

**DOCKETED**

<b>Docket Number:</b>	16-RPS-03
<b>Project Title:</b>	Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities
<b>TN #:</b>	236185
<b>Document Title:</b>	Presentation - Item - Public Hearing - Modification of Regulations Specifying Enforcement Procedures for RPS
<b>Description:</b>	December 22, 2020 Business Meeting
<b>Filer:</b>	Gregory Chin
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	12/30/2020 9:31:16 AM
<b>Docketed Date:</b>	12/30/2020



# **Item #4: Public Hearing - Modification of Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Publicly Owned Electric Utilities (Docket 16-RPS-03)**

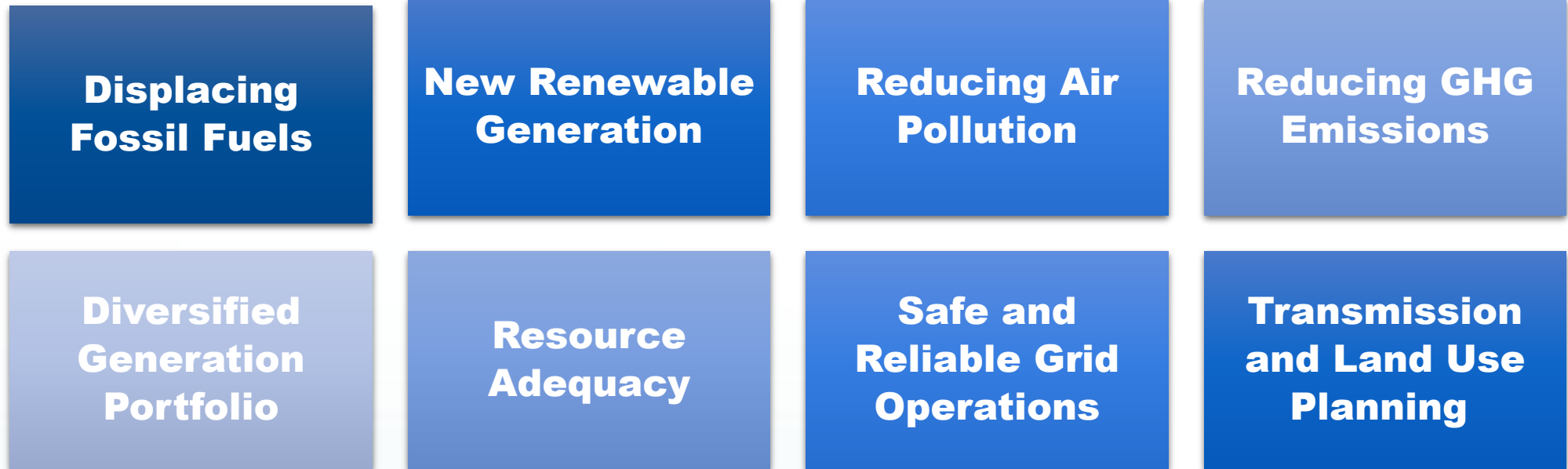
December 22 Business Meeting

Katharine Larson, RPS Rulemaking Staff Lead  
Renewable Energy Division, Clean Energy Office



# Benefits to California

- Legislature identified Renewables Portfolio Standard (RPS) benefits:

