

DOCKETED

Docket Number:	16-RPS-03
Project Title:	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
TN #:	231484
Document Title:	Presentation - Pre-Rulemaking Amendments to the RPS POU Regulations
Description:	Slide deck for 1-10-2020 Lead Commissioner Workshop on Pre-Rulemaking Amendments to RPS POU Regulations.
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Lead Commissioner RPS Workshop

Pre-Rulemaking Amendments to the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*



January 10, 2020
California Energy Commission

Housekeeping

- Extra handouts available on back table
- Restrooms located on 1st floor
- Vending machines on 2nd floor
- Emergency evacuation procedures
- WebEx participation
- Court reporter
- Written comments due **January 17, 2020 by 5:00 PM**. Comments may be submitted directly to the docket via the CEC e-filing system at <https://efiling.energy.ca.gov/Lists/Docketlog.aspx?docketnumber=16-RPS-03>



Workshop Agenda

- Background
- Discussion Topics
 - Staff presentation
 - Discussion
- Path Forward
- Public Comment
- Closing Remarks



Background

- CEC adopts regulations specifying RPS enforcement procedures for POU's
 - October 1, 2013: Effective date of regulations
 - April 12, 2016: Effective date of amended regulations
- Plan to amend regulations to address statutory changes from:
 - SB 350 (2015)
 - SB 1393 (2016)
 - SB 1110 (2018)
 - SB 100 (2018)

General Schedule of Activities

- August 2019: staff paper on long-term procurement requirement (LTR)
- September 2019: Lead Commissioner Workshop on LTR
- December 2019: pre-rulemaking amendments and key topics guide
- January 2020: Lead Commissioner Workshop on pre-rulemaking amendments
- *(Expected)* April 2020: NOPA publication
- *(Expected)* December 2020: Effective date of regulations



Workshop Objective

- Solicit input on proposed pre-rulemaking amendments
 - Arguments for or against staff's proposals
 - Considerations for additional procurement scenarios
- Support development of NOPA, 45-Day Language, Initial Statement of Reasons and Economic Impact Analysis
 - Staff anticipate regulation effective date no later than December 2020
- Encourage additional detailed written comments
 - Deadline January 17, 2020



Discussion Topics

Morning

1. Long-Term Procurement Requirement *(30 min)*
2. Excess Procurement *(30 min)*
3. Changes to Optional Compliance Measures *(20 min)*
 - Cost Limitations
 - Delay of Timely Compliance
 - PBR Reduction
4. Green Pricing Program Retail Sales Reduction *(20 min)*
5. Unavoidable Procurement of Coal-Fired Generation *(15 min)*

Afternoon

6. Procurement Requirements *(20 min)*
 - Procurement Target
 - Portfolio Balance Requirement
7. Exemptions *(30 min)*
 - Qualifying Procurement of Large Hydroelectric Generation
 - Qualifying Procurement of Hydroelectric Generation from Facility Owned by POU as of 1967
 - Qualifying Procurement from Gas-Fired Power Plants
8. Reporting *(10 min)*
9. Additional Changes *(20 min)*

Note: Times provided are estimates and may be adjusted to support effective conversation on all topics



Topic 1: Long-Term Procurement Requirement

1. Implementation
2. Amendments and Assignments
3. Other Considerations
 - Voluntary Early Compliance
 - Count in Full Procurement (PCC 0) and Historic Carryover
 - Pre-June 2010 Procurement
 - Applicability



Implementation

Pre-Rulemaking Amendments: Section 3204 (d), section 3201 (r) and (ee), section 3208 (b)(5)

- Compliance evaluated independently from RPS procurement target, PBR
 - Calculated based on the lesser of the RPS procurement target and RECs applied toward the target
- POUs may adopt and apply cost limitations or delay of timely compliance, subject to statutory/regulatory requirements

Additional Considerations:
Specific evidence from SB 350 legislative history?



