eligible for banking of excess procurement. If
7 they are banked, they will be subject to the long-term
8 procurement requirement in the period in which they're
9 applied.

10 In the second example, we'll look at a POU that
11 applies insufficient long-term procurement to meet the
12 LRT. Once again, the procurement target for this POU is
13 100,000 RECs. In this case, it applies 50,000 long-term
14 RECs and 50,000 short-term RECs toward the target. For
15 simplicity, again everything is PCC 1.

16 Under the independent compliance option, the POU
17 incurs a deficit of 15,000 RECs in the LTR. So,
18 straight comparison between the long-term RECs applied
19 and the LTR. But it does meet its RPS procurement
20 target and its PBR.

21 In the dependent compliance option, the POU
22 satisfies both the LTR and the PBR, but it incurs a
23 deficit in the procurement target of a little over
24 23,000 RECs because some short-term RECs that it applied
25 were disallowed to bring it into compliance with the

1 LTR. And you can see, it's a greater deficit than in
2 the independent compliance option.

3 The last example that we'll look at is very
4 similar to the second one, except that the long-term
5 applied RECs are now a mix of PCC 1, PCC 2, and PCC 3.
6 So, we do have to think about PBR. All the short-term
7 RECs applied are PCC 1.

8 So, once again, the POU ends up starting out
9 with 15,000 RECs short of the LTR, 15,000 long-term RECs
10 short of the LTR.

11 Under the independent compliance option, the POU
12 incurs that deficit in the LTR, but it does comply with
13 the target and the PBR.

14 Now, under the independent -- excuse me, under
15 the dependent compliance option, the POU is again
16 required to satisfy the LTR, which results in the
17 disallowance of approximately 23,000 RECs to come into
18 compliance with the LTR. We then calculate the PCC 1
19 minimum based on the RECs that were actually applied in
20 accordance with the LTR and then compare it to the PCC 1
21 RECs applied.

22 Now in this case, unfortunately some of the
23 POU's short-term RECs that were disallowed to bring it
24 into compliance with the LTR were PCC 1, so it no longer
25 has enough PCC 1 RECs applied to meet the PCC 1 minimum.

1 The POU then incurs an additional deficit of almost
2 6,000 RECs, PCC 1 RECs in the PBR.

3 So, that's it for my presentation, outlining the
4 different options for LTR implementation. I'm going to
5 come back over to the table for a roundtable discussion.
6 We think we'll be able to address a number of questions
7 within the roundtable discussions, but if there are any
8 additional questions after that point, we encourage you
9 to include it in your comment at the end, public
10 comment following the roundtable discussion.

11 Sorry, I should have given an update. I just
12 found the questions. Or, rather, I borrowed Gina's.

13 So, thank you all at the table for joining us,
14 for this first panel. I want to mention, we really
15 would like this to be an open discussion, active and
16 free flowing.

17 So, I don't want to, you know, call on you all
18 individually. I want this really to be -- I would like
19 you to respond as you see fit and, hopefully, that will
20 spur additional discussion. But, yeah, I'm really
21 looking forward to this conversation.

22 So, the first question that we'd like to tee up
23 is: Do both the implementation options that I've just
24 outlined, the independent option and the dependent
25 compliance option, effectively implement the long-term

1 procurement requirement.

2 MR. WYNNE: So, this is Justin Wynne for CMUA.
3 And we thought it might be useful, before we jump in to
4 responding to the first question, to discuss some
5 overarching considerations and maybe principles that we
6 think should guide all of the implementation issues.

7 And I think one of the first ones that's
8 important to keep in mind is that the long-term
9 procurement requirement poses some unique challenges
10 that don't really apply in the same way to like the
11 portfolio balance requirement. And, primarily, because
12 the process for selecting, negotiating and executing a
13 long-term contract is very lengthy. I mean, it would
14 typically take over a year just for that.

15 And if you are selecting a project that is under
16 development, you may then have multiple years from the
17 execution date before you're actually getting a
18 delivery.

19 Because of that process, a POU is extremely
20 limited if they need to get more long-term procurement
21 over a short amount of time. Whereas, if you're looking
22 at just a shortage in a bucket one requirement, you
23 might be able to accomplish that even in a few months.
24 But that's just not realistic for the long-term
25 procurement requirements.

1 And so, it's very important that as you're going
2 through this to use a common sense approach to
3 implementing these regulations and it's not hyper
4 technical. And as you're considering what the structure
5 of the regulations should be, we should keep the intent
6 of the statute in mind and make sure that it's serving
7 that and it's not just imposing a technical requirement,
8 and then a POU is coming out of compliance just because
9 of something that's happening that's outside of their
10 control.

11 As far as the legislative purpose, I know that
12 the -- if you go back through the committee analyses,
13 they do reference that there was a very lengthy
14 stakeholder process devoted to this issue, in
15 particular. And in the staff report you note that long-
16 term planning is an important goal.

17 But in the stakeholder process, one of the key
18 things that was consistently brought up was that ten
19 years is necessary, a 10-year commitment is necessary to
20 secure financing for a new development.

21 And so, I think those two things you should keep
22 in mind is as you're considering how to structure this
23 regulation - does it support either providing adequate
24 financing to new resources or is it supporting long-term
25 planning.

1 And as you're looking at the long-term planning
2 side of this, I think it's also important to keep in
3 mind that the primary mechanism to make sure that the
4 State is on track to meet its long-term RPS and carbon
5 reduction goals is the IRPs. And those aren't just
6 looking at RPS. They're looking at all your resources
7 in a comprehensive way, looking out into the future.

8 This requirement is backward looking. It's only
9 focused on RPS. And so, it's an important tool, but I
10 don't think it should be viewed as the primary mechanism
11 to ensure that the state's on its long-term goal to meet
12 the different energy policies.

13 MS. DEREVI: This is Tanya DeRevi with SCPPA. I
14 will also add on, although it wasn't a state issue
15 during SB 350 negotiations on financing for renewable
16 projects, for the purposes of meeting RPS, we also need
17 to be cognizant when it comes to public sector utilities
18 of impacts that congressional actions can have for
19 renewable projects. There's twofold.

20 One is the attacks on municipal bond financing
21 that has been offered up both by the then Obama
22 administration, and by the Trump administration to
23 actually eliminate tax-exempt municipal bond financing,
24 which would have had significant impacts for public
25 power utilities, and anything else that is funded with

1 public dollars, like schools and hospitals, for example.

2 One of the other issues that we see have an
3 impact on renewable procurement for POUs is
4 congressional activity as it relates to tax extenders on
5 energy issues. Wind and solar are the top two that come
6 into mind. When there is a proposed phase out, phase
7 down or, potentially in the future, a phase up of tax
8 credits for wind and solar in particular, we will see an
9 uptick in projects that are submitted as part of our
10 annual RFP process to procure renewables for our members
11 here at SCPPA. And just want to be mindful of things
12 that are outside of the control of POUs, which we'll get
13 into a little bit later on that front, as well, when it
14 comes to legislative impacts for renewable procurement
15 in California.

16 One issue we also wanted to flag for the
17 purposes of this discussion is really the need for
18 flexibility for POUs. This is particularly acute when
19 compared to, for example, the big three IOUs in
20 California, for our small- and medium-sized POUs in the
21 state that face unique challenges because of two key
22 risks. One is the variability in generation, especially
23 when it comes to intermittent renewable resources, like
24 solar and wind. And the other is the variability in
25 load for small and some medium-sized POUs across the

1 state.

2 Some smaller POUs often have a limited number of
3 resources in their portfolios. And so, a failure of
4 even just one project could potentially put them out of
5 compliance for the purposes of the RPS. And we
6 encourage the Energy Commission to remain cognizant of
7 that as we move forward with this implementation
8 process.

9 They may also have limited additional resources
10 in their portfolios to protect them from this risk. So,
11 we are very cognizant of not wanting to expose POUs
12 ratepayers, which is the public, we don't have any
13 shareholders, to excessive costs when it comes to RPS
14 implementation.

15 Additionally, more so from Northern California,
16 because those of us in Southern California are not
17 blessed with plentiful supplies of rainfall, are POUs
18 that are dependent on long-term, for example, large
19 hydro power resources, where there can be dramatic
20 fluctuations on multi-year bases either because of a
21 drought, or because of a surplus of rainfall for hydro
22 power output. And that could put pressure upward or
23 downward on renewable implementation going forward,
24 depending on a dry year or a wet year for an extended
25 period of time, especially.

1 For small POUs, and we see this also with SCPPA,
2 since we do have four, it can be difficult to find
3 renewable contracts for a small quantity of renewables
4 for them. And that is also something, typically, you'll
5 see for the purposes of NCPA and SCPPA, joint ownership
6 projects. We do a lot of that at SCPPA, especially for
7 our small POUs, so that they can meet the RPS. That
8 often comes with delays because of the negotiation
9 process involved in join ownership projects. It can
10 also come with delays because of the transparency needed
11 when approving governmental entity contracts long term.
12 You have to go through multiple processes, both at
13 SCPPA, and then back home at the individual POUs. Some
14 of which also require city council approval, for
15 example, and that often does take quite a bit of time.

16 The second issue that we wanted to touch on was
17 the variability of load. So, POUs, especially our
18 smaller ones, but also some of our medium-sized ones may
19 have large customers that come into their service
20 territories that can significantly spike their load
21 needed. A big manufacturing facility or something like
22 a Wal-Mart, for example, that could come into a small
23 community. That complicates RPS procurement long term.

24 There can also be the reserve, where a large
25 customer can leave a service territory, as well. So,

1 that's also something we wanted to ensure the Energy
2 Commission was cognizant of.

3 So, procuring long-term resources for these
4 customers and these types of POU's can be challenging,
5 particularly if the customer, for example, doesn't
6 commit to stay or may leave within that ten year time
7 period.

8 Actions outside of a POU's control was the last
9 bit we also wanted to talk about. Primarily, there are
10 three primary reasons why a POU may unexpectedly be
11 short on, or short on long-term procurement generally
12 due to events that are completely outside of the control
13 of the POU.

14 One is the failure or delay of a project that is
15 under development. We have seen that happen.

16 Number two is an existing, long-term resource
17 that goes offline due to failure with the resource
18 itself.

19 And number three can be an unexpected load
20 growth or departure. An example of this that could
21 become quite acute in the future is the plus up due to
22 transportation electrification, as the state pushes
23 forward with its significant EV goals.

24 MS. BERLIN: So, I'm going to reiterate
25 everything they said. No, I'm not. I'm just going to

1 agree. This is Susie Berlin for NCPA. I agree with all
2 the points that were just raised as they are common to
3 all the POU's. And do want to emphasize some of the
4 smaller POU points, especially with regard to the
5 variability of load and the need for flexibility and
6 implementation. The joint powers agreements are a very
7 good way for some of these smaller utilities to be able
8 to get the resources that they need. But those also
9 come with some complications that do require looking at
10 it through a different lens in order to ensure that we
11 can get the best resources, at the best price, for all
12 of the customers. And, so, we really encourage that to
13 be a focal point when we're talking about
14 implementation.

15 Another concern that is wrapped up in this
16 entire discussion is long-term commitments for large
17 amounts of resources, and the variability and, then,
18 potential new mandates that are resource specific and
19 how that can complicate planning during any 10-year
20 profile, especially for agreements that we're currently
21 working on looking into for the future.

22 MR. TUTT: This is Tim Tutt from SMUD. And, you
23 know, the first thing I think I'd like to say is I think
24 that the staff report was very well written. It was
25 concise, and clean, and easy to read and easy to follow,

1 so I appreciate that. Thank you.

2 I guess what I would say is I agree that
3 flexibility is absolutely necessary. It's actually a
4 benefit or a goal of both the utility and the renewable
5 contractor to have a long-term contract. It provides
6 certainty for the renewable contractor and it generally
7 provides for a little bit of lower price for the utility
8 in the RPS procurement they engage in, which is a win
9 for both sides, really.

10 So, understanding that there is this obligation
11 in state law that we're trying to implement, I think the
12 one thing -- the only other thing I would say; with
13 respect to question two up there, supports the state's
14 100 percent clean energy policy. I'm not a hundred
15 percent sure that anything that we're doing here in the
16 RPS needs to go to address the hundred percent clean
17 energy policy.

18 But just for purposes of argumentation there, I
19 think the option in which some procurement might be
20 disallowed would tend not to support moving to a hundred
21 percent clean energy policy. I'm kind of not in favor
22 of procurement being disallowed as part of implementing
23 this particular provision. Thanks.

24 MR. WYNNE: So, I think maybe we could dive in
25 to actually responding to the first question up there.

1 And I think what I'd say at this point, we're still
2 discussing this. I think there are some preferences,
3 but we certainly don't have a final position between the
4 dependent and independent option.

5 I do think that regardless of which option is
6 selected, it would be important to ensure that all of
7 the option compliance mechanisms are available, cost
8 implementation and delay of timely compliance. And I'll
9 discuss that more in a second.

10 But then, also, making sure that there's no
11 double penalties. You've talked about how this same
12 megawatt hour could be a quantity violation, a portfolio
13 balance violation, and a long-term procurement
14 violation. So, I think we need to understand how you
15 interpret that, but also recognize the limitation of
16 your authority here and, that ultimately, ARB would be
17 the one that would be interpreting how that translates
18 into a penalty.

19 And so, that's something that I think would be
20 helpful to get some guidance on today.

21 As far as the independent compliance option, I
22 do -- I don't agree with the interpretation in the staff
23 report that we should write off the delay of timely
24 compliance provisions because of the language in there.

25 First, I certainly don't think there was an

1 intentional drafting decision in the process of
2 developing this statutory language to exclude a POU or
3 retail seller from using delay of timely compliance.

4 I think the reason that 399.13 was selected is
5 because that's where the prior long-term language was,
6 not because it doesn't relate to the other provisions.
7 So, I don't think it was an intentional drafting
8 decision.

9 Then, when you look at the actual provisions
10 under delay of timely compliance, they line up very well
11 with a long-term procurement reduction. So, if it's a
12 permitting failure, interconnection, transmission, those
13 are exactly the types of things that for a long-term
14 project would cause you to not be able to bring it on in
15 line.

16 So, it's something I think we should devote more
17 time to in our written comments, but I do think that
18 it's not something that we should just write off. So,
19 it wouldn't necessarily be something that we couldn't
20 have under the independent compliance.

21 And I think it might be helpful to get some
22 input from the actual POUs that are here.

23 But on the dependent compliance option, I think
24 there's a lot of concern that we'll be losing or
25 compounding a violation or a noncompliance because you

1 might be taking away short-term RECs that might
2 otherwise be there.

3 And I think a far more likely scenario for a POU
4 being out of compliance with its long-term procurement
5 requirement would be after the fact maybe the CEC
6 interprets an existing contract that the POU believed or
7 asserted was long term, was no longer long term. So,
8 now, they're out of compliance. Those megawatt hours
9 are reduced.

10 If they fall below the 65 percent, I believe
11 under the dependent compliance option, because of the
12 ratio being applied you may wipe out a bunch of their
13 short-term RECs.

14 And so, I think it's helpful to not think about
15 this as being something you do ahead of time, where
16 you're procuring a whole bunch more short-term RECs.
17 This would be more it's after the fact, there's nothing
18 you can do, and all of the sudden you're going to not
19 only lose the long-term RECs that you believed you'd
20 have access to, but you're going to lose additional
21 short-term RECs, as well.

22 MS. LARSON: Any other thoughts right now? No?
23 So, I think we might be able to speak a little bit to
24 the penalties. No, sorry, not the penalties. We can't
25 speak to the penalties, but the double deficits.

1 So, in our verification reports, currently, we
2 do include, list if a POU is short in the portfolio
3 balance requirement, as well as the procurement target.
4 Again, they can achieve these requirements, comply with
5 these requirements independently. But beyond that, we
6 can -- we are not the party that's involved with setting
7 the penalties. The CPUC sets penalties for retail
8 sellers. CARB sets penalties for POUs, as appropriate.
9 There is a requirement for CARB's penalties to be
10 comparable to the CPUC's penalties for retail sellers.
11 But we can't -- we have no control on our end whether
12 those penalty -- or, deficit, excuse me, in two
13 different requirements would be additive or the greater
14 of the two.

15 Gabe, do you want to add anything or?

16 MR. HERRERA: Yeah, this is Gabe. Yeah, I agree
17 with Katharine. I mean, the Commission, in the one
18 example that it has is the Port of Stockton, the
19 Stockton Port District violation. In that case, the
20 Commission issued a decision that said that the -- you
21 know, it's going to be not a penalty assessed to both
22 violations in that case, but comparable to what the CPUC
23 has done, right, looking at the higher of those two.

24 So, there's no reason to think the Commission
25 would take a different approach going forward. And,

1 certainly, ARB has to weigh in on how it is going to
2 assess the penalties that the Commission -- excuse me,
3 the violations that the Commission determines exists.
4 So, obviously can't speak to what ARB is going to do,
5 but at least you have as an example the Commission's
6 actions on the Stockton Port District violation.