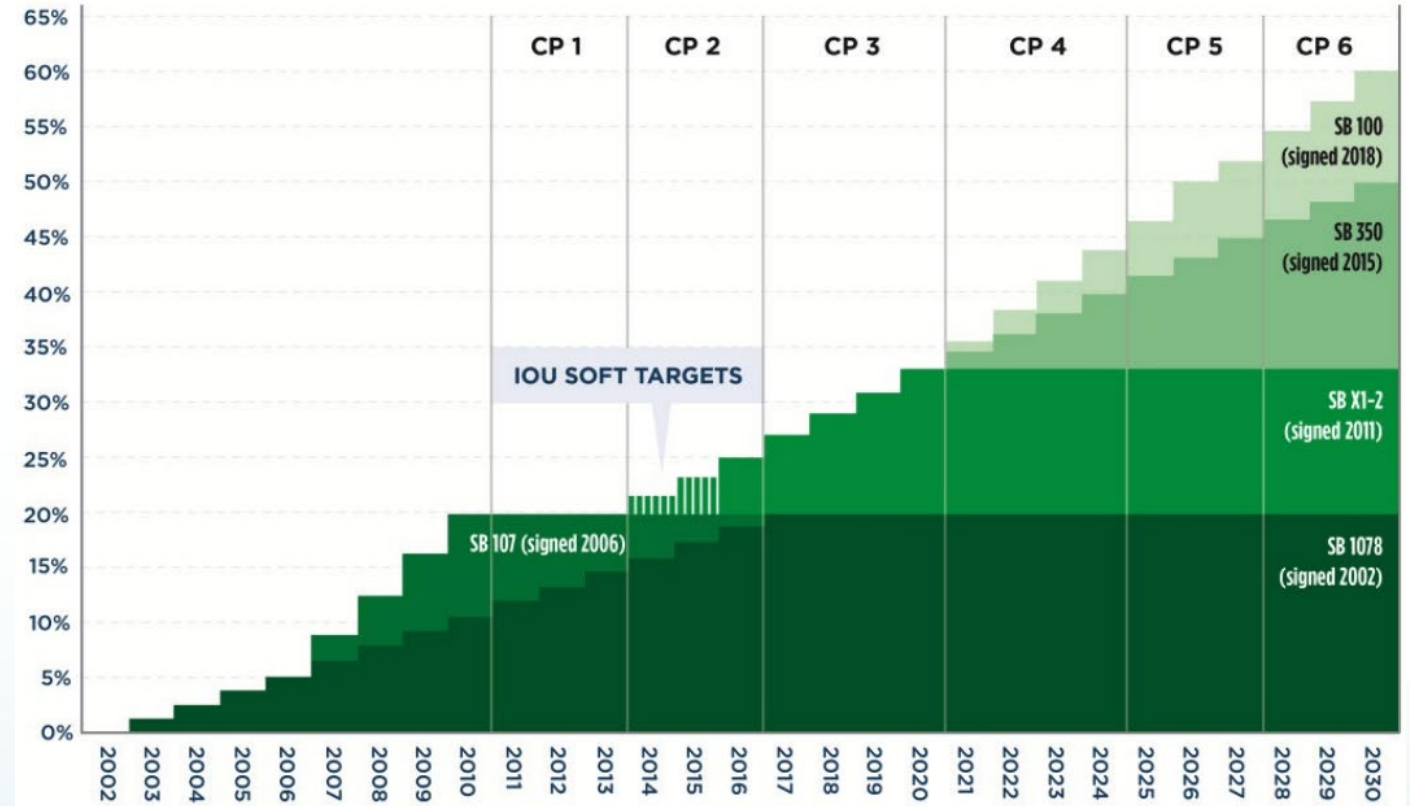


- Proposed regulations promote benefits



# Renewables Portfolio Standard

- Requires retail sellers and POU to procure increasing amounts of renewable energy
- CEC regulations specify POU RPS enforcement procedures
  - Adopted in 2013 and subsequently amended
- CPUC oversees RPS for retail sellers





# Statutory Changes

Senate Bill (SB) 350 (2015), SB 1393 (2016), SB 100 (2018), SB 1110 (2018)