Amendments and Assignments

Pre-Rulemaking Amendments: Section 3204 (d)(2)(F)

- Contract duration measured from start date to end date
 - Extensions of long-term contracts count as long-term
 - Extensions of short-term contracts count as short-term, unless extension and remaining duration provide 10 continuous year term
 - Evaluate, based on LTR rules, any contracts previously considered long term for purposes of excess procurement
- Amendments and assignments that affect procurement characterization as long-term:
 - Decreasing contract duration
 - Increasing nameplate capacity, quantity
 - Substituting different resource

Additional Considerations

Do broad assignments of long-term contracts support core intent of the LTR?
Are there other forms of assignments or amendments to address or limit?



Additional Considerations

Pre-Rulemaking Amendments: Section 3204 (d)(2)(D), section 3202 (a)(3)(C)-(D), section 3204 (b)

- Voluntary early compliance
 - Governing board may adopt rules allowing POU to elect for voluntary compliance beginning in Compliance Period 3
- PCC 0 and historic carryover characterized as long-term
- Pre-June 2010 procurement characterized based on duration of the contract
- LTR applies to all POUs, including POUs with special exemptions



Topic 2: Excess Procurement

1. New Requirements beginning Compliance Period 4
2. Prior Accrued Excess Procurement
3. Requirements for Compliance Periods 1-3
 - Clarifications
 - Voluntary Early Compliance with LTR



New Requirements Beginning Compliance Period 4

Pre-Rulemaking Amendments: Section 3206 (a)(1)(B), section 3206 (a)(1)(D), section 3206 (a)(1)(H)(3), section 3206 (a)(1)(I)

- New rules and calculation for compliance periods beginning January 1, 2021 (Compliance Period 4)
 - PCC 2 and PCC 3 RECs cannot count as excess procurement
 - Contract duration no longer relevant for excess procurement
 - PCC 0 and PCC 1 RECs associated with contracts of any duration may be counted
 - Short-term RECs not subtracted
- Clarify excess procurement may be accrued only if all RPS procurement requirements are met



Prior Accrued Excess Procurement

Pre-Rulemaking Amendments: Section 3206 (a)(1)(F), section 3204 (d)(2)(E)

- PCC 2 excess procurement accrued in Compliance Periods 1-3 must be applied no later than Compliance Period 4
 - Excess procurement may be applied in any subsequent compliance period
 - Beginning January 1, 2021, PCC 2 RECs cannot be “counted” as excess procurement
- Excess procurement accrued in Compliance Periods 1-3 counts as long-term for purposes of the LTR when applied for that compliance period
 - Associated contracts are not “grandfathered” for purposes of LTR

Additional Considerations

Application of prior accrued PCC 2 excess procurement for POU that elects for early compliance with LTR



Requirements for Compliance Periods 1-3

Pre-Rulemaking Amendments: Section 3206 (a)(1)(B), section 3206 (a)(1)(H)(1), section 3206 (a)(1)(I)(6)(i)

- Clarifications
 - Excess procurement may be accrued only if all RPS procurement requirements are met
 - Revise equation to better address different procurement scenarios
 - Structure:
- Compliance Period 3 only:
 - New excess procurement rules take effect early if POU has elected for voluntary early compliance and satisfied LTR

(Total Retired)
(Retired, Applied toward Target)
– (Retired, Not Applied, Ineligible for Accrual)
Accrued Excess Procurement



Topic 3: Changes to Optional Compliance Measures

Pre-Rulemaking Amendments: Section 3206 (a)(2)-(4), section 3207 (d)(5)

1. Cost Limitations

- Updated requirements for cost limitation rules
 - i. Removed prior requirements consistent with statutory changes
 - ii. Added example of planned actions
- Additional reporting requirements

2. Delay of Timely Compliance

- Modified: Unanticipated curtailment that does not increase greenhouse gas emissions
- New: Unanticipated increase in retail sales due to transportation electrification
- Updated reporting

3. Portfolio Balance Requirement Reduction

- Minor clarifications to requirements and reporting



Topic 4: Green Pricing Program Exemption

Pre-Rulemaking Amendments: Section 3204 (b)(9), section 3207 (k)