7 MS. LARSON: And coming back to the two
8 different options, I hear that flexibility is something
9 you would really like us to consider for POU's, and there
10 are a lot of reasons to consider flexibility. We'll
11 certainly get into more of that in the next topic area.
12 But looking at just the two implementation options that
13 we proposed, the independent and dependent compliance
14 options, is it correct to assume that you find the
15 independent compliance option as providing more
16 flexibility? Because if a POU comes up short with long-
17 term procurement, it only affects one of the procurement
18 requirements, is that correct?

19 MR. WYNNE: So, I -- maybe it's helpful to look
20 at example two. Because I don't think -- if I'm
21 thinking about this correctly, I don't think there is a
22 practical advantage to doing that. So, if a megawatt
23 hour shortage of any of the three would be a penalty
24 that then ARB would assess a comparable violation for,
25 there would be no reason to maximize in getting to

1 compliance with the procurement quantity requirement if
2 you're still going to be short.

3 So, if you're short 10,000 megawatt hours of the
4 long-term procurement requirement or you're short 10,000
5 megawatt hours of the long-term procurement requirement
6 and the procurement quantity requirement, if those are
7 the same megawatt hours and you're not being double
8 penalized, there would never be a scenario where a POU
9 would go and actively try and mitigate their penalties
10 by procuring short-term contracts that they can't count.

11 MS. LARSON: So, I think an example -- are you
12 referring to the dependent compliance option or the
13 table?

14 MR. WYNNE: So, Table 2, where you have 50,000
15 short-term RECs. I don't think a POU would ever do that
16 because there's no, there's no -- if you're looking at
17 dollar amount penalty, or megawatt hour penalty, there's
18 no advantage to doing that because you're still short.

19 So, and I think that, essentially, there would
20 be two scenarios. One, a project doesn't come online in
21 time, by the end of the compliance period, and you know
22 that that's going to happen. So, you're six months out
23 and you know that's going to happen. And then, you
24 would use one of the optional compliance mechanisms to
25 excuse compliance.

1 Or, two, after the fact there's a disagreement,
2 CEC doesn't interpret a certain long-term contract as
3 being long-term and so you're out of compliance, and you
4 didn't have an option, an ability to use an optional
5 compliance. I'm sure you could build things in where
6 you could potentially address that anyways.

7 But in either case, you're not going to go out
8 and procure a bunch of extra short-term RECs. And so, I
9 don't think that the structure of the RPS, as its been
10 implemented, encourages or allows a POU to mitigate
11 penalties by procuring otherwise ineligible.

12 So, an example would be, and this has happened,
13 if you're short on your bucket one requirements, you
14 can't go buy a bunch of bucket three RECs to go help
15 mitigate your penalties. There's examples, I think,
16 from the first compliance period, where POUs had
17 procured too many bucket three RECs because it was early
18 in the first -- you know, 2012, they didn't understand
19 the regulations, and so they purchased extra bucket
20 three RECs. Those RECs were just gone. I don't think
21 those ever -- it might be a mitigating factor you can
22 argue, but that's a pretty big risk.

23 And so, I don't think that this scenario
24 describes what would actually happen. That being said,
25 I don't know, I think there's maybe a preference for the

1 independent procurement, but it wouldn't be because of
2 the flexibility provided here.

3 MS. LARSON: Just to make sure I'm understanding
4 correctly, are you saying that a POU wouldn't procure or
5 -- they would certainly only apply, toward compliance,
6 only the RECs that could meet -- they wouldn't apply
7 short-term RECs for the target if they wouldn't be
8 counted toward --

9 MR. WYNNE: I think they wouldn't retire the
10 RECs. Because, essentially, if you're retiring those
11 RECs and they're going to be lost, I mean, you're
12 essentially just throwing those away.

13 MS. LARSON: Right.

14 MR. WYNNE: Whereas, if you just held onto them
15 until the next compliance period, they would have actual
16 value.

17 MS. LARSON: So, the practical scenario in which
18 a POU doesn't -- it has short-term RECs that can't be
19 counted for one way or the other, it's more likely that
20 they planned to meet the LTR and there was a reason that
21 they couldn't --

22 MR. WYNNE: Yeah.

23 MS. LARSON: -- and fell out of compliance, or
24 we disagreed over a particular long-term contract
25 counting as long-term or not but, otherwise the POU

1 wouldn't -- would not put short-term procurement.

2 MR. WYNNE: I think this is complicated. But my
3 understanding of this is that there would be no -- there
4 would be no advantage to the POU in doing that, as
5 you've described it, because those megawatt hours you'd
6 still be in violation. And the violation for a long-
7 term is the same as a violation for a quantity or a
8 portfolio balance, if you're looking at just its
9 megawatt hours.

10 MS. BERLIN: This is Susie Berlin. I'll just
11 add, then, in its most simplest term, at least to me, at
12 the end of the compliance period if you're short, long-
13 term, there's no way to go correct that. If you had a
14 project that just didn't come through, whatever,
15 curtailment, whatever, there's no way to say, oh, let me
16 go out and grab some other RECs to make up for it. You
17 can't go get PCC 1, or whatever. There's no way in the
18 short term to procure a long-term REC.

19 MR. WYNNE: And just on that, for a larger
20 utility, I think they will likely have -- run a risk
21 analysis for their projects that are under development,
22 and so that you would build in extra procurement. But
23 for a smaller POU, they may only have five long-term
24 contracts at all. And so, getting one more contract,
25 particularly with all the difficulty we talked about, it

1 puts them -- it may be over 100 percent, or it may be so
2 economically disadvantaged -- harmful that they just
3 can't have the -- they can't build in a buffer of an
4 extra contract in case one of these fails, because it
5 could be a third of their entire load that they need.

6 And so, whereas for a larger utility, there's
7 ways to address this because you have hundreds of
8 contracts. If you have three, four, or five contracts,
9 it's very difficult to do that.

10 MS. LARSON: Okay, thank you. Anyone on the CEC
11 want to ask questions related to the first question?

12 No.

13 Okay, let's move -- oh.

14 MR. HARLAND: Katharine, let me just jump in and
15 ask Justin a question about -- you said, in terms of the
16 preference for independent versus dependent, it's
17 probably not -- I mean, the desire to pick one over the
18 other is probably not based upon, I think you said the
19 penalties, potential penalties, but also the optional
20 compliance measures. And I think you also indicated
21 that you thought that there was certainly a way to look
22 at the statute so that if the LTR was implemented on an
23 independent basis that the POU could still get the
24 benefit of the delay of timely compliance option, right.

25 Would it be possible to structure a POU's cost

1 limitation in such a way that it could consider
2 additional cost because a long-term contract failed for
3 the very reasons that are identified in the delay of
4 timely compliance criteria?

5 MR. WYNNE: I do think it's possible. And if
6 that's -- I certainly wouldn't want to foreclose that
7 option. But it does seem strange that when the
8 provisions in delay of timely compliance are so aligned
9 with what would happen in a long-term contracting
10 scenario that we would interpret the statute as not
11 intending to apply to that.

12 So, I do think we could do it. I think that it
13 probably makes more sense to use -- I think that it
14 probably makes more sense to use both. I think that's
15 how I would approach it is looking at both cost
16 limitation and delay of timely compliance.

17 And so, if you're building what would go into a
18 procurement plan, you would have a policy under each
19 that you'd be able to rely on.

20 MR. HARLAND: Oh, Excuse me. If you, you're a
21 small POU and you only have a couple long-term
22 contracts, four or five, and one of those fails and you
23 don't find out until the end of the compliance period,
24 it's not as if you could go to the market to replace it,
25 right? Or, maybe you could, but if you did then it

1 would be very cost prohibitive. And in that case,
2 wouldn't that cost prohibition kind of fit in to an
3 optional compliance measure for cost limitations?

4 MR. WYNNE: Yeah, I think you can definitely
5 look at it that way.

6 MS. BERLIN: This is Susie Berlin. I agree, you
7 could definitely look at it that way if you're saying,
8 now, I'm going to go get a whole new contract, and it's
9 cost prohibitive because of all these reasons.

10 But the provisions also --

11 (Whereupon music begins to play over the WebEx

12

13 audio link)

14 MS. BERLIN: They address different elements,
15 right. So, a delay is -- gets on a contract, or you do
16 need to go procure a whole new contract, maybe it's a
17 contract delay. And again, if it's just a contract
18 delay, you don't have a near-term remedy to correct
19 that.

20 And I agree strongly with Justin that they serve
21 different options, so it would be beneficial and
22 reasonable to interpret the statute that they're both
23 available.

24 MS. LARSON: Before we move on to the next
25 question, just a quick follow up on -- so, we did talk

1 about excess procurement, as well, how that would --
2 basically, it would be treated the same way under both
3 options. Did you have any thoughts or initial reactions
4 to that proposal?

5 MR. WYNNE: So, in the CPUC's process, I know
6 this was a very complicated issue. I know a number of
7 parties filed proposals on this. I think if I can state
8 it simply enough, what we support is where you are able
9 to bank more short-term RECs than what the ratio may
10 otherwise allow. And so, as long as you are retiring
11 enough long-term RECs to meet the requirements for the
12 65 percent for that compliance period, if you were to
13 then retire additional short-term RECs, you'd be able to
14 bank all of those as short term. Even if you took the
15 whole group together and it was 55 percent as a group,
16 including the excess, as long as what is actually
17 counted towards that compliance period meets the 65
18 percent, you can retire excess short term.

19 And the protection is when you're pulling those
20 out they keep their attribute as short term. And in the
21 future compliance period, you still have to meet the 65
22 percent. So, the 65 percent is always being met in a
23 compliance period.

24 But if you -- that's, I think, a key flexibility
25 requirement. If you're trying to build a portfolio that

1 gets you through, like if hydro or other issues, you
2 need to have the ability to have excess short term,
3 excess long term.

4 And I believe that that is how you have
5 described it.

6 MS. LARSON: That was our intent.

7 MR. WYNNE: So, that, based off of that
8 understanding, I think that that --

9 MS. LARSON: At least in the short term.

10 MR. WYNNE: I think we would agree with it, yes.

11 MS. LARSON: Okay, great. So, we can move on to
12 the next question, which I think Tim touched on a little
13 bit. Which option best supports the state's hundred
14 percent clean energy policy?

15 I did think that was a really interesting point
16 and a salient point that option 2, the dependent
17 compliance option would result in eligible renewable
18 energy procurement being disallowed, instead of counting
19 for the RPS.

20 But I wanted to see if anyone else had something
21 they wanted to add on this point, as well.

22 MR. STAMBLER: I mean, this is Jamey from the
23 City of Anaheim. The one thing I would say about the
24 dependent compliance is that the disallowed short term,
25 I would -- even though you're not necessarily meeting

1 your long term of 65 percent, I still feel like those
2 disallowed -- if you're paying a penalty, I still feel
3 like those disallowed short terms should actually still
4 be banked, because otherwise you're just losing those
5 for nothing and you're still paying a penalty on top of
6 it.

7 MR. WYNNE: Yeah, maybe, so if I'm understanding
8 the issue, so the scenario might be what we talked about
9 where you've met the 65-percent requirement, but then
10 after the fact CEC reviews a contract and your -- one of
11 the contracts is disallowed. But in that compliance
12 period you had actually banked excess short-term RECs.
13 As long as you're -- you know, everything was done in
14 good faith, you should be able to keep those banked
15 excess short term, without having everything wiped out
16 because there was a misunderstanding about contract
17 interpretation.

18 I think that's the concern is that you may have
19 planned on banking a large amount of short term. This
20 contract gets disallowed. We have no ability to correct
21 things after the fact. And then, you're in this
22 situation where now you're not only getting a potential
23 penalty, but you're getting all of these RECs wiped out.
24 I mean, there might be various options to address it but
25 --

1 MR. STAMBLER: Essentially. Essentially
2 because, again, as Justin stated, you would never be --
3 you would never intentionally be retiring more short-
4 term RECs than you thought you could compared to your
5 long term. So, it would have to be some type of after-
6 the-fact error. And then, disallowing those RECs is
7 basically just losing ratepayer investment and money.

8 MS. LARSON: So, it sounds like that would be a
9 -- that would actually be a slightly different treatment
10 of banking excess procurement than what we have proposed
11 in the staff paper, and the presentation. Because in
12 that case, we are proposing that you have to satisfy all
13 your requirements, including the LTR.

14 So, even if something came up after the fact,
15 and some of your thought-to-be-long-term procurement
16 didn't count, that would -- the staff proposal would
17 prevent you from banking anything as short term because
18 you hadn't met that long-term procurement requirement.

19 But with that said, I think we're -- and that's
20 based on our understanding of the meaning of excess
21 procurement, but certainly happy to hear comments and be
22 convinced.

23 MR. TUTT: So, this is Tim Tutt again. And just
24 with respect to flexibility, I think the dependent
25 option removes from us the flexibility of not complying

1 with the LTR.

2 MS. LARSON: That's correct.

3 MR. TUTT: Which we're not planning on using
4 that flexibility.

5 But I guess what I would say is with that option
6 I can see -- and it's going to take more thinking, I
7 think. But I can see a situation where procurement is
8 slowed just to be safe, in a sense. Where, for example,
9 you have a long-term contract and you're meeting -- you
10 expect to meet the long-term contract requirement, but
11 there's some uncertainty about that contract coming into
12 being. There's, you know, you hope it will, you think it
13 will, you're planning on it, and you're buying short-
14 term RECs to complete your compliance. But if you
15 suspect that it may not, then you may pull back on some
16 of those short-term RECs because you don't want them
17 disallowed.

18 So, I could see that happening. I guess, like I
19 said, it is going to take some more thinking as to
20 exactly how all that plays out. Anyway.

21 MS. BERLIN: So, this is Susie Berlin for NCPA.
22 I just want to note, when we're talking about
23 disallowance here, we're talking about disallowing RECs
24 that are already certified from eligible resources. So,
25 we're just saying they're being disallowed because

1 they're not, they are not long term or short term.

2 So, when you look at it that way, both options
3 meet the state's goals because we're still going towards
4 a hundred percent clean energy.

5 So, if you know, if the goal was a hundred
6 percent clean energy under a hundred percent long-term
7 contracts, then maybe the discussion would be a little
8 different. But we're talking about eligible resources
9 and the nuances are whether they're eligible resources
10 under long-term contracts or under short-term contracts.
11 But we need to keep in mind, when we're throwing terms
12 like disallowance around, we're talking about this is
13 still energy that is coming from renewable resources.

14 MS. DEREVI: And this is Tanya DeRevi from
15 SCPPA, again. Just to reiterate the point of POUs
16 needing flexibility for RPS compliance purposes, one
17 concern we do have. If the Energy Commission were to
18 move forward with a very technical or overly
19 prescriptive LTR implementation option, we are concerned
20 about long-term market impacts, particularly. It's a
21 generally well-functioning market right now. Folks
22 mostly know the rules of the game.

23 So, having something that could unreasonably
24 deter contracts that are favorable for us, and
25 California ratepayers in general, is something that we

1 are very cognizant of. This is basically like an issue
2 of regulatory uncertainty or regulatory risk when it
3 comes to trying to comply with an ultimately one hundred
4 percent clean energy policy.

5 MR. TUTT: This is Tim Tutt from SMUD, again.
6 And I guess we would be remiss if we didn't mention that
7 the one hundred percent clean energy policy is not a one
8 hundred percent eligible renewable policy. It does
9 envision, in my mind and I think the author's mind, that
10 large hydro counts as clean energy, and nuclear counts
11 as clean energy.

12 At the SB 100 workshop last week, the green
13 nuclear folks were there saying, you know, there may be
14 a nuclear renaissance in the future. We'll see. But
15 just want to make sure that since we're talking about an
16 RPS enforcement rule here, that that point doesn't get
17 lost.

18 MS. DEREVI: Tanya DeRevi from SCPPA. I would
19 be remiss if I didn't also add, from the SB 100 workshop
20 last year, SCPPA did work with the author of SB 100,
21 then Senate President Pro Tem, Kevin DeLeon. While it
22 was moving through the two-year-long legislative
23 process, at the end of the process to get a letter to
24 the *Journal*, as it's called, entered into the official
25 senate record, which was to clarify the intent of the

1 zero carbon portion of SB 100, in recognition of large
2 hydro and nuclear resources that are existing and
3 currently serving Californians.

4 There are two resources within SCPPA's fleet of
5 resources that this was particularly applicable to. One
6 is our long-term contract with the Hoover Dam. That
7 contract, by an act of congress, runs through the year
8 2067, October of 2067.

9 The second one is our long-term contract with
10 the Palo Verde Nuclear Generating Station, located in
11 Arizona. That contract runs through the mid and end of
12 the late 2040s.

13 Particularly as it relates to large hydro for
14 California POU's, a number of these projects are --
15 involve federal hydropower contracts. Public power
16 utilities are considered federal power preference
17 customers, which means, under federal law, like for
18 Hoover Dam, we cannot sell the power. And we are under
19 long-term contracts via the congress and the president
20 of the United States for those, through a very long
21 time. They're 50-year-long contracts.

22 That letter, we have submitted to the Energy
23 Commission and is part of the official senate record in
24 the *Daily Journal*.

25 MS. LARSON: All right. Let's move on to the

1 third question, if there's no clarifying questions from
2 CEC staff. Great.