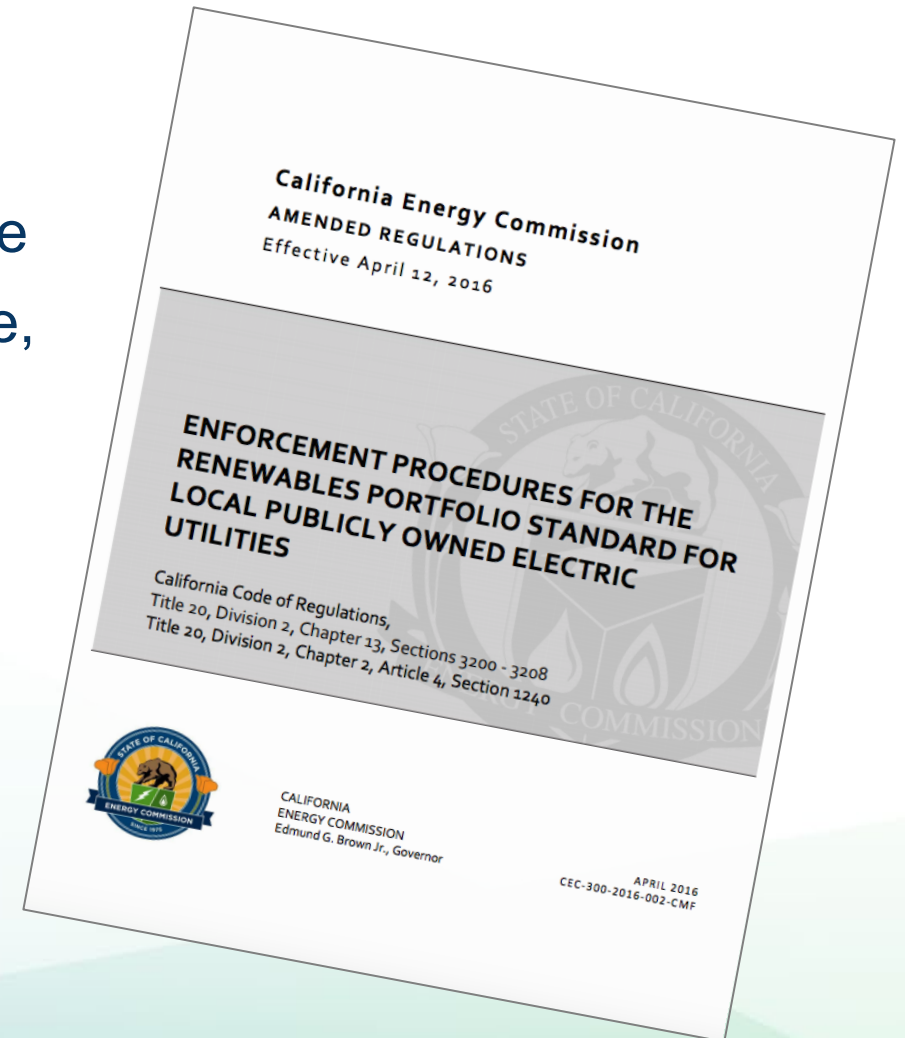
<b>Topic Area</b>	<b>Changes</b>
<b>Procurement Requirements</b>	Compliance periods; targets; long-term procurement requirement
<b>Excess Procurement</b>	Eligibility change; voluntary early compliance process
<b>Optional Compliance Measures</b>	Cost limitations; delay of timely compliance
<b>Exemptions and Adjustments</b>	Exemptions for qualifying hydroelectric generation, gas-fired generation, and unavoidable coal-fired generation; retail sales adjustment based on qualifying green pricing programs; portfolio balance requirement exemption
<b>Other</b>	Procurement plans, reporting



# Rulemaking Objective

## Implement the statutory changes in a manner...

- Consistent with and effectuates purpose of statute
- Consistent, to the extent possible and appropriate, with the implementation for retail sellers
- Reasonably applies to all POUUs





# Rulemaking History

- **Pre-rulemaking activities (2016, 2019-2020)**
- **Formal rulemaking initiated (May 8, 2020)**
  - Notice of Proposed Action
  - Initial Statement of Reasons
  - 45-day Express Terms
  - Economic and Fiscal Impact Assessment
- **Lead Commissioner Workshop (June 8, 2020)**
- **CEQA Initial Study and Proposed Negative Declaration (July 9, 2020)**
- **15-day language (July 21, 2020)**
  - Comment period ended August 5
- **Second 15-day language (August 18, 2020)**
  - Comment period ended September 2
- **Lead Commissioner Workshop (November 5, 2020)**
- **Third 15-day language (December 1, 2020)**
  - Comment period ended December 16



# Long-Term Procurement Requirement

“[...] Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources.”