- Annual retail sales reduction based on qualifying procurement for green pricing or shared renewable generation programs
- Must be PCC 1 from RPS-certified facilities
 - May include PCC 0, if it meets the criteria of PCC 1
- Associated RECs must be retired in WREGIS
 - Cannot be used for compliance, sold, transferred, or monetized
 - “Monetizing” means earning revenue from the RECs other than through program tariff/subscription
- POUs must seek to procure, to the extent possible, from resources located within reasonable proximity

Additional Considerations

Impact on POUs not interconnected to a CBA?
Factors/measures for:

- Reasonable proximity
- Seeking to procure
- To the extent possible



Topic 5: Qualifying Procurement of Coal-Fired Generation

Pre-Rulemaking Amendments: Section 3204 (b)(10), section 3207 (I)

- New exemption for qualifying procurement of coal-fired generation from “unavoidable long-term contracts and ownership agreements”
- POU must satisfy certain conditions, including:
 - The POU’s procurement plan must demonstrate that it cannot cancel or divest the qualifying procurement without significant economic harm to its ratepayers and that harm cannot be mitigated through feasible measures
- Procurement target for Compliance Period 4 may be reduced to the greater of:
 - Retail sales not satisfied by unavoidable procurement of coal-fired generation
 - An average of 33 percent of the POU’s retail sales for the compliance period



Break for Lunch

Will resume at:



Afternoon Topics

6. Procurement Requirements *(est. 20 min)*

- Procurement Target
- Portfolio Balance Requirement

7. Exemptions *(est. 30 min)*

- Qualifying Procurement of Large Hydroelectric Generation
- Qualifying Procurement of Hydroelectric Generation from Facility Owned by POU as of 1967
- Qualifying Procurement from Gas-Fired Power Plants

8. Reporting *(est. 15 min)*

9. Additional Changes *(est. 20 min)*



Topic 6: Procurement Targets

Pre-Rulemaking Amendments: Section 3204 (a)(4)-(7)		
Compliance Period 4 January 1, 2021 - December 31, 2024	2021	35.75%
	2022	38.50%
	2023	41.25%
	2024	44.00%
Compliance Period 5 January 1, 2025 - December 31, 2027	2025	46.00%
	2026	50.00%
	2027	52.00%
Compliance Period 6 January 1, 2028 - December 31, 2030	2028	54.67%
	2029	57.33%
	2030	60.00%
Compliance Period 7 and beyond Three-year compliance periods	Year 1	60.00%
	Year 2	60.00%
	Year 3	60.00%



Topic 6: Portfolio Balance Requirement

Pre-Rulemaking Amendments: Section 3204 (c)(3), section 3204 (c)(6)

- Compliance Period 4 and beyond:
 - PCC 1 Minimum Requirement: 75%
 - PCC 3 Maximum Limit: 10%
- Clarifications
 - PCC 3 maximum evaluated as limit
 - Better address diverse procurement application scenarios



Topic 7: Exemptions

Alternative target calculation or reduction based on:

1. Qualifying procurement of large hydroelectric generation
2. Qualifying procurement of hydroelectric generation from a facility owned by a POU as of 1967
3. Qualifying procurement from gas-fired power plants



Qualifying Procurement of Large Hydroelectric Generation

Pre-Rulemaking Amendments: Section 3204 (b)(7)-(8), section 3207 (i)-(j)

- New exemptions provide for reduction in annual soft target for qualifying Large Hydroelectric Generation
 - Criteria and calculations established by SB 350, amended SB 100
 - Not available after Compliance Period 6
 - Requirement to apply qualifying generation to retail sales?
 - Treatment of renewals/extensions

2016-2018: Requirements include:

- At least 50% of POU annual retail sales met by qualifying hydro
- Facility must be owned by federal government (Central Valley Project) or a Joint Powers Authority (JPA)
- Qualifying generation must provide electricity to POU

2018-2030: Requirements include:

- At least 40% of POU annual retail sales met by qualifying hydro
- Facility must be owned by POU, federal government, or JPA
- POU must receive qualifying generation
- Does not include generation from eligible renewable energy resource



Qualifying Procurement of Hydroelectric Generation from Facility Owned by POU as of 1967

Pre-Rulemaking Amendments: Section 3204 (b)(6), section 3207 (h)