3 So, the third question is asking, essentially,
4 what reasons you would argue to support or you'd use to
5 support one implementation option for the other.

6 Although, it sounds like, at this point, many of
7 you may not have a specific preference for one
8 implementation option over the other. But in terms of
9 arguing for flexibility in general implementation
10 options, are there any reasons you want to cite here to
11 support that? Again, for specific contracting nuances,
12 we'll get into that for the next topic. But if there
13 are any additional reasons you want to bring up before
14 we move on?

15 All right, covered them all and we'll cover them
16 again. There's actually -- Gina's going to move the
17 slide for me, since I left the remote up there. We have
18 two other --

19 MS. BERLIN: So, Katharine, I'll just say real
20 quick, I don't want to say we've covered them all. We're
21 still, it's still something that's very much in play,
22 very much under discussion.

23 MS. LARSON: Sure.

24 MS. BERLIN: So, we've raised a lot of them
25 here, but I'm not sure that we could say that's all of

1 them. We could say including, but not limited to other
2 issues that may come up in the comments.

3 MS. LARSON: Sure, that's fair and noted.

4 Okay, so the next discussion question that we
5 have teed up from the staff paper is what -- well, it's
6 really looking at, and Tanya touched on possible market
7 impacts a moment ago. But as I said earlier, there is
8 no specific statutory requirement that requires POUs and
9 retail sellers to have the exact same implementation of
10 these procurement options.

11 But we're wondering to hear from you and,
12 ultimately, from other stakeholders as well if there are
13 -- if we do end up with a different set of rules for
14 POUs relative to retail sellers, on the long-term
15 procurement requirement, are there possible market
16 impacts that could arise and could affect you, as well
17 as other stakeholders?

18 MR. WYNNE: This is Justin, for CMUA. One
19 possibility, certainly, if there's a very rigid approach
20 where a POU has very little ability to address the
21 situation we've talked about, where a project that you
22 thought was going to be online at a certain date is
23 being delayed, or fails, one mechanism might be to have
24 contract provisions that would either increase penalties
25 or there's a lot of different ways you could structure

1 the contract to address that.

2 It's likely or probable that that could result
3 in increased contract prices. And so, the result could
4 be, because of a regulatory decision, you'd essentially
5 be increasing the price that POU communities would be
6 paying because of something that's really not providing
7 any additional benefit, other than adjusting price terms
8 because of the regulatory uncertainty or the regulatory
9 inflexibility.

10 MS. LARSON: So, you're saying that in a more
11 rigid implementation option POU's -- not the
12 stakeholders, the public could end up paying higher
13 prices through the years.

14 MR. WYNNE: Yeah, if the POU perceives that they
15 have limited ability to address these situations that
16 are outside of their control, that can certainly flow
17 into the actual contracts themselves and result in
18 increased contract prices.

19 That's a -- not going to be true in every case.
20 And so, I think that there's so many contracts and so
21 many structures out there that might not always be true,
22 but I think that that's certainly a possibility.

23 MR. TUTT: And this is Tim Tutt from SMUD,
24 again. And I guess, I mean we'll think about it more,
25 of course, for comments, but it's hard to see a -- you

1 know, a market impact that is really significant if the
2 CEC implements the LTR for POU's differently than the PUC
3 did for retail sellers. It's hard to see that.

4 MR. SIAO: This is David with Roseville
5 Electric. Just to piggy-back a bit on Justin's point.
6 To give you an example, we have a lot of long-term
7 contracts. A nuance that we have to them is that
8 delivery is by compliance period as opposed to, you
9 know, annual deliveries. That gives our counterparties
10 more flexibility in delivering these products, so we can
11 get a better price for our ratepayers.

12 And again to Justin's point, the more rigid
13 these regulations are the less flexibility we have and
14 the more likely that is to drive up our costs.

15 MR. HERRERA: So, Katharine, this is Gabe, just
16 a follow-up question in response to Tim's remarks. Tim,
17 could there be a situation where you have a renewable
18 generator that is selling power through an agreement
19 with a retail seller, an IOU, and also selling
20 generation from the facility or the same pool to a POU,
21 under provisions that are different, that make it more
22 preferable for that seller to sell to a POU versus a
23 retail seller just because of the way that procurement
24 would be classified as, say, meeting the long-term
25 procurement requirements under the Energy Commission's

1 rules for POUs versus not meeting the requirements for
2 retail sellers on the CPUC's rules?

3 MR. TUTT: I'll think about it more, but I guess
4 I can see that there is a possibility that there might
5 be a preference or a difference. I don't know that
6 that's a problem, really. I mean, there's lots of
7 differences between the procurement practices of retail
8 sellers and POUs that would potentially affect how a
9 renewable provider or a renewable generator, that has
10 contracts with both entities, might look at those
11 different contracts and understand how to best optimize
12 for them.

13 And I'm not a renewable provider, so it's hard
14 to say. But I think it's possible, but I don't think
15 it's necessarily a problem that happens. And there's
16 lots of other differences.

17 I mean, that's one of the reasons why I think
18 there's -- it's a good thing that we do have some short-
19 term procurement. Because, I mean, if you have a
20 contract like that and one of the contracts ends early
21 or differently than the other, which is also quite
22 likely, then there might be, for example, three years at
23 the end where this renewable generator is obligated to
24 provide his generation, say, to the retail seller, but
25 has extra generation that they need to sell on the

1 short-term market. And they need to be able to do that.

2 It might be better for them to, you know, sign
3 up a new contract when they're full and clear of both,
4 but they want to be able to sell that short-term power
5 when they have it.

6 And there's many instances like that, where
7 renewable generators, at least in my mind, would like
8 the flexibility of being able to sell short-term power
9 around the edges of the contracts that they have.

10 MS. LARSON: All right, let's move on to the
11 last question that we have for this topic.

12 So, we've put forth two potential implementation
13 options. As I have mentioned, there are probably a lot
14 more. They may be as simple as one facet of the
15 implementation options, but there could be ones that
16 really are entirely different.

17 So, we wanted to hear from you if you have any
18 thoughts, now, on if there are additional implementation
19 options we should consider that maybe are less
20 burdensome and, again, sufficiently effectuate the
21 purpose of the statute.

22 Do you like the two?

23 MS. DEREVI: I think it's safe to say that we're
24 still talking to our members about this one, so may not
25 have a definitive answer right now, but hope to have

1 something more definitive before the comment deadline on
2 the 24th.

3 MR. STAMBLER: This is Jamey Stambler from the
4 City of Anaheim. The only thing I would say is possibly
5 thinking differently about how calculating the
6 percentages on the dependent compliance. So, for
7 instance, and this is kind of under the assumption of
8 not an additive punishment, but it was --

9 (Whereupon music begins to play over the WebEx
10
11 audio link)

12 MR. STAMBLER: -- it was the highest category
13 you could be penalized for. You could think about
14 possibly using the -- like for the short-term RECs, you
15 could think about having the 35 percent be pegged to the
16 obligation, rather than just the ratio between long term
17 and short term.

18 So, that in that situation what would end up
19 happening is you have a 15,000 shortfall in the Table 2.
20 You'd have it -- when I was doing the calculation, it
21 looked like 15,000 short, you would have 15,000 long
22 term that you're under and then, you would have, I
23 think, 15,000 PCC 1. But again, it would be 15,000,
24 rather than it increasing in the one category to
25 23,000.

1

2 So, it would be -- overall, if it was additive
3 it would be more, but it would be less if it was single
4 category function. If that makes any sense.

5 MS. LARSON: I'm digesting. But thank you.

6 All right, if there are no other comments at the
7 roundtable for the moment, we'll turn it over to public
8 comment. I think Greg's been collecting the blue
9 comments and maybe Gina has them already.

10 MS. BARKALOW: Uh-hum.

11 MS. LARSON: We have the reminder of our public
12 comment rules up there on the -- on the presentation
13 screen, and Gina will go through them.

14 We're hoping to wrap up, so we can start the
15 next section, by 11:45. So, in the event we have a lot
16 of public comment, we want to let you know that we do
17 have additional public comment periods throughout the
18 proposal. Ideally, we'll have all for each topic. But
19 since we have a lot of material to cover today, we may
20 need to move forward at 11:45.

21 MS. BARKALOW: Hi. I'm Gina, again, for those
22 that are listening online. So, the public comment
23 period will be three minutes per person. Hand in your
24 blue cards. I have one so far.

25 It would be helpful on the blue cards if you

1 would indicate the topic and the question number that
2 you want to speak to, just so I can try to organize
3 them.

4 So, we'll start with those in the room. When I
5 call your name, please line up at the microphone, and
6 state your name and affiliation for the court reporter.

7 Then, once we've finished with the comments in
8 the room, we will move on to WebEx. And we will give
9 those on WebEx an opportunity to speak or they can also
10 type your comments into the chat box to have it read out
11 loud. After that, we will then go to the comments on
12 the phone.

13 So, let's see here, I have a comment from Steve
14 Uhler.

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

17 I'm looking at a situation that would end up
18 with disallowed RECs and what kind of controls you are.
19 As a stakeholder who would purchase a green product or a
20 shared renewable product, the repackaging of contracts,
21 and once a contract is repackaged, the credits that
22 could come out of private generation, or net metering
23 that would come out of those contracts, how will those
24 be handled? How will those be controlled?

25 In 399.30(c)(4), it explicitly states that those

1 RECs cannot be used for any compliance. I'd like to
2 know how that will be handled.

3 I'd like to know the contracts that are made
4 under 399.30(c)(4), will they just be impaired by the
5 state and so, there will be no ownership conveyed to the
6 customer of those contracts?

7 Just in general, long-term relationships are
8 good. Long-term contracts are bad. Would you have an
9 iPhone? Would you have a Toyota Prius or any of these
10 other vehicles?

11 Toyota establishes long-term relationships, but
12 I bet you'll find that their contracts are short and
13 they work with their providers to see that they get the
14 product.

15 So, I'm trying to understand what the purpose of
16 this is? It would seem to impair the ability for
17 technology to move forward. It would place onerous
18 restrictions on small deliverers, who can't have a
19 number of large, long-term contracts to back up on.

20 So, there's a number of definitions that you
21 haven't even defined, words left superfluous in
22 399(c)(4), such as participating and for the
23 monetization, to let the public know who might be these,
24 who are stakeholders. They would hold a contract that
25 private generation will allow the POU to use that REC.

1 I don't see any of those folks at this table.

2 So, being that a stakeholder is considered to be
3 an individual who has an interest greater than the
4 public at large, I don't see any person. I would be
5 that person at this roundtable, and a stakeholder.

6 So, I'd like you to see, to pay more attention
7 to those stakeholders, and reach out to them, and let
8 them know what you're doing here. Thank you.

9 MS. LARSON: Thank you. Thank you for your
10 comment.

11 MR. HERRERA: So, Katharine, maybe you could
12 clarify for the record here and for those listening
13 through WebEx, whether there's a planned subsequent
14 workshop where the provisions in Public Utility Code
15 Section 399.30(c)(4) might be addressed?

16 MS. LARSON: Yeah, actually thank you, Gabe,
17 that's a good point. So, we'll get into this a little
18 more later. We are planning to have a second workshop,
19 or I guess a third if you count the one from 2016, as
20 well, ideally later this year, if possible. We haven't
21 scheduled that date, yet. And at that point, we're
22 hoping to look at the full range of statutory changes
23 that affect the RPS regulations, including any revisions
24 to the long-term procurement requirement that we make
25 after this workshop and comment period.

1 So, at that point we do anticipate to
2 specifically address 399.30(c)(4), which is the
3 voluntary, the retail sales reduction for voluntary
4 green pricing programs. Right, so at a future date we
5 will certainly address that requirement specifically.

6 MS. BARKALOW: Okay, the next card I have is for
7 Steven Kelly.

8 MR. KELLY: Good morning, Commissioner. This is
9 Steven Kelly, the Policy Director for the Independent
10 Energy Producers Association. I represent developers of
11 primarily utility scale renewable projects across a
12 whole array of technologies.

13 And I had actually a clarifying question, which
14 I hope doesn't count against my three minutes, and then
15 a comment.

16 Could you turn to slide 25?

17 MS. LARSON: Sure.

18 MR. KELLY: In the option two, on the second row
19 it says: POUs cannot incur deficit in the LTR. And I
20 was confused what that means?

21 MS. LARSON: Sure. So, the idea that in the
22 dependent compliance option you can never be out of
23 compliance with the long-term procurement requirement.
24 You may start off by applying insufficient long-term
25 procurement to meet all of your procurement

1 requirements, including the target. But then the
2 procurement that's actually counted towards your
3 procurement requirements needs to be adjusted down to
4 bring you into compliance with the LTR.

5 So, essentially, even if you start out without
6 enough long-term procurement, your total procurement
7 will be adjusted so that you meet the long-term
8 procurement requirement.

9 So, you may start out with an initial deficit,
10 per se, but you can't not be in compliance with the
11 requirement ultimately.

12 MR. KELLY: See, that always throws me off about
13 how you can't be in compliance because --

14 MS. LARSON: It sounds so simple, right.

15 MR. KELLY: I'm still confused. I assume there
16 is an obligation, right.

17 MS. BERLIN: Can I ask a clarifying question
18 about that? So, in essence what you're saying is that
19 there's a hierarchy in the compliance and you will force
20 compliance with the LT and then what falls out of that
21 will be whether you may or may not be in compliance with
22 the balancing and the total.

23 MS. LARSON: Yeah, that's correct. You said it
24 very well.

25 MR. KELLY: But if you are unable to force the

1 compliance in the long-term stuff, something happens,
2 correct?

3 MS. LARSON: So, we, the Energy Commission, in
4 determining compliance would ensure that that is forced.
5 Does that -- am I --

6 MR. KELLY: Okay.

7 MS. LARSON: So, essentially, you would only be
8 able to count for compliance any RECs that are in
9 accordance with that 65-percent long-term procurement
10 requirement. So, essentially, anything that you count
11 for your procurement target needs to comport with the
12 ratio of 65 percent long term and 35 percent short term.

13 So, if you, if that ratio is off, we won't let
14 you count any of that excess short term toward your
15 procurement target and PBR.

16 MR. KELLY: But if the ratio's off on the long
17 term something happens, right? There is -- you can
18 incur a deficit and be subject to some penalty?

19 MR. HERRERA: So, Steve, this is Gabe. So, take
20 for example a situation where a POU procured 100 percent
21 short-term procurement, right, less than 10 years.

22 MR. KELLY: Right.

23 MR. HERRERA: So, you'd subtract -- since they
24 had no long term, you'd essentially have zero. So, that
25 zero would be what the POU is assessed for the

1 procurement target.

2 MR. KELLY: So, he's in deficit.

3 MR. HERRERA: Yeah, he's in deficit.

4 MR. KELLY: Okay.

5 MR. HERRERA: The full amount of the long-term
6 obligation.

7 MR. KELLY: So, he is in deficit.

8 MR. HERRERA: Right.

9 MR. KELLY: I just wanted to make sure that I
10 understood that.

11 MR. HERRERA: Right. And then, the Energy
12 Commission found a violation --

13 MR. KELLY: And because you're in deficit there,
14 you can't meet the other stuff. Right, that's the way
15 it works?

16 MR. HERRERA: That's right.

17 MR. KELLY: Yeah, okay.

18 MS. LARSON: I think I understand what you're
19 saying.

20 MR. KELLY: Okay, thank you. I just wanted to
21 respond to one comment. There was a dialogue between
22 Gabe and some others about flexibility and project
23 failure. And I think, Gabe, you were talking about a
24 situation where is there an opportunity to, if project
25 failure occurs, to take that into account in the cost

1 minimization component of the regulations.

2 And I just wanted to make this point. That when
3 you do your regulations, it's important to create
4 incentives for jurisdictional entities to do every
5 effort they can to contract with viable resources.
6 There is a whole array of resources out there, many of
7 which are viable and can come online on time.

8 There are some that are quite unique, relatively
9 speculative in the industry and people think they'll
10 never happen.

11 We don't want to create an incentive where
12 contracting with those resources provides you an avenue
13 to avoid compliance with the long-term requirement. It
14 just seems to me that we have to be very sensitive to
15 making sure that we create proper incentives to actually
16 contract with viable resources.

17 And I'll just make this one additional comment.
18 At the PUC, about ten years ago, this issue came up
19 about projects in the -- at that time, most of the
20 utilities contracting with what those in the industry
21 considered to be relatively nonviable projects in order
22 to meet a compliance obligation, which they did. And we
23 pushed for consideration of project viability in bid
24 evaluation, in order to make sure that they did a better
25 job of procuring.

1 So, I just want to make sure that your
2 regulations create those same incentives. Thank you.

3 MS. LARSON: Thank you.

4 MS. BARKALOW: Thank you. Okay, any more
5 questions in the room?

6 All right, we will go to WebEx.

7 MS. JONES: We have one question and one comment
8 from WebEx. First, the question is from Nathan Gallegos
9 from LADWP. The question is: If a POU applies excess
10 procurement either short-term or long-term to a
11 compliance period, will the excess procurement applied
12 be used in long-term REC compliance calculation? If
13 not, is excess procurement an option for satisfying a
14 long-term REC deficit?