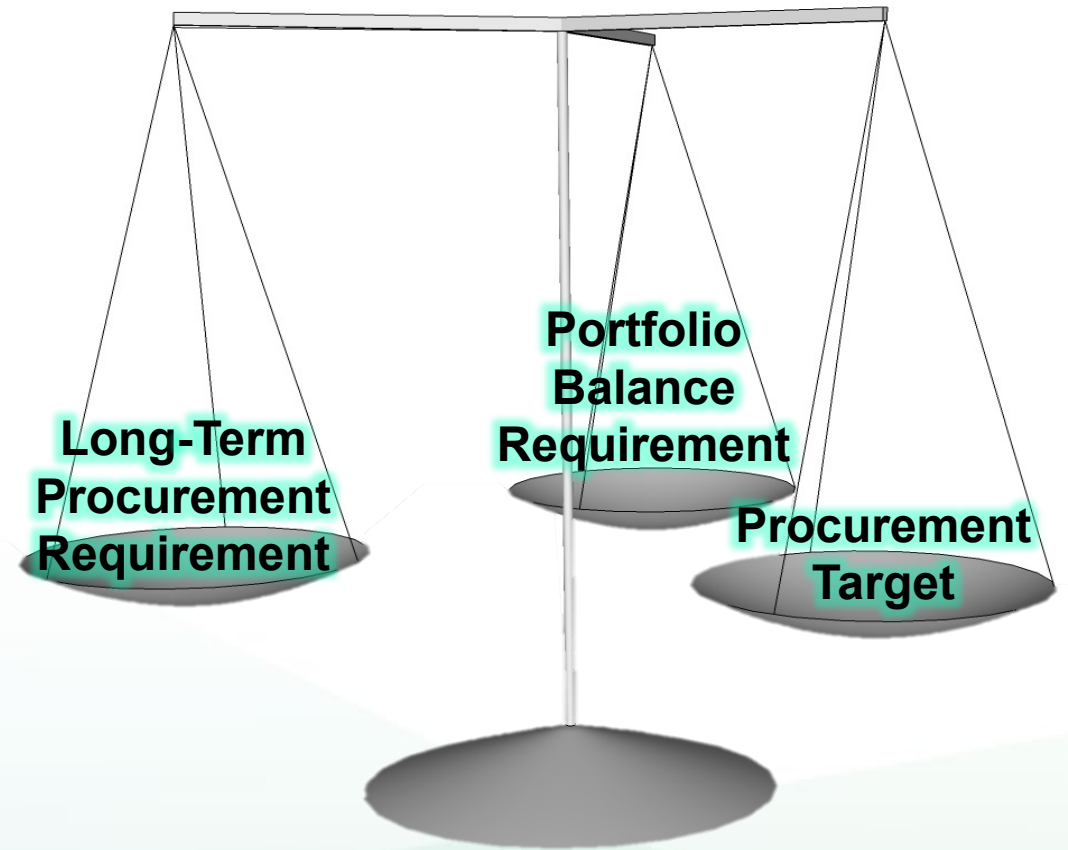
“The governing board of a local publicly owned electric utility shall adopt procurement requirements consistent with subparagraph (B) of paragraph (5) of subdivision (a) of, and subdivision (b) of, Section 399.13.”





# Independent Procurement Requirement

- Third, separate RPS procurement requirement
- Same enforcement process for failure to comply
- Same ability to adopt optional compliance measures





# Summary of Long-Term Contract Requirements

- Duration of at least 10 continuous years
  - Reasonably consistent procurement quantities
  - No cost-free early termination provisions
  - Includes minimum pricing or quantity terms
- } Applies to all long-term contracts
- } Applies to long-term contracts and amendments executed after July 1, 2020