Series of Statutory Changes

- Criteria and calculation in former PUC section 399.30 (k)
 - 2013: Established by SB 591
 - 2016: Amended by SB 1393
 - 2018: Removed by SB 100
- Compliance Period 2 (2014-2016):
 - Replaced statutory reference to former PUC section 399.30 (k)
- 2017-2018:
 - Incorporated text of former PUC section 399.30 (k), as amended by SB 1393, in lieu of statutory reference
 - Incorporated exemption amendments
 - Procurement reduction based on annual, not compliance period, retail sales
 - Qualifying generation may include generation from an eligible renewable energy resource



Qualifying Procurement from Gas-Fired Power Plants (SB 1110)

Pre-Rulemaking Amendments: Section 3204 (b)(11), section 3207 (m)

- Procurement target reduction for POU with qualifying procurement from gas-fired power plants
 - Qualifying power plant must be operating at or below a 20% capacity factor each year of the applicable compliance period
 - POU must procure RPS resources equal to:
 - 45% of retail sales by December 31, 2027
 - 50% by December 31, 2030
 - An average of 50% for each 3-year compliance period thereafter
 - Two POUs met requirement to notify CEC by April 1, 2019



Topic 8: Compliance Reporting

Pre-Rulemaking Amendments: Section 3207 (d), section 3201 (i)

- Change compliance reporting to two-step process
 - **Step 1**: By July 1 following each compliance period, report RECs retired and supporting information for PCC classifications, contract duration, and use of exemptions by July 1 following end of compliance period
 - **Step 2**: Within 60 days of CEC sending draft verification results to POU, report procurement applied to RPS procurement target, accrued as excess procurement, and use of any other optional compliance measures
- POUs are able to report specific quantities of “verified” eligible procurement applied for each compliance period
 - Calculation of PBR, LTR, excess procurement calculations depend on RECs applied toward target
 - POUs have better information on procurement available to be applied after REC eligibility, PCC classification, and contract duration classification have been verified



Topic 8: Annual Reporting

Pre-Rulemaking Amendments: Section 3207 (c), section 3207 (o)

- Information no longer required
 - The year the POU was established
 - Number of end-use retail customer accounts
 - Facility information that is part of the certification record
 - Public goods funds collected
 - Contracted amount of MWh as a percentage of total retail sales
- Additional documentation
 - Contract or ownership duration for RECs procured during prior year
- Additional information required
 - Projected retirements
 - Initial long-term or short-term classification for retired RECs
 - Information for contracts or ownership
 - Breakdown of POU energy consumption
- May be required to submit additional information to demonstrate compliance with an RPS procurement requirement or any RPS-related requirement



Topic 9: Additional Changes

Section 3201

- Definitions for contract, ownership execution date
- Clarification to definition of compliance period

Section 3202

- Clarify classification of additional procurement due to an amendment of a PCC O contract

Section 3204

- Update to requirements for a POU that is exempt from the PBR based on satisfying the criteria of PUC section 399.18

Section 3205

- Removal of requirements in accordance with SB 1393
- Conforming changes for a POU that meets the criteria of PUC section 399.30 (g)

Section 1240

- Requires copy of notice of violation be sent to POU, in addition to CARB
- Reflect renumbering of PUC provisions by SB 100



Next Steps

Comments due by:

5:00 pm on January 17, 2020

Written comments should be submitted through the CEC's e-filing system:

- Instructions for submitting written comments on page 2 of the Workshop Notice
- Docket # 16-RPS-03



Current Schedule

April 2020

- NOPA, ISOR, 45-day language published

Q2 2020

- Public hearing
- Public comments due
- Post 15-day language (if needed)

Q3 2020

- Regulations adopted by CEC

Q4 2020

- Final package submitted to and approved by OAL, immediate effective date



Public Comment

- Comments limited to 3 minutes
- Hand in blue cards
- Line up in front of microphone when called
- State name & affiliation for the court reporter (leave business card)
- Comments via WebEx:
 - Use “raise hand” feature; we will unmute you during your turn. Please state name and affiliation for the court reporter
 - Type a comment into the chat box and it will be read into the record
- Comments via phone: We will unmute all lines at the end of comment period; please unmute your phone only to ask a question



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