15 MS. LARSON: So, if I'm understanding the
16 question correctly, it's whether excess procurement
17 that's being applied is factored into the long-term
18 procurement requirement for a compliance period?

19 And the answer is yes. So, we are specifically
20 proposing to calculate the long-term procurement
21 requirement based on all RECs applied for compliance
22 during that compliance period, whether or not it's RECs
23 retired and applied, or it's RECs that you previously
24 banked and are then applying toward the target for that
25 period.

1 So, in a given compliance period, if a POU is
2 banking excess procurement, those RECs wouldn't be
3 subject to the LTR. But when they're actually being
4 used for compliance in a future compliance period, where
5 they're actually being applied, they would be subject to
6 and considered in that 65-percent calculation.

7 MS. JONES: Nathan, you're unmuted right now.
8 Do you have any comment back?

9 MR. GALLEGOS: No, that answered my question. I
10 was just looking for a little clarification because it
11 wasn't totally clear to me. But that answered my
12 question well, thank you.

13 MS. JONES: Thank you. Okay, the next comment
14 is from Willie Manuel. TID 399.13 states that: "For
15 electricity products meeting the portfolio content
16 requirements of paragraph 1, of subdivision b, of
17 Section 399.16 contracts of any duration may count as
18 excess procurement."

19 So, since any option that results in
20 disallowance of SC PCC 1 is inconsistent with that
21 provision.

22 MS. LARSON: Could you repeat the last provision
23 for us to --

24 MS. JONES: The whole thing?

25 MS. LARSON: So, with which provision does it --

1 I mean, the last provision that you read. The 399.6
2 some --

3 MS. JONES: I will just repeat the whole
4 question. TID 399.13 states that: "For electricity
5 products meeting the portfolio content requirements of
6 paragraph 1, of subdivision b, of Section 399.16
7 contracts of any duration may count as excess
8 procurement."

9 So, since any option that results in
10 disallowance of SC PCC 1 is inconsistent with that
11 provision.

12 MS. LARSON: Okay, I think we may be getting to
13 that in the next topic, in the next discussion that we
14 have on the characterization of long-term procurement,
15 including procurement from count-in-full contracts. So,
16 hopefully, that will speak to the point then and, if
17 not, then we can revisit the question.

18 MS. BARKALOW: Okay, is that it for WebEx?
19 Okay, so now we will move to comments on the phone. We
20 will unmute all lines. So, for those on the phone,
21 please, if you want to speak unmute your phone. This
22 can be very unruly, so we'll give it a try and see how
23 it goes. Thanks.

24 Okay, sorry. So, for those of you who do not
25 want to speak, would you please put your phones on mute?

1 We are hearing a bit of sound throughout the
2 presentation, so all of you on the phone should please
3 be on mute. But we'll go ahead and try and open the
4 lines for those who want to speak. Thanks.

5 (Bell ringing)

6 MS. BARKALOW: Oh, sorry.

7 MS. LARSON: Are the lines unmuted?

8 MS. BARKALOW: Yeah. Okay, just a reminder, we
9 welcome written comments. And so, we will now move on to
10 Topic 2.

11 MS. LARSON: All right, we'll now move on to the
12 next topic, which is the characterization or the
13 proposed characterization of long-term procurement.

14 This slide shows the same excerpts from
15 399.13(b) and 399.30(d)(1) that we showed earlier, but
16 now we're focusing on a different part of the statute on
17 top. Specifically, the requirement that long-term
18 contracts -- sorry, long-term procurement come from
19 contracts of ten years or more in duration, or an
20 ownership agreement -- or, ownership agreements for
21 eligible renewable resources.

22 So, statute, as you just saw, is clear about
23 some parts of the requirements for long-term
24 procurement. Namely, that the contract has a term of at
25 least ten years in duration. However, statute doesn't

1 specify how that term should be measured or how
2 amendments should be treated for the purpose of this
3 requirement.

4 So, we are proposing that a contract must have
5 at least one continuous ten-year term for the purpose of
6 counting as long term and satisfying the LTR. One of
7 the values of long-term contracts, that we discuss in
8 the staff paper, although perhaps not the only value, is
9 long-term planning stability that it provides. And in
10 our view, a short-term contract, that's amended by a
11 short-term amendment to extend the term, does not
12 provide that planning stability in either term, even if
13 the combined term of the two amounts to a term of at
14 least ten years.

15 So, we propose that procurement from an amended
16 contract may be considered long term under certain
17 conditions. So, an extension of a long-term contract,
18 any extension of a long-term contract would be
19 considered long term because that first term or the
20 initial term of the contract did provide long-term
21 planning stability.

22 Conversely, a long-term extension of a short-
23 term contract could be considered long term effective
24 the date of the amendment that made the contract long
25 term because effective the date of that amendment, the

1 contract -- the amendment provides that long-term
2 planning stability.

3 This is a different proposal than what we had in
4 the August 2016 draft. And I also want to mention that
5 it does differ somewhat from the current implementation
6 of contract duration in the RPS regulations, which is
7 used for the purpose of determining excess procurement
8 eligibility. But we think this approach better reflects
9 the term of a ten-year contract that provides the long-
10 term planning stability that we see is a value of the
11 long-term procurement retirement and we understand to be
12 a benefit of long-term contracts.

13 We also propose that we measure the contract
14 term based on the expected delivery term, which is the
15 same as we proposed in the August 2016 draft.

16 So, in addition to requiring -- one other
17 clarification, rather, on the long-term contracts. We
18 propose that the continuous ten-year term requirement
19 that I just discussed applies to the POU's own
20 contracts, because Section 399.13(b) refers to its
21 contracts of ten years or more in duration, which we
22 understand to mean a retail seller's own contracts. And
23 PUC Section 399.30(d)(1) requires POU governing boards
24 to adopt consistent requirements. So, in other words,
25 we interpret that as meaning that the ten-year

1 commitment must be on the POU side of the contract, as
2 well.

3 An example of this, a practical example is if
4 there was a long-term contract that was subsequently
5 repackaged or some of the contract was assigned to a
6 different party, we would consider procurement from any
7 of those assigned or repackaged shares as counting as
8 long term only if the duration of the POU's assignment
9 or share are long term. So, essentially, the original
10 contract would need to be long term and the POU's
11 portion of that contract would need to be long term in
12 order for procurement from the POU's portion to count
13 toward the LTR.

14 So, in addition to contracts of ten years or
15 more in duration, long-term procurement can also come
16 from ownership or ownership agreements. We assume that
17 ownership is permanent or we understand ownership to be
18 permanent. So, we do propose that procurement from an
19 owned resource or an ownership agreement is considered
20 long term or characterized as long term.

21 The only condition in which this may not be the
22 case is if the ownership agreement specifically lists a
23 term. In that case, ownership isn't permanent. And so,
24 we propose that procurement from such an ownership
25 agreement can be characterized as long term only if the

1 agreement term is for at least ten continuous years,
2 just like for long-term contracts.

3 We also want to clarify that for joint ownership
4 agreements that involve multiple parties, the amount of
5 procurement that a POU can claim by virtue of its
6 ownership from that agreement needs to be proportional
7 to the POU's own share of the agreement.

8 So, for example, if a POU procured additional
9 resources, additional procurement in addition to its own
10 owned share then that additional procurement could only
11 be characterized as long-term if it was procured via a
12 long-term contract.

13 And this is something that we didn't
14 specifically address in the August 2016 draft.

15 And I think this may be addressing the last
16 question that we got about count-in-full procurement.
17 So, in this slide we wanted to address the treatment of
18 PCC 0 procurement and historic carryover. So, both of
19 these procurement types involve contracts that were
20 executed prior to June 1, 2010, which PUC 399.16(d)
21 states: Shall count-in-full toward the RPS procurement
22 requirements subject to specific conditions.

23 We've come up with two potential options for how
24 to treat count-in-full procurement under the LTR. The
25 first option would classify PCC 0 and historic carryover

1 as long-term regardless of the term length of the
2 associated contract, so that they count-in-full toward
3 both the RPS procurement target and toward the LTR.

4 This is consistent with the CPUC's
5 implementation for retail sellers, but it does differ
6 from how PCC 0 and historic carryover are treated under
7 the PBR currently.

8 However, it's worth noting that the statute
9 establishes the PBR differently from the LTR because the
10 PCC 1 minimum and PCC 3 maximum apply to procurement
11 from contracts executed on or after June 1, 2010 and the
12 LTR has no such provision in the law.

13 The second option that we're considering would
14 treat PCC 0 procurement and historic carryover as count-
15 in-full toward the procurement target without being
16 subject to the LTR.

17 So, in other words, any PCC 0 or historic
18 carryover would be subtracted out before we actually
19 calculate that 65 percent LTR.

20 I do want to mention that this option would
21 preclude a POU from counting PCC 0 or historic carryover
22 that was associated with a long-term contract toward the
23 LTR because it's simply not part of that calculation.
24 And this is a consistent option with how PCC 0 and
25 historic carryover are currently treated for the PBR.

1 The last topic that I want to tee up on the
2 characterization of long-term procurement is specific to
3 PCC 2 procurement. We propose that in the event that
4 substitute energy and the eligible renewable generation
5 in the PCC 2 product are procured under different
6 contracts, then only the contract for the eligible
7 renewable generation needs to be subject to the
8 continuous ten-year requirement. There are no
9 requirements for substitute energy to come from eligible
10 renewable or even low-carbon resources, so requiring it
11 to be subject to a ten-year contract term would likely
12 restrict a POU's flexibility without providing a clear
13 benefit.

14 So, this is actually a much shorter presentation
15 on the characterization of long-term procurement. I
16 will turn it over to Gina, now, for the roundtable
17 discussion. And once again, we hope that questions can
18 first be addressed in the roundtable, but if there are
19 lingering questions, after that we can address them in
20 public comment.

21 MS. BARKALOW: Okay, hi. So, I am moderating
22 this session and Katharine is back at the table now, for
23 the roundtable discussion. Let's see here, so I'll go
24 ahead and begin with the questions. And as Katharine
25 had mentioned, we want this to be a free flowing

1 discussion. So, I won't just call on you. But please,
2 go ahead and make your comments and, hopefully, that
3 will spur other thoughts and others will join in.

4 So, as Katharine explained in the presentation,
5 our proposal is that an amendment to a short-term
6 contract must have a continuous ten-year term in order
7 to provide the desired planning stability and to count
8 towards the long-term procurement requirement.

9 So, we want to know your thoughts on this. The
10 question is: Can certain amendments to short-term
11 contracts, in which the duration of the amendment is
12 also short term, but the entire amended term is ten
13 years or more, can this provide long-term planning
14 stability? Please explain.

15 MR. WYNNE: Justin Wynne for CMUA. And maybe
16 just stepping back a little bit, I think in all of these
17 questions, whether we're looking at whether the contract
18 should be characterized as long term or short time, I
19 think it's important to return to what we were talking
20 about at the beginning, about the purpose of this.

21 So, one, and I think the most important for this
22 is, is it something that supports necessary financing
23 for the project. And so, if there are shifts between
24 different parties, but the project is able to get
25 developed, it's able to secure financing, I think that

1 should be the guiding principle. The other one being
2 does it support long-term planning?

3 And, additionally, so this is a requirement
4 that's going to go into place and become mandatory in
5 2021. And so, it's certainly possible that we're going
6 to see different contract structures moving forward and
7 so, I wouldn't want us to have anything overly-
8 prescriptive that would inhibit new contract structures
9 that would provide necessary flexibility, but meet the
10 goals of the statute.

11 And that's my way of not directly responding to
12 the question.

13 (Laughter)

14 MR. TUTT: This is Tim Tutt from SMUD. And,
15 again, thinking about it, and we'll respond in written
16 comments, but I mean I think you should be open to
17 allowing short-term contracts, which amend a contract --
18 or short-term amendments, or any amendment that causes
19 the overall contract to be at least ten years to follow
20 the long-term procurement requirement, or to be eligible
21 for that.

22 And I'll just give you a couple of maybe extreme
23 examples. I mean, you could have a ten-year contract
24 which you then amend with a one-year extension, and that
25 would be considered a long-term contract. Or, you could

1 have a nine-year contract which you amend with a nine-
2 year extension and that would be considered a short-term
3 contract. When, obviously, one is significantly longer
4 than the other and it seems backward. So, you just need
5 to think about how all that plays into the marketplace.

6 MR. STAMBLER: Going along with -- this is Jamey
7 Stambler from the City of Anaheim. Going along with
8 Tim's point is that I think you could possibly look at
9 it, again, from that date of amendment. And so, if
10 you're a year into a nine-year contract and you then do
11 another extension of it for five years, and so you have
12 effectively 13 years remaining on that contract, I would
13 think that would constitute a pretty long-term plan that
14 you could have around that contract.

15 MS. BARKALOW: If there's no other thoughts on
16 this one, the next question is related. So, what
17 reasons, for example policy, factual, practical,
18 financial, legal, if any, or in addition to long-term
19 planning stability would support characterizing short-
20 term amendments of short-term contracts as long term,
21 provided that the entire amended term is longer than ten
22 years?

23 MS. BERLIN: So, this is Susie Berlin. One that
24 comes to mind that if you are coming up to the end of a
25 compliance period and you have a long-term contract that

1 is not going to be coming through, and you've just been
2 informed that it's going to take five years, you have a
3 short-term contract you can amend for that duration. It
4 would be a stop gap. You would address those concerns
5 and you would not necessarily have to throw a lot of
6 resources into procuring short-term agreements that you
7 will have to do, anyhow, just to meet your other
8 requirements.

9 So, from a practical stand point, being able to
10 utilize the existing resources instead of, perhaps, you
11 know, investing in new steel in the ground that might
12 not be necessary, there is a good argument to be made
13 for expanding on the existing contracts that you've
14 already entered into.

15 MS. LARSON: A follow up to that. So, the
16 long-term procurement requirement affects 65 percent of
17 the procurement, or it requires at least 65 percent to
18 be long term. As a practical matter are there -- it
19 seems to me that if you had a POU with a lot of
20 procurement, you know, one contract that maybe isn't
21 coming through wouldn't have a big impact. They
22 wouldn't necessarily need a short term -- essentially,
23 that they could easily absorb that unexpected shortfall
24 in long-term procurement into the short-term RECs
25 they're already allowed to procure. Does that change

1 based on different scenarios?

2 MS. BERLIN: I think it would change, I believe,
3 based on different scenarios. Depending on the size of
4 the utility, and depending on the size of the contract
5 and where exactly in the compliance period you might
6 realize there are going to be a delay of compliance or
7 whatnot.

8 I think that there are -- the 35 -- yeah, you're
9 right, it's not a hundred percent, but it depends on
10 what contract you're talking about and what portion of
11 that 65 percent, for example, that contract may have
12 been.

13 MR. TUTT: This is Tim Tutt from SMUD, again. I
14 could also see a rationale for, let's say you have a
15 large long-term contract that's going to come online
16 starting in the next compliance period, but you still
17 need some long-term procurement for the current
18 compliance period. It would be probably better to be
19 able to -- or at least more flexible to be able to amend
20 a contract and turn it from a 9-year into a 12-year
21 contract move, to get through the current compliance
22 period, rather than go out and buy a whole new long-term
23 contract, when you don't need it in the next compliance
24 period, potentially.

25 MS. DEREVI: This is Tanya DeRevi from SCPA.

1 I'll add an additional rationale. On need for
2 flexibility, especially when considering that this will
3 be a forward looking, post-2020 period, is on the policy
4 front there have been active discussions in the
5 California State Legislature on future procurement
6 mandates for any number of resources. These are
7 typically resources that are significantly higher than,
8 for example solar, in Southern California.

9 So, the State of California may mandate a short-
10 term contract, which is then mandated into an additional
11 short-term contract that gets you to ten years on any
12 number of technologies going forward, as we ramp up to a
13 60-percent RPS. Having that additional flexibility for
14 those types of considerations could become much more
15 important in future out years, especially when these
16 resources could become much more expensive.

17 MR. TOMASHEFSKY: Just one other dynamic I just
18 wanted to share, which doesn't exactly answer that
19 question, but it's a consideration in terms of a number
20 of public utilities are always tied to the Western
21 contracts. And there's a decision point on that, that's
22 going to extend out for 30 years.

23 How that interacts, given that a good portion of
24 that is not considered RPS eligible on a wet year, and
25 how it has an impact on that 65-percent threshold

1 becomes a problem.

2 So, the interaction between some of the optional
3 compliance measures and how you would actually address
4 this on a compliance period to compliance period basis
5 can make it a little bit more complicated than just
6 saying, well, it's ten years, or ten years in total.

7 So, there's a lot of dynamics we just have to
8 take into consideration here, which we may not have a
9 great answer for you, but it's definitely something we
10 need to talk about.

11 MS. BARKALOW: Okay, we can move on to the third
12 question. Should procurement from short-term
13 assignments of contracts that were initially long-term
14 in nature be allowed to count as long-term procurement
15 when determining compliance with the long-term
16 procurement requirement?