**Requirements apply to POU's procurement contract and any upstream contract(s) with the RPS facility or facilities**

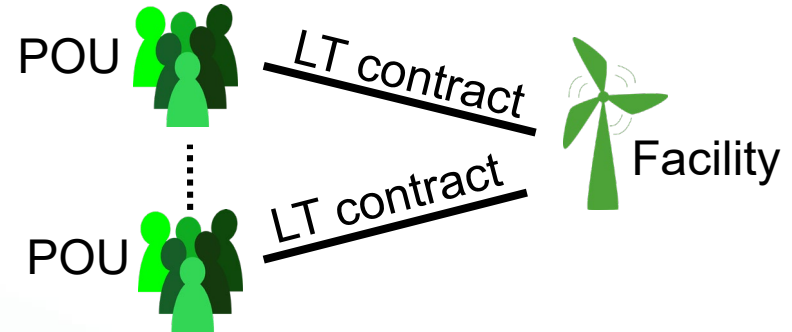


# Long-Term Contract Structures

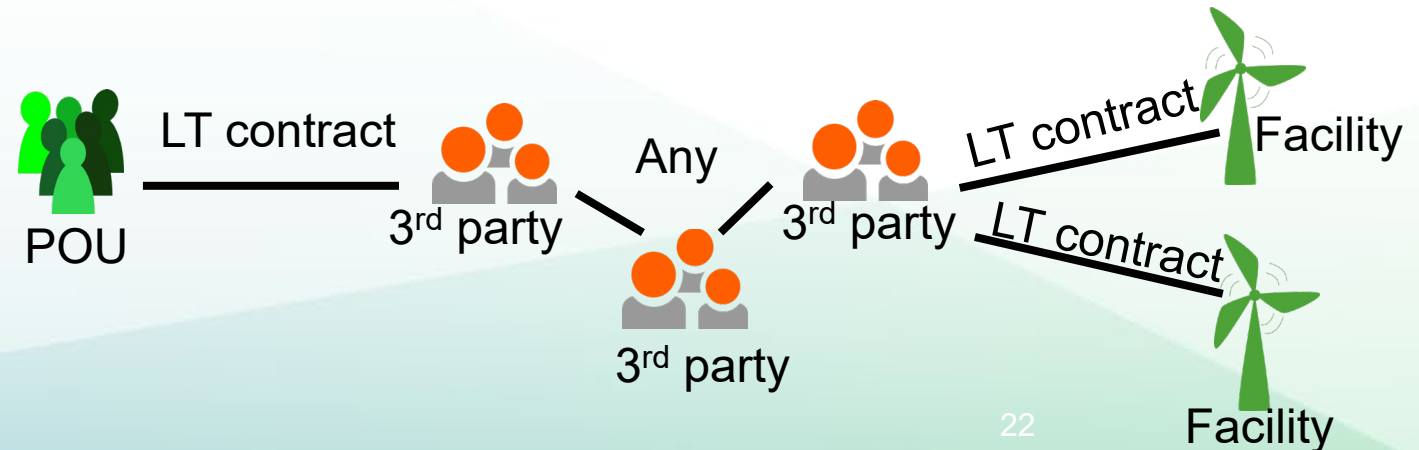
- POU contract with RPS facility (or facilities)



- Jointly negotiated contracts with RPS facility



- POU contracts with third-party suppliers





# Additional Considerations for Long-Term Procurement

- Classification of procurement from a long-term contract
  - Amendments
  - Replacement energy
  - Additional quantity
- Renewals or extensions of certain federal hydropower contracts
- Ownership, ownership agreements
- PCC 0, historic carryover, prior banked excess procurement



# Procurement Requirements and Optional Compliance Measures

## Procurement Requirements

- Compliance Periods
  - Three-year periods beginning on and after January 1, 2031
- Procurement Targets
  - Soft targets for intervening years
- Portfolio Balance Requirement Clarification

## Optional Compliance Measures

- Excess Procurement
  - New rules in 2021, may take effect early
  - Adopt rules allowing early compliance within 30 days of regulation effective date
- Delay of Timely Compliance
  - Additional conditions for delay
- Cost Limitations
  - Simplified requirements for POU rules



# Exemptions and Adjustments

## Retail sales exclusion for qualifying voluntary green pricing/shared renewable generation programs

- Reduced retail sales lowers soft target  
Soft target = (retail sales) x (soft target %)

EXAMPLE

Retail Sales:	10,000 MWh
Qualifying GPP generation:	1,000 MWh
Soft target percent:	33%

With adjustment:  
= (10,000 MWh – 1,000 MWh) x 33%  
= 9,000 MWh x 33%  
= **2,970 MWh**

Without adjustment:  
= (10,000 MWh) x 33%  
= **3,300 MWh**

- Requirements for qualifying generation:
  - Meet criteria of PCC 1
  - Must be retired on customers' behalf
  - Cannot be further sold, transferred, or otherwise monetized
  - To extent possible, POU sought to procure within a California balancing authority



# Exemptions and Adjustments

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## Partial procurement target exemption for qualifying large hydroelectric generation

- Potential annual soft target reduction through 2030

## Partial procurement target exemption for qualifying gas-fired generation

- Potential reduction to RPS procurement target beginning in 2025-2027 period
- Eligibility, adjustment based on operating conditions on a compliance period basis



# Reporting

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- **General**
  - Updates to address new and modified requirements
  - Clarification of existing reporting requirements
- **Annual Reporting**
  - Report complete contract information after execution
  - Upstream contracts upon request
  - Attestations by POUs
  - Alternative deadlines if regulations take effect after July 1, 2021
- **Compliance Reporting**
  - Change to two-step process
  - Extension request process





# Review of Long-Term Contracts

## Annual review

- CEC staff will verify contracts identified as long-term
- To the extent possible, staff will notify POUs of the determinations within 1 year
- POU may appeal staff's determination specific to LTR

## Voluntary request for advance review

- Available for contracts...
  - Executed after July 1, 2020, and
  - Additional information needed to show compliance with LTR
- To the extent possible, the Executive Director will issue determination within 90 days
- POU may appeal determination



# Conclusions and Recommendation

- CEQA – Negative Declaration of environmental impact
- Economic and fiscal impact – not major regulations
- Proposed regulations
  - Consistent with and necessary to effectuate purpose of statute
  - Consistent or comparable with requirements for retail sellers
  - Reasonably apply to all POUs
- **Recommend:**
  - 1) Adopting the Negative Declaration for the proposed regulations, then**
  - 2) Adopting the proposed regulations**