17 MR. WYNNE: So, Justin Wynne for CMUA. And with
18 the -- what we were discussing earlier, the purpose of
19 this provision in mind, if you're looking at whether the
20 contract supports project financing, it seems to me that
21 in a situation where there's an assignment, the project
22 developer would be unaffected by this. Because the
23 contract itself would have very detailed provisions on
24 who's eligible -- who's an eligible purchaser to be
25 assigned to. There would be all the assignment

1 provisions would be in the contract. The financing
2 would be still supported.

3 And so, I don't see how an assignment, even if
4 it was short term for the period of the remainder of the
5 assignment, would be inconsistent with what we're trying
6 to achieve here. So, if there's a ten-year contract and
7 in year seven you assign it to another POU for the final
8 three years, those initial seven years should be long
9 term and the final three years should be long term.

10 And I think maybe as a guiding principle in
11 this, if it's something that's contemplated and pursuant
12 to the provisions of the original contract, so everyone
13 -- it was something that was fully considered, I think
14 that it's something that should be allowed. And there's
15 probably a lot of different variations of this.

16 One other issue that came up is if you have a
17 joint project, so there's multiple buyers. And
18 throughout the term of the contract they may shift their
19 percentage share of the output. I think flexibility
20 there would be something that would be very helpful.
21 Particularly for smaller POUs, one of the things we
22 talked about earlier was the difficulty that they have
23 in finding developers that are willing to do these types
24 of contracts because they're such a small amount.
25 Getting multiple buyers together is essential. But for

1 them, because of the variation in load, variation in
2 generation is such a bigger issue for them, having the
3 flexibility to shift between the buyers throughout the
4 term of that contract I think would be very helpful.

5 So, as long as it's something that's originally
6 contemplated, I don't see why it should be restricted
7 under the definition of what would qualify as long term.

8 MS. BARKALOW: Can I just ask a clarifying
9 question on that? So, are you saying, then, that
10 initial contract term would list the POU that may take
11 just a short-term portion of it, but they are identified
12 in that initial contract?

13 MR. WYNNE: It wouldn't be a short-term portion.
14 So, it wouldn't identify this is the POU that can take
15 for these years. The two situations --

16 (WebEx operator interruption)

17 MS. BARKALOW: Maybe we could just wait a
18 minute. For those on the phone, we seem to be having a
19 WebEx problem, so we're going to just hold on for a
20 second.

21 (Pause)

22 MS. BARKALOW: Okay. How about we take a five-
23 minute break. We just have a few questions left on this
24 panel topic and then we will break for lunch. So,
25 please do come back in five minutes.

1 (Off the record at 12:00 p.m.)

2 (On the record at 12:08 p.m.)

3 MS. BARKALOW: Thank you, everyone for your
4 patience. That was a well-deserved break.

5 We only have a few questions left in this panel
6 and then we will break for lunch, so let's just continue
7 on.

8 MS. BERLIN: So, Gina?

9 MS. BARKALOW: Yes?

10 MS. BERLIN: Can we go back to the last
11 question?

12 MS. BARKALOW: Yes. So, we were on question
13 three and Justin, you were about to give a response.

14 MR. WYNNE: Yes. So, what I'm thinking of is
15 two different scenarios. So, one would be a long-term
16 contract where there are multiple buyers and the
17 original contract would have a provision that would
18 allow the relative share or that each buyer is taking to
19 shift throughout the contract term. So, all the buyers
20 would be specified. The only thing that would be
21 changing throughout the contract term would be the
22 percentage off take that they would be taking. So, you
23 wouldn't be adding anyone new.

24 And so, in my view, that would all count as long
25 term. So, even if -- even if it is subsequent -- as

1 long as you're exercising the provision that's in the
2 original contract that would all be long term.

3 And the second scenario would be there's a
4 single buyer, there's an assignment provision in the
5 contract, and at some point, year seven you assign it to
6 a different POU that meets all the requirements. It's
7 essentially just exercising that assignment provision.

8 The original seven years and the final three
9 years would all count as long term as well.

10 MS. BERLIN: And on that last point, Susie
11 Berlin, I think the scenario, whether a long-term
12 contract that's assigned for a portion of it should
13 retain that, I think that that's -- well, I don't think,
14 I'm telling you. That's exactly the kind of flexibility
15 that is necessary to address scenarios where you have
16 very big discrepancies in load.

17 Perhaps POU A had this ten-year contract and
18 then, all of the sudden a major manufacturer in town
19 left and then you've got a big shift in your load. And
20 meanwhile, POU B just had a big manufacturer move in,
21 not in time for them to enter into a long-term contract
22 to meet that additional load. So, that basically allows
23 the shift in load to follow the contract or the contract
24 to follow the shift in load. All the while, the
25 original intent of the legislation is being met because

1 it is a long-term agreement that got steel in the
2 ground, or they got the first agreement going.

3 MS. BARKALOW: Could you have a situation in
4 which you have a POU off take maybe only one year within
5 that ten-year term, and then it would still count as
6 long term is that --

7 MR. WYNNE: I don't think that -- I don't think
8 that the term length should guide whether it's long term
9 or not. So, if you were able to get the original
10 contract, financing was supported, the period of the
11 assignment I don't think should be relevant.

12 I do think it's probably unlikely that you would
13 have an assignment, just because of what's involved,
14 very -- you know, with six months or a year left. But I
15 don't think that that would be a consideration relevant
16 to whether it would be long term. I think it would be
17 uncommon that you would have the type of situation that
18 you would have the type of situation that you're talking
19 about.

20 MS. BARKALOW: Okay.

21 MR. WYNNE: But it still meets the requirements,
22 it still supports the intent of the legislation.

23 MS. LARSON: Can I ask a follow up?

24 MS. BARKALOW: Go ahead.

25 MS. BERLIN: I'm sorry, just for clarification

1 here, with regard to assignment we're talking about the
2 assignment of the RECs and the power between different
3 entities. Correct? I mean, that's the --

4 MS. BARKALOW: Yeah.

5 MS. BERLIN: Okay.

6 MS. LARSON: So, I think that's true, but I
7 think we also would think to apply this concept to
8 repackaged contracts as well. So, different processes,
9 but the same general idea where a contract is getting
10 divided up and some pieces may go to different entities
11 on either the -- they could have the same term, they
12 could have different terms.

13 But one question I had, so part of the reason we
14 arrived at this staff proposal is based on the plain
15 language read of the statute which, again, refers to its
16 contracts, a retail seller's own contracts of ten years
17 or more in duration, not just contracts of ten years or
18 more in duration.

19 And, admittedly, we didn't have the benefit of
20 being part of the stakeholder discussions in the
21 legislation. So, do I understand correctly that you
22 would argue that for POUs, at least, the meaning of the
23 word "its" is perhaps not relevant because of the way
24 they contract or, perhaps, they can adopt consistent
25 rules that are not identical, or that even without

1 requiring that ten-year term requirement to apply to the
2 POU's own agreement, you still satisfy the meaning of
3 the statute?

4 MR. WYNNE: So, one, I think that this is a
5 complicated topic. I think it will be important to get
6 input from individual POUs. So, it's something that
7 we'll certainly revisit in written comments.

8 But in regards to the statutory language, I
9 think there's a distinction between a sale. So, if
10 you've purchased this and you don't need it for a few
11 years, so you're selling the output for two years in the
12 middle, but it's still you. You've negotiated this
13 contract, you have title to it, you're transferring it
14 to someone else through a resale.

15 It's different where you're fully assigning the
16 contract to another party and they're essentially taking
17 over that contract. So, the contract itself, the term
18 would still be ten years.

19 I think that in my mind what would be essential
20 is that the original contract contemplated and
21 specified, whatever provision you're exercising -- I
22 mean, assignment, that's very obvious. I mean, that
23 would be very detailed. It's very spelled out in every
24 agreement like this. And so, you're just exercising the
25 provision under the original long-term contract.

1 MR. SIAO: So, this is David with Roseville
2 Electric. And I just want to echo what Justin said.
3 You know, going back to principles, are we trying to
4 encourage financial stability so these projects can be
5 funded? Are we trying to get the best value for our
6 ratepayers? Are we trying to make sure that we're
7 looking at long-term planning and can we meet these
8 renewable goals?

9 A good parallel to this is the Transmission
10 Authority of Northern California, which Roseville, SMUD,
11 MID and TID are members of. Basically, this is a
12 transmission project where we can get clean energy from
13 out of state. And so, we have that kind of arrangement.
14 This was too big for one individual utility to do alone,
15 so we had certain assignments or shares of this project.
16 And within the contract are provisions to allow us to
17 transfer these assignments or, you know, shares of our
18 transmission to other utilities.

19 And the reason is because, you know, our market,
20 or planning, or regulatory situation may change. So,
21 this allows us to, you know, again, tackle a large
22 project that we wouldn't be able to do on our own, but
23 also preserve value for our ratepayers.

24 So, I'm hoping the answer to question three, at
25 least in the Commission's eyes will be yes. Because if

1 it's not, it seems like that would diminish the value to
2 ratepayers of a project like this. And I don't know
3 that that would be the intent of the Commission or
4 whether that would serve any purpose in, you know,
5 encouraging renewable energy in California. So, just a
6 thought.

7 MS. BARKALOW: Thank you. Okay, we'll move to
8 question number four. Should contract modifications
9 that do not explicitly change the stated duration of the
10 contract, such as changes to procurement quantities,
11 changes in price, or assignment of certain rights or
12 obligations under the contract affect the contract's
13 duration for the purposes of determining the long-term
14 nature of the procurement?

15 MS. BERLIN: No.

16 MS. BARKALOW: Moving on. No, kidding.

17 MR. WYNNE: Justin Wynne, for CMUA. I'll go
18 slightly longer.

19 I think it's probably pretty -- it's very common
20 in, particularly a long-term contract to specify certain
21 things that might develop in the future. So, storage
22 might be added at the site. Or, if it's a solar
23 development or even wind, there may be additional
24 phases, and so you're adding on. And that might be
25 spelled out in relative detail what the potential future

1 developments are.

2 And I think it would be counter to all of the
3 purposes that we have here if we were to discourage a
4 developer from adding more capacity to a renewable
5 project because it's so late in the term that the
6 remainder wouldn't be long term, and so that increased
7 capacity wouldn't qualify towards the long-term
8 procurement requirement.

9 I also think that would add a high level of
10 complexity, where you'd have a single contract that
11 could have the output split between the long term and
12 short term. I don't know how you would implement that.

13 But I think anything that's contemplated in the
14 original contract should be allowed. And so, if it's an
15 increase in capacity, I don't see what purpose would be
16 served in not allowing that to occur.

17 MS. LARSON: Would you say there's a difference
18 if it's not specifically contemplated in the original
19 contract or is that a practical matter that comes up?

20 MS. BERLIN: I don't think that the -- an
21 assignment, or I don't think some of these changes
22 should be contingent upon a contract coming up with
23 every single scenario. Obviously, if there are
24 arrangements out there and a contract is modified
25 without impacting the, the -- well, especially, let's

1 say it's not impacting the recipient of the RECs, if
2 we're just changing obligations under the contract, for
3 example, I don't think that the original contract,
4 especially if we're talking about long-term contracts
5 that were entered into a while ago, had to foresee every
6 possible scenario.

7 I think what's important to look at is are, you
8 know, the parties involved and the renewable nature of
9 the resource. I think that's what's going to -- what
10 should be more determinative than whether or not every
11 contingency was contemplated before there was this
12 change or this modification.

13 MS. LARSON: So, for one of these other
14 examples, then, like a change in procurement quantity
15 for instance, if a, if a contract started out -- so, I
16 think we wouldn't want to be in the scenario where we'd
17 ever go back and change contract duration if a POU --
18 you know, we certainly wouldn't want to revisit any
19 procurement that's already been generated and is
20 considered long or short -- long term under a contract.

21 But if, say, a POU entered into a long-term
22 contract and in year two it decided that they didn't
23 need the full ten years of that term is that a scenario
24 that would arise where, essentially, a contract that was
25 originally long term could be amended so that it doesn't

1 last the full ten years? Does it sound like a practical
2 scenario?

3 The idea there is that if you're making a
4 commitment for long-term procurement, you would
5 theoretically keep that commitment for all ten years.
6 And so, just wondering if that's a scenario that could
7 come up.

8 MS. BERLIN: So, this question says that does
9 not explicitly change the duration. So, you're talking
10 about a scenario that would change the duration?

11 MS. LARSON: So, I guess that -- that's a good
12 point. I was thinking more of the effect of the
13 procurement that's being procured. But, yeah, you're
14 right, that is a different, a slightly different
15 question from this contract.

16 But it's still a question I'd like to hear the
17 answer to. But you're right, that's different.

18 MR. WYNNE: So, presumably, the contract would
19 specify a penalty. So, if the POU was just to walk away
20 from the contract without any reason for it, they would
21 likely -- there would likely be significant consequences
22 to them, so there'd be financial consequences to that.
23 So, I think it is something that's unlikely to happen if
24 the contract is otherwise functioning well. So, there
25 would be strong disincentives for a POU to just walk

1 away in year two from a long-term contract.

2 MR. SIAO: This is David with Roseville
3 Electric. Since, you know, we're talking about
4 potential scenarios, here's a thought exercise. We have
5 a long-term contract with, in combination with another
6 utility, which may or may not be going through
7 bankruptcy right now.

8 And the way the contract is structured is we
9 took the first few years of generation and in the latter
10 years it goes down to 1 percent. So, hypothetically,
11 you know, if the other utility decides that, you know,
12 they want to shed this contract, here's some questions
13 for you.

14 If we picked up that contract, with that portion
15 that's been amended, would you count that as short term?
16 That would have less value for Roseville and we'd have
17 less incentive to do that.

18 Going back to your principles of do you want to
19 secure financing for these projects? Do you want to
20 make sure they don't go under? Do you want to make sure
21 that renewables are encouraged and that we can hit our,
22 you know, 100 percent clean energy goal?

23 I would hope that you would consider, you know,
24 those sort of overarching goals in how you, you know,
25 look at these regulations. So, just a thought. Thank

1 you.

2 MS. LARSON: Thank you, that's an interesting
3 example.

4 Any other thoughts or questions from -- oh,
5 Scott?

6 MR. TOMASHEFSKY: I just had one question, just
7 in terms of the reference to changes in procurement
8 quantities. Are you looking at that a, as like one of
9 your full requirements type of contract, where you just
10 take whatever share that is? Is that sort of one in the
11 same, it's either procurement quantity or a pro rata
12 share of whatever comes out of the project, or how are
13 you looking at that?

14 MS. LARSON: Okay. I think we would -- I think
15 we would want to treat it as whatever -- the duration of
16 whatever your obligation is. So, if your contract is
17 structured in a way that you're taking a portion, a
18 percentage, then we would look at the term length that
19 you get that percentage. If it was a specific quantity,
20 then we would look at changes in -- amendments that
21 change the quantity there.

22 And, so, I guess that's the other scenario again
23 is if you had a -- I guess this is going back to what I
24 think maybe Justin was saying earlier or about -- or,
25 Susie was saying earlier about adding capacity to a

1 project. That should you -- if you do increase the
2 output of a project or you pick up a piece of another
3 contract toward the later years, should all the years of
4 that -- all the procurement that you get from that
5 contract be considered long term. So, whatever you add
6 on at the end, even if you're only adding it on for a
7 couple of years, should that still be considered long
8 term?

9 MS. BERLIN: I think, then, we might be talking
10 about question three, perhaps. Or, are you -- I mean,
11 I'm not sure.

12 MS. LARSON: I think I maybe could phrase it
13 better, so.

14 MS. BERLIN: Oh, okay.

15 MS. LARSON: So, if you have a ten-year contract
16 and, say, you're getting 10,000 megawatts for each year,
17 right. And then, in year eight you are able to pick up
18 an additional 10,000 megawatts for your 8s and 9s -- or
19 9 and 10. So, for your 9 and 10, you're actually
20 getting 20,000 megawatts each year -- megawatt hours
21 each year. Could you claim those additional 10 megawatt
22 hours each year as long term, even though they were
23 added to the contract down the line?

24 MS. BERLIN: I guess I'm going to have to say it
25 depends. Because where did they come from? Did they

1 come from an assignment from somebody else that had an
2 interest in them and no longer needs them? Did they
3 come from a modification to the facility, so that
4 facility made an investment and can suddenly bring on
5 more capacity?

6 The scenario for me is a little vague to say,
7 but the answer would be it would depend. You know, if
8 it's an assignment, there were two parties and the one
9 party doesn't need the last two years, and that party
10 had an original ten-year term, then I'd say, yeah, the
11 added should count. But without specifics or more
12 details I'm not -- I couldn't say definitively.

13 MR. WYNNE: And Justin Wynne for CMUA. I think
14 the intent here should be to encourage new development.
15 And so, if there is something -- I mean, what would be
16 common is you'd have multiple different projects
17 developed for solar, for example, altogether, with
18 different buyers taking different sections. And so, if
19 you were to take over a different portion because a
20 buyer had dropped out, I think that would support all of
21 the state's climate goals, renewable goals.

22 And if the portion you're taking over is a
23 shorter, you know, less than ten years, as long as you
24 have the original contract, the developer's willing to
25 negotiate that you would take over this remainder

1 portion for whatever the relevant term is, I think that
2 should count. I think the broader purposes would be
3 served by that type of interpretation here.

4 MR. TOMASHEFSKY: So, this is Scott, again. So,
5 with that in mind, in terms of how it is actually, it
6 sounds like. So, if you're comfortable with that
7 interpretation, would it be something you'd like to see
8 in a contract that talks about here's the minimum
9 requirements, and you would have other provisions in
10 there that would talk about it? And to the extent
11 there's additional components to the project that are
12 built in subsequent years that those additional, those
13 additional megawatt hours would then apply to the same
14 contract.

15 So, you're basically looking at it as a -- it's
16 not a snapshot. Your contract is not a snapshot of one
17 particular component of a project, but it could be
18 multiple things that grow over time, so you sort of
19 build it that way. And then, that gives you the
20 flexibility to evaluate it as, yeah, this is a long-term
21 contract that had one element of it, and there was
22 discretion to develop additional things that would add
23 more renewables to it.

24 MS. LARSON: I think that would certainly help
25 make it easier to follow, but I'm not sure that we want

1 to specify how anyone can enter into contract
2 amendments, per se. So, but it is certainly --
3 conceptually, it seems easier to follow that way.

4 Gabe and Mona, I notice you don't have a mic in
5 front of you. I wanted to give you the opportunity to
6 weigh in, if you'd like.

7 MR. HERRERA: This is Gabe. I was just thinking
8 about Susie's example and about how factually it could
9 be different, and so the outcome could be different.

10 And I guess if you had a facility that had a
11 long-term contract and one POU had a portion of that
12 generation for ten plus years, and another POU had a
13 portion, the remaining portion for, you know, ten plus
14 years. And then, the second POU drops out and now that
15 generation is now available to the first POU. In that
16 situation you'd say, well, maybe it's okay to consider
17 that long term there, right, even though it wasn't part
18 of the original contract for that POU. Because you're
19 getting to the point that Justin made earlier about it
20 was a ten-year contract, it provided for support for the
21 facility's operation at the inception of that contract.

22 But if you're making an improvement to the
23 facility and it wasn't contemplated at the inception of
24 the contract, then it seems to me those improvements
25 come at a cost. And so, like the capital financing for

1 that. If you're only picking up two years and the
2 improvements required ten years' worth of financial
3 support, then in that example I guess you might consider
4 that a short-term contract. Is that right? Because it
5 doesn't take into consideration there's financing for
6 the project, and stability, and whatnot. Is that kind
7 of a reasonable way of looking at this?

8 MS. BERLIN: In my mind, yes, potentially.
9 That's why I said it depends. Is it a whole new
10 project?

11 MR. HERRERA: Right.

12 MS. BERLIN: Or is it the same bucket, the same
13 project and just different entities are getting portions
14 of it? And, there's, there's, if it's a brand-new
15 project, just because it's right next door maybe that
16 would involve a different scenario.

17 MR. HERRERA: And that would be different than,
18 say, Scott's example where all that was known at the
19 inception of the contract and you build out a project
20 later on.

21 MS. BERLIN: Or even Justin's example where the
22 contract contemplates doing that, right?

23 MR. WYNNE: I do think this might be an area
24 where it would be important to get real world, real
25 examples from POUs. Because there could be sort of

1 minor improvements that would provide an efficiency, or
2 there's interconnection, or something else that's
3 increasing the capacity. That's not the same as an
4 entirely project that's being developed. Things that
5 you would want to encourage, but things that might not
6 have been contemplated in the original contract.

7 And so, I certainly wouldn't want the
8 regulations to discourage what would otherwise make a
9 project more beneficial and more economic just because
10 it wasn't contemplated in the original contract.

11 MS. BERLIN: Yeah, especially efficiencies.
12 Especially, you know, if there are efficiencies that
13 just happen to increase the input a little, those
14 shouldn't be incrementalized and separately treated.

15 MS. BARKALOW: Okay, thank you. Should we move
16 on to question five here?

17 Under what circumstances should a POU's
18 assignment of its rights and obligations under a long-
19 term contract serve to nullify the long-term nature of
20 the contract?

21 MR. WYNNE: So, Justin Wynne for CMUA. This is
22 something where there was a lot of response from the
23 POUs, because I think there's a very strong opinion on
24 this that these resources should count as long-term
25 procurement. Not the way that the portfolio balance

1 requirements are treated.

2 It's very clear. And the portfolio balance
3 requirement was a new provision, so it wasn't something
4 where contracts were drafted with that specific
5 definition in mind. Whereas, I think the term length of
6 the contract is relatively straight forward.

7 We're also in a situation where, by 2021, all of
8 the contracts that qualify for this, that are still in
9 existence will necessarily have been long-term
10 contracts.

11 And I think a concern would be that if you did
12 treat it the same as the portfolio balance requirement,
13 so there's sort of a penalty for this early action, if
14 you amend the contract to extend it, you continue to get
15 that treatment. So, if the original term is 15 years or
16 longer, any contract amendments after that point
17 continue to get this PCC 0 treatment. So, you would
18 essentially be discouraging any POU that had one of
19 these early contracts from extending the term. And I
20 don't know what purpose would be served by doing that.

21 But I think this is something that I think
22 there's a lot of responses that we received from.

23 MR. STAMBLER: I mean, I think this would go
24 into question six, but I can kind of, kind of go -- I
25 jumped ahead because -- sorry.

1 MS. BARKALOW: We can go to question six and
2 answer both at the same time, if you want, so.

3 MS. BERLIN: So, this is Susie. I just want to
4 say on number five, the question's very vague. Just I
5 mean I'm not sure if it's what circumstances, or what
6 contract provisions or you know, is it all of the rights
7 and obligations are you saying? So, I'm --

8 MS. LARSON: I think what we're trying to ask
9 is, is there ever a scenario and what would those
10 scenarios be? Are some scenarios -- if the entire
11 contract is assigned to another entity, is that the same
12 as if a portion of a contract is assigned, if certain
13 rights are assigned.

14 And, if a POU assigned over an entire contract
15 to a different party, then I think we come back to the
16 question of what does it mean for -- what is the meaning
17 of the ten-year requirement for the POU's own contracts?
18 Does it matter if there's just a ten-year contract in
19 place? Or, does it matter that some - that, that each
20 party to that contract had an agreement for at least ten
21 years?

22 But I think there are other scenarios where
23 maybe if only certain rights are being assigned, we're
24 looking to get input on. If there are middle ground
25 cases, other than you assign everything or you keep

1 everything, where we should also consider what that
2 might do to the contract duration? Does that sort of
3 make sense? No.

4 MS. BERLIN: So, let's have this scenario. If
5 a, if a POU assigns a portion of their contract just to
6 rearrange the financial transaction, for example, but
7 the same POU is retaining the same RECs and the power,
8 then that shouldn't impact the long-term nature at all.

9 Now, if a POU is assigning portions of its
10 contract, regardless, and then we segue into number six,
11 depending on if it's a PCC 0 and what quantity they're
12 changing, then I do think that there -- you know, there
13 could be implications.

14 But I guess I'm struggling a little with how
15 broad five is or under what circumstances should a POU's
16 assignments of its rights does that affect the POU's that
17 is assigning the rights, or are they being assigned to
18 another POU? So, is the question for the recipient POU?

19 MR. SIAO: So, this is David again, with
20 Roseville. And just going back to that example of the
21 transmission project that we share with other utilities
22 and, you know, this is just for that specific case, so
23 I'm not generalizing here.

24 But in the contract, we do have the provision to
25 assign our share of the project to other utilities. And

1 even if we assign 100 percent of our shares, so we're
2 down to zero percent, we do also, in the contract, have
3 the option to get back our share later on, if our market
4 or planning situation changes.

5 So, in the hypothetical case, if we assigned 100
6 percent of our share of a renewable project to another
7 entity, I don't think you would have to worry about us,
8 you know, having some portion of energy be short term or
9 long term because it's all to the other utility.

10 But if we got it back then I think, of course
11 this would depend on the contract, then we would still
12 be a long-term signee of the contract for that project.
13 So, again, it would probably depend on the specifics.
14 But I can't envision a case, necessarily, where we would
15 nullify all of the long-term properties of the
16 contracts. Even if we had temporarily or, you know, for
17 the time being assigned our share of the contract to
18 another party. Just a thought.

19 MS. BARKALOW: Does anyone have anything else
20 to say for question six? Do both treatment options for
21 a portfolio count category zero and historic carryover
22 effectively implement both the long-term procurement
23 requirement and the count-in-full provisions under PUC
24 Section 399.16?

25 MR. WYNNE: Sorry, I don't have anything to add

1 to what we jumped ahead earlier.

2 MS. BARKALOW: Okay.

3 MR. WYNNE: So, I apologize for that.

4 MS. BARKALOW: No problem.

5 MR. STAMBLER: This is Jamey Stambler from the
6 City of Anaheim. I'll go ahead and kind of add our
7 feelings towards these different treatment options.

8 We feel that Option 2 does not -- is not an
9 effective implementation of, of basically the, of the
10 long-term, long-term idea. And the reasons are because
11 treating that as, as -- treating the PCC 0s as non --
12 basically, you're going to be ending up treating them as
13 not counting towards your long-term requirement under
14 that Option 2. And that would unfairly penalize early
15 compliance.

16 And also, as had been said previously, it's
17 going to discourage POUs from extending existing
18 contracts because you're not getting those contracts to
19 count towards your long-term requirements.

20 There are other issues and concerns that we have
21 around these not counting towards your long-term
22 requirement is that there's ratepayer concerns. Some of
23 our current long-term PCC 0 contracts are our oldest,
24 largest, and priciest contracts. If they are not
25 counted under this regulation, POUs may be compelled to

1 buy new, long-term contracts, which will further
2 increase our customer rates.

3 Buying new, long-term contracts could then
4 create over procurement concerns which, obviously, could
5 possibly depress market prices over time. And this
6 outcome could actually drive developers out of
7 California over time, if the market conditions make
8 financing difficult or impossible.

9 There's also flexibility concerns, as can be
10 seen with the issues the IOUs have had with pricey,
11 long-term contracts and departing load. Forcing more
12 long-term procurement is only going to decrease that
13 flexibility to changing circumstances and cause further
14 financial issues for all utilities.

15 PCC 0s, as Justin had stated earlier, are also
16 almost all long term as of now. Most of them had to be
17 executed before the June 1st two thou -- or, they did
18 have to be executed before June 1, 2010. And most were
19 delivering shortly after that or before that.

20 Um, so, at this time, in 2019, you're talking
21 about nine years, essentially, after they had to be
22 executed. So, all those contracts are essentially long
23 term right now.

24 And there's -- I guess it doesn't make that much
25 sense to just decide that those shouldn't count towards

1 your long-term requirement, when most of the contracts
2 themselves are already long term as of now.

3 And then, the other thing is fairness concerns.
4 Not counting the PCC 0s towards your long-term
5 requirement would unfairly devalue the investment that
6 utility customers have invested in the procurement of
7 renewable energy early on in this program.

8 MS. BARKALOW: Thank you.

9 MR. SIAO: So, this is David with Roseville,
10 again. Just to piggy-back on Jamey's point. I'm
11 looking at slide 14, and a plain reading of that, I
12 don't see where it specifies, you know, what categories
13 count or don't count towards the 65-percent requirement.
14 And, you know, as you mentioned, a lot of -- at least in
15 Roseville's case, a lot of our category 0 resources are
16 essentially could be category 1, if we resold them to
17 another party. So, from my perspective, it seems like
18 we could be in a situation where we're just, you know,
19 selling each other category 0 resources so they count as
20 category 1. And I don't see what purpose that would
21 serve.

22 MR. TOMASHEFSKY: Beyond giving Jamey a standing
23 ovation for his remarks, I just want to share just an
24 example of how it works with the NCPAGL (phonetic)
25 thermal project, which is a perfect example of a PCC 0

1 project that has major investments being made to extend
2 the life of that project.

3 That originally, going into the early part of
4 the 2000s, the expected lifespan was supposed to end in
5 2013. And there are well work overs that are done there
6 on an annual basis. We have wastewater treatment issues
7 that we actually have solved by reinjecting treated
8 wastewater into the steam field to extend the life for
9 30 years on that particular project. That is still
10 going to be a PCC 0 project. Or, as long as the RPS
11 program is in existence, that will continue to be a PCC
12 0.

13 And to not have that as probably a classic case
14 for a group of smaller public utilities investing in a
15 geothermal project would just not really be a fair
16 characterization of how you should treat these things.
17 I would rather have them invest in a project they
18 actually know, than have to go out and procure
19 additional resources that are basically in their
20 backyard, under the ground, that we can continue to help
21 support.

22 So, just have to be very careful about how you
23 characterize the distinction between existing long-term
24 agreements, which are important considerations, and the
25 need to meet the RPS requirements with an incremental

1 load that may not be needed in some respects.

2 MR. STAMBLER: This is Jamey Stambler from
3 Anaheim, again. I just wanted to make one statistical
4 point on this. Is that when I did calculation for
5 Anaheim, for year 2018, if Option 2 was implemented, our
6 long-term procurement would drop from 87 percent of our
7 portfolio to 73 percent for 2018. So, it wouldn't take
8 long before we were having to procure more contracts,
9 even though we have plenty of contracts currently on our
10 books that would meet this, that are PCC 0.

11 MR. TUTT: And this is Tim Tutt from SMUD. I
12 mean, I'll just have to ditto that Option 2 does not, in
13 my mind, give full weight to the count-in-full provision
14 for PCC 0 contracts. I mean, I know that the LTR was
15 added later, but I don't think that that means that the
16 count-in-full provision doesn't apply.

17 And at least for SMUD, you know, if we knew that
18 our PCC 0 contracts weren't going to count towards this
19 long-term requirement, we would have interacted with the
20 legislature differently as that bill was being passed,
21 I'm certain.

22 I also know there are some POUs where a
23 significant portion of their current RPS procurement are
24 essentially PCC 0 contracts. And by implementing Option
25 2, if you did that, you'd essentially throw their RPS

1 plans out the window and ask them to go back to the
2 drawing board.

3 MR. WYNNE: And Justin Wynne for CMUA. I'd also
4 point out I believe some of these resources that are PCC
5 0 are owned and so, you're very limited in your ability
6 to do anything about it. And so, you'd have this owned
7 resource that going forward would have this decreased
8 treatment for long-term procurement.

9 MS. BARKALOW: Okay, lots of good input. Thank
10 you.

11 We'll move to question seven. What market
12 impacts, if any, could occur if the requirements for
13 long-term procurement under the LTR differ for POUs and
14 retail sellers?

15 MR. TUTT: Tim Tutt from SMUD. Again, I think
16 there's so many differences between POUs and IOUs, and
17 retail sellers, that if there are differences in this
18 particular provision, I don't think there's significant
19 market impacts overall for the renewable marketplace.

20 MS. BARKALOW: Okay, we can move to question
21 eight. What other conditions need to be addressed to
22 fully characterize the duration of procurement for the
23 purposes of evaluating POU compliance with the LTR?

24 MR. WYNNE: Justin Wynne for CMUA. I think
25 there's a lot of questions that we have because there's

1 so much variance in how these contracts are structured.
2 And so, a question that came up is what if the output
3 that you're receiving differs throughout the term of a
4 contract? I think Roseville mentioned one earlier,
5 where they, it is high in certain years and then drops
6 down lower in subsequent years. You could have hydro
7 where, depending on what the terms of the contract are,
8 you could maybe go years without getting any deliveries
9 from the project because you're in drought years.

10 And so, I think it would be -- I think our
11 approach to this is that it should be broadly
12 interpreted. And so, if the term is ten years, all the
13 other provisions -- so, you've supported financing,
14 everything else is met, I think the structure of the
15 contract I think shouldn't affect whether it be
16 considered long term or not.

17 And there's a related question is bucket three
18 RECs. And I think that it can be confusing to think of
19 a long-term bucket three contract because that's not
20 normally how we look at those. But I think there's
21 probably a quite a number of structures that would
22 qualify as long term under bucket three.

23 And so, I think it would be helpful to get some
24 indication from CEC staff about the characteristics of a
25 long-term bucket three contract. My assumption being

1 that if the projects are identified in the contract, and
2 the RECs are delivered over a ten-year period, that that
3 would be all that's required to be a bucket three, long-
4 term contract.

5 I think you might be getting all the RECs within
6 certain years throughout that period. So, like in the
7 last year of a compliance period or something like that.
8 It may not be a continuous delivery. But it would be
9 helpful to get your interpretation on it, if there's
10 anything different about bucket three.

11 MR. SIAO: This is David with Roseville. Just
12 to add on to Justin's point. We do actually have a
13 contract with a counterparty where we category one, two
14 and three. All of it is long term. And it's the one I
15 mentioned where we have variable delivery within a
16 compliance period. So, we would be very interested in
17 your thoughts on whether bucket two and bucket three
18 could count towards that long-term requirement.

19 MS. BARKALOW: Okay. Do you want to say
20 anything, Katharine?

21 MS. LARSON: I just want to mention that I think
22 it is interesting to think about how a bucket, a long-
23 term bucket three contract would look and if it would
24 look the same -- and somewhat, how similar or different
25 it would be than the bucket one and two. So, I just

1 want to say I take that point. Thank you for raising it
2 and we'll definitely think about it.

3 Gabe, did you want to weigh in at all? Okay.

4 MR. HERRERA: Just to say this is a workshop to
5 gather input from stakeholders. So, Justin, Jamey,
6 David, Tim, if you guys have ideas or suggestions on why
7 PCC 3 contracts should look differently than, say, PCC 1
8 or PCC 2, welcome your input.

9 MS. BARKALOW: All right, it's getting late.
10 So, how about we move to public -- oh, I'm so sorry.
11 Yes, go ahead.

12 MR. STAMBLER: Thanks. This is Jamey Stambler
13 from City of Anaheim. I just wanted to ask one more
14 question. Is that if you have a ten-year contract and
15 in year six it gets terminated, for whatever reason, do
16 -- are years one through five then retroactively deemed
17 short term?

18 MS. LARSON: We would not propose to do that.

19 MR. STAMBLER: Great, thank you.

20 MS. LARSON: Only procurement going forward.
21 Which in this case there wouldn't be any so it's easy.

22 MS. BARKALOW: Any other comments from the panel
23 discussion?

24 Okay, so we'll move to public comment. I just
25 have one blue card. And then, we'll go to WebEx and

1 then the phone. So, Steve Uhler.

2 MR. UHLER: Thank you. Steve Uhler. It's
3 largely a question about repackaged shares of contracts.
4 If those repackaged shares end up in not resulting in
5 retail sales what happens with those contracts? 2827(h)
6 of the Public Utility Code might give you some insight
7 to where 399.30 can be -- RECs can be claimed. So, and
8 also you might look to see into your stash of power
9 content labels for power content labels for something
10 that's known as solar shares, which are considered. If
11 you watched the video on my comment, you saw it's
12 structured to compete against hanging stuff on your
13 roof.

14 So, those are non-retail sales. How will you be
15 managing that and how will they count? Is it just
16 simply that a POU has a contract, it doesn't matter if
17 it ever ends up in a retail sales, do they get to claim
18 those RECs? Thanks.

19 MS. LARSON: So, I want to give the caveat this
20 is an initial reaction, so since I haven't had a chance
21 to go through all of the statutory sections you
22 referenced.

23 But I think we -- I think a lot of your question
24 does still have to do with the voluntary retail sales
25 reduction at 399.30(c)(4). And any green pricing

1 program or voluntary renewable program that is used to
2 reduce retail sales, pursuant to that provision, can't
3 gloss as it cannot be used -- well, the RECs have to be
4 retired for the customer.

5 So, in this case I think it's -- I would think
6 that the rules for repackaged contracts that we're
7 considering here, for what counts towards the RPS
8 requirements is something separate.

9 MR. UHLER: 2827. A person can rent a premises
10 to obtain generation and that's -- whether that's
11 classified as a repricing, or a green pricing, or shared
12 renewables, you don't really classify. It just simply
13 says those credits. Now, I know it's basically intended
14 for rooftop, but if you read 2827, and all of that
15 private generation, it changes the status of those RECs.
16 Plus, you do not at this time, under your regulations or
17 your proposed, have a method for retiring on the behalf
18 of the customer. All RECs are retired for compliance
19 with RPS. So, you do have a bit more work.

20 There are all these RPS plans. You should be
21 able to run them all out and figure out what everybody's
22 saying here about what it's going to do to them, to
23 figure out -- you should already have your contracts and
24 everything. You should be able to calculate this. A
25 simple modeling task in discrete event modeling to do

1 that, as opposed to these spread sheets that kind of
2 average everything. And, quite possibly, you don't even
3 know what the outputs of these things are.

4 The subject of increased output out of a
5 contract may come simply by telling customers how to use
6 more solar, because somebody might have bought capacity
7 as opposed to energy. And then, suddenly, all that
8 capacity could be used because there's a fair amount of
9 curtailment to go on. All of these things need to be
10 thought about because those are the practical answers.

11 So, 399.30 is just one aspect; 2827 is another
12 aspect. But you need to know what those are because
13 there's a lot of discussion going on here that can be
14 all moot when you find out what those are. Thank you.

15 MR. HERRERA: So, Mr. Uhler, I have a question.
16 So, if you'd please stay at the podium there.

17 MR. UHLER: Sorry.

18 MR. HERRERA: So, you're talking about 2827,
19 which deals with net energy metering to some extent.
20 Are you envisioning the situation where there's an
21 energy provider that supplies, that supplies energy to a
22 consumer, where the energy provider's installed a PV
23 system on the consumer's property. So, it's kind of
24 like a PPA, a power purchase agreement arrangement. And
25 then, any net surplus that's not consumed by the

1 consumer, then is owned by the energy provider, and then
2 he bundles that up with other net surplus and then
3 perhaps sells that to a POU? Is that kind of the
4 repackaging situation?

5 Otherwise, I would think that in a net energy
6 metering situation that the buyer would be the consumer,
7 not the POU. And the obligation that we're thinking
8 about here, with respect to the RPS, is when the
9 publicly owned utility actually procures renewable
10 energy. So, I guess I'm missing the connection between
11 the net energy metering. If you could help me out
12 there.

13 MR. UHLER: Okay. An example would be SMUD
14 solar shares. They claim to have bought these one
15 megawatt fields. You are a customer. Instead of
16 putting it on the roof, they're competing against that,
17 are doing it in a net metering fashion, receiving that
18 energy.

19 These shares are, hopefully, designed that you
20 never have a net surplus, but there's no requirement for
21 net metering to have a net surplus.

22 So, in this case, there's not a retail sale of
23 that -- of the energy. There's no retail sale there.
24 Yet, that SMUD will have a contract with whoever's
25 supplying their solar. Um, those credits are never sold

1 at retail.

2 And if you would like examples of that, I have a
3 bill where I'm not charged tax on that, and I live in
4 the City of Sacramento. The City of Sacramento requires
5 7 and a half percent tax. I thoroughly, at board
6 meetings, discussed this with them and they said, no,
7 no, that's correct, there's no tax on those. So, that's
8 not a retail sale.

9 So, my concern is, and particularly back to PCC
10 0 contracts, you may have been counting them for RPS and
11 they were not retail sales. So, that really, that part
12 from contract to retail sales needs to be identified.

13 The Public Utility Commission talks about that
14 the folks are going to have to show the Energy
15 Commission the chain of contract all the way down to the
16 end user in order to determine who gets the credits for
17 it.

18 So, thank you giving me this additional time.

19 MS. BARKALOW: Okay, so we'll move to WebEx and
20 then to the phone. But one idea for you to contemplate
21 and I'll ask you at the end of the public comment period
22 is would you prefer to just plow through and get done
23 with Panel 3, and the lightning round, and conclude the
24 workshop or would you like to break for lunch? So,
25 think about that and we'll get to that in a couple

1 minutes, so --

2 MS. JONES: Okay. We have one comment from
3 WebEx. Nathan, we just unmuted you. Please state your
4 name and affiliation.

5 MR. GALLEGOS: Hi, this is Nathan from LADWP.
6 The only comment I had to make was regarding amendments,
7 where short-term amendments on short-term contracts,
8 and I just wanted to make note that if short-term
9 amendments aren't counted for long-term contracts, that
10 could potentially deter new technologies from entering
11 the renewables market, for instance. If we have some
12 company approaching a POU with a WAVE (phonetic)
13 renewable energy contract, but the department doesn't
14 want to take on the risk, so they want to try it out for
15 a, for a short term, and potentially amend it to be
16 long. If the amendment requires a POU to only amend it
17 by a minimum of ten years that would deter a POU from
18 even entering a short-term agreement with new
19 technology. So, that could affect how new technology is
20 done through the renewable energy market as well.

21 MS. LARSON: Thank you for the comment.

22 MS. BARKALOW: Okay. So, another option that we
23 have is maybe, instead of breaking for 45 minutes, we
24 just break for 20 minutes. So, do folks have any
25 recommendations?

1 MR. WYNNE: So, Justin Wynne for CMUA. I do
2 anticipate that topic three can be addressed very
3 quickly. And then, I think topic four would go real --
4 depending on what your expectation is for that
5 conversation. On our end, if it's just identifying
6 issues, I think that could also be addressed quickly.
7 But I think topic three could take, minutes, I would
8 assume.

9 (Laughter)

10 MS. BARKALOW: I'll look to the advisors.

11 MS. LARSON: So, if there are no objections
12 going into --

13 MS. BARKALOW: Kourtney, do you have a --

14 MS. LARSON: -- item three, but do we want to
15 break?

16 MR. HERRERA: Justin said a recommendation for a
17 short break, and then coming back and moving forward.

18 MR. WYNNE: Yeah, maybe even five minutes.

19 MS. VACCARO: I think the only -- this is
20 Kourtney Vaccaro. I think the only concern I have is
21 that when we publicize notices like this for the public
22 generally, not just for people in the room, we may have
23 some unintended consequences if we completely blow
24 passed sort of a reasonable break. So, five minutes
25 might be too short, 45 minutes certainly might be too

1 long.

2 I think maybe, and we did give estimates, right,
3 to sort of manage expectations.

4 MS. BARKALOW: Uh-hum.

5 MS. VACCARO: I think if we like settle at 15
6 minutes, I think that seems like a reasonable sort of
7 compromise for everybody. So, not like I am the queen
8 decision making here, but I just kind of feel like what
9 we're doing is right by everybody, including members of
10 the public, if we don't just move forward.

11 MS. BARKALOW: Okay. So, how about we meet back
12 at 1:15. Thank you.

13 (Off the record at 12:49 p.m.)

14 (On the record at 1:19 p.m.)

15 MS. LARSON: Alright everyone let's get started
16 again. It's a past 1:15 and we haven't all eaten lunch
17 yet, so I'm sure we'd like to conclude as quickly as
18 possible.

19 So, the last topic -- let's see, is everyone at
20 the table? Yes.

21 The last topic that we'd like to address today,
22 that's specific to long-term procurement requirement
23 implementation, is the voluntary early compliance
24 process for POU's that elect to use the long-term
25 procurement requirement beginning in compliance period

1 three.

2 So -- oh, there we are. So, POU's that elect for
3 early compliance and satisfy the LTR in compliance
4 period three can use the SB 350 excess procurement rules
5 beginning that compliance period, which could be
6 desirable for the POU.

7 There we are. Unless a POU adopts for early
8 compliance, the requirement will take effect beginning
9 in 2021. And I do just want to mention that we think
10 this applies to all POU's. The statute does not provide
11 for any exemptions to the LTR. And some of the basis
12 for past exemptions in the regulations for the portfolio
13 balance requirement would not appear to affect a POU's
14 ability to comply with the LTR.

15 So, to elect for early compliance, we propose
16 that a POU's governing board would adopt rules in its
17 RPS procurement plan or enforcement program that it
18 would allow the POU the option to comply early with the
19 LTR. After that point, the POU would report on the
20 election, if it made it or not, pursuant to its adopted
21 rules, in its compliance period report that's submitted
22 at the end of compliance period three or, rather, after
23 compliance period three.

24 We also propose that if a POU is determined not
25 to have met the long-term procurement requirement for

1 compliance period three, the POU could go and revise
2 that election in its compliance period report and,
3 basically, yeah, revise it. It would no longer be
4 electing to comply early. All the way through the end
5 of the CEC's verification activities.

6 So, this is a slightly different process than
7 the CPUC implemented for retail sellers, which requires
8 retail sellers to notify the CPUC within 60 days if they
9 elect for early compliance, and also treats the
10 voluntary election as binding.

11 However, our proposal here is consistent with
12 the current requirement in the RPS regulations for the
13 adoption and application of optional compliance
14 measures, which do include excess procurement. So, the
15 regulations set out specific rules and requirements for
16 POU's to adopt and apply optional compliance measures,
17 and then POU's report on their use of that measure in the
18 compliance period report.

19 So, our proposal here for the voluntary early
20 compliance process we think is consistent with the
21 treatment to date of excess procurement in the RPS
22 regulations.

23 I also want to mention that we think it could be
24 unreasonable for a POU to have to make a binding
25 election on whether or not it wants to meet the LTR

1 early before the effective date of our regulations,
2 which may come later in the compliance period. So, as a
3 practical matter, it could be really hard for a POU to
4 plan to make a binding election.

5 So, that's actually all I have on this topic.
6 You correctly called it. This is a short and sweet
7 presentation and topic.

8 So, I have a couple of discussion questions,
9 which I'll pull up. I'm going to come back to the
10 table. Alright, I'll juggle all my beverages.

11 So, the first question we have is just does this
12 proposal effectively implement the provisions of
13 399.30(a)(4)(B), which sets forth the voluntary early
14 compliance process with the LTR that allows excess
15 procurement rules to take effect early, and then the
16 Public Utilities Code that makes this process applicable
17 to POUs?

18 MR. WYNNE: Justin Wynne for CMUA. I think the
19 responses that we've heard so far from the POUs is
20 support for this approach. I think for the reason you
21 stated about the potential effective date that I think
22 it makes sense to do it in this way, and it will be
23 consistent with other optional compliance mechanisms.

24 MS. LARSON: Any other thoughts or concurrence?

25 MR. TUTT: Tim Tutt from SMUD. Concur and

1 appreciate the flexibility. Thank you.

2 MS. LARSON: All right, then we can move on
3 quickly to the next question.

4 So, essentially, this is getting back to the
5 last point of our proposal which is that if a POU does
6 elect for early compliance, and then is found during the
7 CEC's verification activities for compliance period
8 three to have not met the LTR, are there sort of
9 unforeseen consequences that could arise? For, for
10 example, if a POU retired additional, short-term PCC 1
11 RECs that they thought they'd be able to bank under new
12 excess procurement rules in the future and now,
13 suddenly, they're not able to bank -- use those rules
14 because they haven't met the LTR? Scenarios like that.
15 We just want to hear from you to see if there are some
16 practical matters that we need to address or think
17 further about for this proposal, especially given the
18 timing of the verification process relative to the end
19 of the compliance period.

20 MR. WYNNE: So, Justin Wynne for CMUA. I do
21 think we probably need to get some more input on this.
22 But I think at this point the expectation is if you are
23 getting access to the changed excess procurement rules,
24 that's the incentive. And so, you would have to commit
25 to meeting the long-term procurement requirements. And

1 so, if you don't do that, the penalty or the deterrent
2 to you would be you'd be losing access to those excess
3 procurement rules. I think that would be just part of
4 the understanding.

5 And so, I don't know that there would be any of
6 these scenarios that you're talking about that would be
7 -- I mean, if you were to lose access to that, that's
8 probably the structure of this early compliance
9 provision. And so, I don't know that we've heard any
10 concerns, but we probably do need to just get
11 confirmation on that.

12 MR. HERRERA: So, Justin, this is Gabe, quick
13 question. So, you've got a POU thinking they're going
14 to satisfy the long-term procurement requirement early.
15 Based upon that they've retired, you know, the required
16 amount of long-term procurement, applied the required
17 amount of short term. And then, they find out that they
18 don't meet the requirement. Could there be a desire at
19 that point, which could be after the verification
20 process, you know, a year and a half, who knows, longer,
21 right, for the POU to decide, God, if I would have done
22 things differently, I would have retired more short-term
23 RECs versus long-term RECs, and then be in a position
24 where you'd want to, say, unretired some long-term RECs
25 that weren't needed, so that they could be available in

1 a future compliance period?

2 And then, if so, it seems like we're up against
3 some deadlines in terms of unretiring RECs, and retiring
4 RECs in that kind of situation.

5 MR. WYNNE: So, on one level I think that's the
6 risk that you're taking. So, you would probably need to
7 have a reasonable certainty that you're meeting the
8 long-term requirements if you're going to take those
9 actions.

10 I do believe we have come up with some
11 structures that have allowed us to get out of -- get
12 around some of the limitations. So, I think in WREGIS
13 you generally have a one-year limit on unretiring RECS.
14 And so, if you're -- because of the compliance timeline
15 you're past that I believe, I'd have to go back and look
16 at how we structured it, but there was a provision that
17 the Energy Commission came up with that addressed that,
18 when there was some sort of good faith mistake that had
19 been made. And so, if it was a mistake that had
20 resulted in this, maybe there is some provision that
21 would allow you to adjust for RECs that are retired,
22 even if you're past the WREGIS deadline.

23 But on one level, I think that's, that's sort of
24 the responsibility of the POU that's making this
25 decision. And so, I don't know that we would need to

1 have an overly-complicated provision in the regulations
2 right now.

3 I think that as long as there's enough
4 flexibility in how you are interpreting what qualifies
5 as a long-term, then we shouldn't be getting into these
6 scenarios very often where you're unexpectedly having a
7 long-term contract be converted back to short term.

8 MS. BARKALOW: Is that all?

9 MS. LARSON: It looks like it. Are there any
10 comments? Public comments?

11 MS. BARKALOW: We don't have any blue cards. Do
12 we have any comments on WebEx? Do you want to try the
13 phone? Are there any questions on the phone?

14 Please mute yourself if you don't have a
15 question. Okay, it sounds like there's no questions on
16 the phone. Thank you.

17 All right, we'll move to the next section, the
18 plan forward. Katharine.

19 MS. LARSON: Yes. All right, the next section,
20 which I'm sure you've all been eagerly awaiting, is the
21 path forward from here. So, before I get into the
22 tentative schedule, I do want to mention that the copies
23 of our implementation proposal are available actually on
24 the table outside as you enter the hearing room, but
25 also on our website. We do plan to make the

1 presentation slides available on the website, as well,
2 following the workshop. But again, if you're here in
3 the room, you should have a copy already.

4 We'll be accepting written comments through
5 September 24th, at 5:00 p.m. You can submit comments
6 directly to our docket, with the link below.

7 Question?

8 MS. BERLIN: Yeah, before we get much further, I
9 was wondering if we can just have three weeks and do
10 October 1st for comments?

11 MS. LARSON: So, I think that's something we can
12 certainly consider and it's a reasonable request. I'll
13 let you -- part of the reason for this timeframe is to
14 help us achieve our tentative schedule, which is
15 aggressive because we do want to have regulations in
16 effect at the end of the compliance period or prior to
17 the end of the compliance period. So, I think that's
18 something we can certainly discuss.

19 MS. BERLIN: Okay, very much appreciate your
20 consideration of that. From our perspective for -- I
21 don't want to speak specifically for SCPPA, but I can
22 say for NCPA having a little bit more time on the front
23 end to coordinate with the members and provide a more
24 comprehensive response is helpful. And that extra step
25 takes -- the two weeks doesn't allow enough time, we

1 think, to provide that. So, if it's possible and still
2 works within your schedule, it would be very much
3 appreciated to provide more robust comments, ideally.

4 MS. DEREVI: Tanya DeRevi on behalf of SCPPA. I
5 would echo that request. We won't be meeting with our
6 folks down in Southern California until the 17th or
7 18th. So, having an extra time to coordinate with 12
8 rather large utilities would be much appreciated.

9 MS. LARSON: That makes a lot of sense. So, we
10 will consider -- to be clear, we will consider and then
11 let you all know, let the public know if we do extend
12 the comment period deadline.

13 MS. BERLIN: Thank you.

14 MS. LARSON: So, once we get your comments,
15 whether it be in two weeks or in three weeks, our next
16 step is to develop an implementation proposal and/or
17 draft regulatory language. Hopefully, everyone can hear
18 me. And/or draft regulatory language on the full range
19 of statutory changes that are affecting the RPS program,
20 that we anticipate covering in the upcoming rulemaking.

21 This will reflect the input that you all have
22 provided, both now and in your written comments, on the
23 implementation of the long-term procurement requirement.

24 After we've developed that proposal and,
25 hopefully, draft regulatory amendments as well, we plan

1 to have a second public touch point. Ideally, a
2 workshop later this year.

3 So, here is the money slide, so to speak, the
4 tentative schedule going forward. Our goals is to
5 complete prerulemaking and have a second workshop at the
6 end of this year and start developing our formal
7 rulemaking package early next year. So, we could
8 initiate the formal process by the end of the first
9 quarter.

10 We're hoping to bring a regulatory package to
11 the Commission by quarter three next year, for adoption.
12 And then, ideally, submit our final rulemaking package
13 to the Office of Administrative Law for review and
14 approval by quarter four.

15 With all that said, it's a tentative schedule.
16 It's pretty aggressive relative to where we are, now.
17 And it could change depending on the scope of the
18 feedback that we get, the public input during
19 prerulemaking activities, as well as if there are
20 additional issues in the rulemaking as well that come
21 up.

22 So, in some ways this is a Blue Sky schedule,
23 but it is really important to us to move forward quickly
24 on the regulations and try to provide you the guidance
25 as soon as possible.

1 And that's actually all I have for the plan
2 forward at this moment. Here's my contact information.
3 You're welcome to reach out, phone, email. I'm always
4 around.

5 Thank you all for your time and I'm going to
6 turn it over to Gina Barkalow for a lightning round for
7 priority issues.

8 MS. BARKALOW: Okay. So, we are about to enter
9 the lightning round. This is an opportunity to raise
10 your top priorities, issues or concerns for the upcoming
11 rulemaking. You each have 60 seconds. And I have a
12 feeling I don't need the timer, but I think we can just
13 go around.

14 How about we start with you, Tim? Is that okay?

15 MR. TUTT: That's absolutely fine. Thank you
16 for the lightning round, this is fun.

17 (Laughter)

18 MR. TUTT: Obviously, I think our top issue
19 going forward, our top issues are going to be the
20 interpretation of reasonable proximity and to the extent
21 possible with respect to being able to subtract from
22 retail sales resources that are us -- eligible resources
23 that are used to supply our solar shares and green
24 energy voluntary products.

25 We're promising those customers that they will

1 get 100 percent solar or as much solar as they're
2 contracted for, 100 percent green power or as much green
3 power as they're contracted for. We're not at this
4 point promising them that we'll give them, in addition,
5 renewable RPS procurement on top of what we're giving
6 them.

7 And so, we really appreciate the legislature
8 allowing us to not do that double procurement for these
9 customers and just stick to the promises that we've made
10 them about the procurement we have.

11 So, that's going to be our key issue going
12 forward. Thanks.

13 MS. BERLIN: So, this is Susie Berlin. I'll
14 just use half of the 60 seconds, so that Scott take on
15 the other half for NCPAs key issues.

16 But the topics that we discussed today are going
17 to be very important because NCPA has a number of small
18 members. Because of the, you know, joint powers
19 arrangement we try to collaborate and facilitate these
20 procurement for the members, the way in which the
21 provisions for long-term contracting are interpreted are
22 going to be important. The flexibility that we've
23 talked about today, the considerations given the
24 variability of our load, and available resources, those
25 are all going to be very important factors moving

1 forward. And the sooner we can get them addressed, with
2 the greatest certainty possible would be very helpful.

3 MR. WYNNE: Justin Wynne for CMUA. I guess one
4 thought is unlike the CPUC, where you can stagger
5 certain things, the whole set of regulations are adopted
6 together. And so, I don't know that you necessarily
7 need to focus on when certain things apply, but I do
8 think that for those issues that have an impact in the
9 third compliance period or where you need to start
10 taking actions right now to get in compliance, I think
11 it would be appreciated if we could address those early.

12 And for things that apply in the third
13 compliance period, if it looks like we're missing the
14 schedule and we're not going to get things certified by
15 OAL within that time period that we need to come up with
16 some plan for how the POUs report, incorporate things in
17 their procurement plans.

18 And so, cost limitation would be one of those
19 where I think it would be clear to either get any
20 changes done early or at least get direction on what
21 needs to be done.

22 Green pricing is another one. That's something
23 that already applies.

24 And then, long-term procurement, again taking
25 action --

1 (Bell ringing)

2 MR. WYNNE: Yeah, thanks.

3 MS. DEREVI: Tanya DeRevi with SCPPA. This gets
4 easier as we go along. Just to reiterate the first
5 point we had led off with and that is maximum
6 flexibility for POUs. We don't look anything like the
7 large IOUs. When you compare a PG&E, for example,
8 against a Banning or a Colton, they are vastly
9 different. Some of whom are wholly serving
10 disadvantaged communities in some cases.

11 We also wouldn't want to see regulations that
12 end up punishing POUs for early compliance, when RPS
13 prices were just getting off the ground and were really
14 expensive, or going forward where RPS prices could again
15 become very expensive for the newer technologies.

16 And again, the SCPPA fully-resourced provision
17 that will be coming out of SB 350. So, those optional
18 compliance type measures will be very important going
19 forward as well.

20 MR. HIRASHIMA: Scott Hirashima, L.A. Again,
21 just want to stress what's been said countless times
22 here, is just the need for flexibility. As a larger
23 POU, you know, we do enter into a number of contracts.
24 And, you know, given that we are striving to reach 100
25 percent renewable in the near future, you know, we're

1 entering into a number of these contracts that have, you
2 know, 15, 20, 25 year terms. And these are for
3 technologies with 20, 25, 30 year lifespans.

4 And so, again, you know, we need to stress the
5 need for flexibility with new and emerging technologies,
6 as well as access to, you know, optional compliance
7 measures as stated previously. Thank you.

8 MR. STAMBLER: This is Jamey for the City of
9 Anaheim. I'd also like to echo the flexibility needs.
10 And also, just to reiterate that our top priority is
11 that the PCC 0s count towards our long-term requirement.
12 Because that would have a significant detriment on our
13 ratepayers if that is not the case.

14 MR. SIAO: So, this is David with Roseville. I
15 just want to thank the Commissioner and staff, again,
16 for allowing us to come here and share our thoughts with
17 you. This makes everybody's job easier and makes for a
18 better regulation, so thank you for that.

19 Roseville is looking at, you know, procuring
20 some more renewables in the next few years so,
21 hopefully, we can get some good results from this
22 workshop and the successive ones. But again, we just
23 want to emphasize a couple of things that have been
24 mentioned.

25 Flexibility will be helpful because, you know,

1 we can't foresee all potential scenarios. And we want
2 to provide this renewable energy to our ratepayers at
3 least cost, if possible. So, thanks again.

4 MR. TOMASHEFSKY: So, do I get Vidhi's minutes,
5 since she's not here anymore? I'll take a minute and a
6 half, something like that.

7 No, this is always very helpful. And the
8 conversations, I know we always appreciate having this
9 continuing.

10 Just a couple quick points. One is a continued
11 request to have as broad an interpretation of what
12 comparable and consistent with PUC rules and regulations
13 are, given that the business models are very, very
14 different. That seems to be a general hang up whenever
15 we have an issue. And it's not about trying to
16 undermine the program, it's trying to find ways for us
17 to be successful. And so, that becomes really
18 important.

19 Also important to us is making sure that we do
20 not lose the value of the PCC 0 resource. That is just
21 absolutely paramount. And for our smaller members, that
22 becomes not only a nonstarter, it becomes a major
23 problem for compliance going forward.

24 The other thing, and I think I mentioned this to
25 Katharine in an aside, since we've gone through, now,

1 two compliance periods, one area that we haven't really
2 addressed, the regulations do not address is what
3 happens when you are a utility where you have now found
4 in verification, after the fact, that there's a problem?
5 Where there's either an inadvertent mistake in terms of
6 how you account for some of your resources. When there
7 isn't really any reserve to rely on, it's much more a
8 problem for small utilities that have invoked cost
9 limitation provisions. So, to the extent that there's
10 nothing in the tank to rely on, to reconcile things,
11 looking for ways to perhaps true up using perhaps the
12 next compliance period. Even though it's not in the
13 regs, it's just providing an opportunity to deal with a
14 violation situation that really wasn't intended and it
15 was discovered after the fact by both parties, both the
16 regulating agency and --

17 (Bell rings)

18 MR. TOMASHEFSKY: A minute and a half, I think.
19 Thank you.

20 MS. BARKALOW: Okay, Commissioner, do you have
21 anything you'd like to add before we go to public
22 comment?

23 COMMISSIONER DOUGLAS: No, I'll -- I'll make a
24 brief closing comment.

25 MS. BARKALOW: Okay, sounds good. So, now, we

1 will go to the lightning round public comment. We have
2 one card. Steve Uhler, please come to the mic.

3 MR. UHLER: Thank you, again. I'm Steve Uhler.
4 The things to think about is procurement means to obtain
5 and be sold at retail. And if a retail sale is not
6 made, there is no REC generated. It appears that your
7 system thinks that there are RECs generated before the
8 sale actually happens and is accounted for as a retail
9 sale.

10 The accounting system should be capable of
11 providing us information, at least up to the day, about
12 what's going on, so that the legislature can have a
13 better idea which way to go. Maybe they would avoid
14 these long-term contracts if they were to see the
15 difficulties of what's being done here.

16 So, um and when it comes to things like SMUD's
17 solar shares and stuff, you need to make sure that those
18 are retail sales before they are counted. Now, I'll
19 give you examples, I'll give you more examples of that
20 in written comment.

21 MS. BARKALOW: Thank you. Okay, that ends the
22 lightning round public comment.

23 MR. UHLER: With the microphone on, it's Steve
24 Uhler again.

25 MS. BARKALOW: Oh, okay. Oh, are you doing the

1 lightning?

2 MR. UHLER: No.

3 MS. BARKALOW: Do you want to do the regular
4 public comment?

5 MR. UHLER: Well, I just did the lightning
6 round.

7 MS. BARKALOW: Yes. So, now, we --

8 MR. UHLER: Yeah, they go back to back.

9 MS. BARKALOW: Yeah. So, now, we're going to
10 open to the final public comment period.

11 MR. UHLER: There's no WebEx public lightning
12 round?

13 MS. BARKALOW: Oh, I'm sorry. Is there anyone
14 on WebEx that would like -- oh, yes. Okay, thank you.
15 I jumped the gun.

16 MS. JONES: Thanks. This comment is from Basil,
17 with Santa Clara SVP. We share all of the concerns
18 shared by the speakers. I would like to add that
19 maximum flexibility is extremely important given the
20 development of customer sided DERs, which highlights the
21 load uncertainty and the variability.

22 MS. BARKALOW: Thank you. Are there any
23 comments on the phone?

24 MS. JONES: We can unmute.

25 MS. BARKALOW: We are going to unmute. So,

1 please mute if you don't have a comment.

2 Okay, sounds like there's no comments on the
3 phone. So, let's move to the final public comments for
4 the entire workshop. So, do we have any blue cards?

5 Okay, is that Steve. Come on.

6 MR. UHLER: Thank you. I'm Steve Uhler. Things
7 to consider is lack of definitions. You don't have
8 definitions on things like a participating customer in a
9 green pricing program -- pursuant to a green pricing
10 program. These terms should not remain superfluous in
11 your regulations. They mean something.

12 And also, what it means to monetize or further
13 use a credit after it's been used for a green -- one of
14 these 399.30(c)(4) situations, so that the public will
15 know whether or not it means they can no longer, um
16 claim that because it's been claimed for an RPS. This
17 is important for things like LEED who, depending on your
18 vintage of LEED, those credits are required to be
19 retained. The contract should say it's retained. If
20 it's retired, it can't be used for that LEED
21 certification. I'll dig up some written comment on
22 that.

23 Let's see, where are we on time?

24 MS. BARKALOW: You probably have about a minute
25 left.

1 MR. UHLER: Okay. Yeah, your retirement
2 definition doesn't talk about retiring on the public's
3 behalf, or the customer, the green pricing customer's
4 behalf.

5 Your definition of the compliance period
6 references subsection c of 399.30. I kind of like that
7 one because if I was doing a word problem, that would
8 kind of say there's only one start, but there's many
9 finishes, so we have nested compliance periods.

10 And then, also what's missing is a specified
11 amount as a percentage for each compliance period. You
12 didn't reduce to lowest terms, so we're going to mark
13 your paper down on that one, as far as following what
14 the word problem says.

15 I'll be going through with a number of things of
16 pointing out these aspects of the current regulation, as
17 far as and in the future, about actually, completely
18 implementing the statutory provisions, particularly on
19 behalf of the stakeholders who are the public, me, who
20 would want to increase the amount. Which in public
21 comment -- or in comment, Tim Tutt has said that this
22 will allow them to reduce their obligation. And some
23 people are thinking that they're getting more.

24 You need to pay attention to the public. I have
25 bought Greenergy and Solar (indiscernible)

1 simultaneously, at a hundred percent, and I stay below
2 the allotment. So, in other words, I was a net
3 producer. Are you guys counting both of those as
4 renewable energy credits? Because per definition, they
5 shouldn't be. You need to have better accounting.

6 You should do all the accounting on this. You
7 should be able to tell everybody where they stand on
8 their 65 percent well beyond -- well before. Move away
9 from these spread sheets. Go to discrete event
10 scheduling.

11 Something that I used in Roseville at NEC.

12 MS. BARKALOW: Thank you, Mr. Uhler, it's been
13 over three minutes.

14 MR. UHLER: So, thank you.

15 MS. BARKALOW: Thank you. Okay.

16 COMMISSIONER DOUGLAS: All right. Well, I want
17 to thank everyone for their participation today and for
18 apparently working through lunch, or through some
19 significant portion, but not all of lunch. And I think
20 it was really productive.

21 And I also appreciate the fact that you do need
22 to do some additional work and some additional thinking
23 on these issues, and get back to us in written comment.

24 We decided to start out with this workshop
25 because these issues are complex and we wanted to hear

1 what you had to say, and we thought that it might take a
2 conversation and then some follow-up work to get the
3 kind of feedback that we were hoping for.

4 So, we will discuss the request for an extra
5 week. But in any case, we're very much looking forward
6 to your written comments on this. And we're looking
7 forward to subsequent, you know, at least one subsequent
8 future public workshop that will cover the other issues
9 that we hope to address in this package, and moving
10 forward to finalize regulations within compliance period
11 three, which is our goal.

12 So, anyway, I just want to thank all of you for
13 your participation today and look forward to following
14 up. Thank you everyone.

15 So, with that, I think we're down to a close
16 here.

17 MS. BARKALOW: Thank you, everybody.
18 Instructions of written comments are in the notice.

19 (Thereupon, the Workshop was adjourned at
20 1:50 p.m.)

21

22

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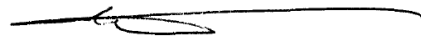
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