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STAFF DRAFT REPORT

Renewables Portfolio Standard Verification Results

Merced Irrigation District

Compliance Period 3 (2017-2020)

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DISCLAIMER

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RPS Verification Results: Compliance Period 3

Merced Irrigation District

Background

The California Energy Commission (CEC) administers the state's landmark Renewables Portfolio Standard (RPS), ensures the state's utilities disclose electricity sources to consumers, supports renewable energy development, and tracks the state's progress toward its renewable energy goals. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's RPS establishes increasing renewable energy procurement targets spanning multiyear compliance periods for the state's electric load-serving entities (LSE). Originally applicable to retail sellers, the statewide mandatory RPS was expanded by Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) to include local publicly owned electric utilities (POU). As a result of Senate Bill 100 (DeLeón, Chapter 312, Statutes of 2018), LSEs are required to increase their procurement of eligible renewable energy resources to 60 percent of retail sales by 2030.

As part of its responsibilities, the CEC verifies the eligibility of renewable energy procured by LSEs, which include retail sellers and POUs that are obligated to participate in California's RPS. The CEC is also responsible for certifying RPS-eligible renewable energy resources, designing and implementing an accounting system to track and report renewable energy procurement for all program participants, and overseeing compliance and enforcement of POUs. The CEC participated in the development of the Western Renewable Energy Generation Information System (WREGIS), an independently administered renewable energy tracking system to verify renewable energy procurement for all program participants. The California Public Utilities Commission is responsible for compliance and enforcement for retail sellers.

Report Overview

This report covers the RPS verification results for POU procurement claims for Compliance Period 3, which covers years 2017 through 2020. The verification report provides an overview of the identified POU's results and tables, including:¹

- The POU's procurement target and portfolio balance requirements and limitations.
- The amount of eligible renewable energy credits (REC) retired, and the amount applied to meet the compliance period requirements, both shown by Portfolio Content Category classification and Long-Term Procurement Requirement classification, as applicable.
- Any deficits in meeting RPS procurement requirements for the compliance period.
- Any optional compliance measures being applied by the POU for the compliance period.

¹ The contents of verification results reports will vary for POUs with specific exclusions, exceptions, or different procurement requirements under the RPS statutes and as described in the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* based on the requirements specific to that POU.

- A calculation of excess procurement accumulated in this compliance period.
- A summary of the POU's excess procurement and historic carryover, if any, including any prior balance, the amount accumulated and used in the current compliance period, and remaining balance.

In adopting this report, the CEC finds the procurement claim amounts listed are consistent with RPS certification and procurement requirements specified in the *Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition (Revised)* and the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* and are eligible for the RPS as indicated. Therefore, the procurement claim amounts count toward meeting the identified POU's RPS procurement requirements.

Verification Process

The methods used by the CEC to verify load-serving entity procurement claims are detailed in the *Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition (Revised)*² and further explained in the *Renewables Portfolio Standard Verification Methodology Report, Third Edition*, both of which can be found at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard>.

The verification results presented in this report are not a compliance determination. After the POU's verification results are adopted by the CEC, staff will use the verification results to determine if the POU complied with the RPS requirements for Compliance Period 3 in accordance with the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*.³ The CEC Executive Director will make a compliance determination informed by the verification results presented in each POU's verification results report and, if applicable, the application of optional compliance measures by the POU. The Executive Director will issue a letter to each POU documenting the RPS compliance determination.

Verification Results

For RPS Compliance Period 3 (2017–2020), Merced Irrigation District retired and reported 611,698 RECs, and 361,612 RECs were verified by the CEC as RPS-eligible.⁴ Each [POU's Summary Claims Report](#), which includes claim eligibility details, is available at https://www.energy.ca.gov/portfolio/documents/rps_verification_pous.html.

² Refer to Chapter 7 of the [Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)](#).

³ The Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities, with the most recent update having taken effect July 12, 2021, are set forth in 20 CCR §§ 1240 and 3200–3208 and establish the rules and procedures by which the California Energy Commission will assess a POU's procurement actions and determine whether those actions meet the RPS requirements.

⁴ The number of RECs verified by the CEC is fewer than the number of RECs retired and reported because claims were determined to be ineligible due to a facility or facilities not being RPS-certified when the RECs were created, and RECs being retired more than 36 months after the vintage. Please refer to the POU's Summary Claims Report for more detail.

In accordance with 20 CCR section 3204 (b)(6) of the RPS POU Regulations, from January 1, 2014, through December 31, 2018, a POU that receives greater than 50 percent of its annual retail sales from its qualifying hydroelectric generation that is not an eligible renewable energy resource may reduce the amount of eligible renewable energy resources it must procure to satisfy the RPS procurement target for a compliance period. Merced Irrigation District qualified for the procurement requirement exemption under section 3204 (b)(6) in 2017. Merced Irrigation District reported 491,135 MWh of qualifying hydroelectric generation for 2017, and 491,135 MWh was verified by CEC staff as meeting the criteria of qualifying hydroelectric generation under section 3204 (b)(6)(C). The qualifying hydroelectric generation had the effect of reducing Merced Irrigation District's 2017 soft target from 137,150 RECs to 16,828 RECs and the total Compliance Period 3 target from 615,028 RECs to 494,706 RECs.

For Compliance Period 3, Merced Irrigation District had a procurement target of 494,706 RECs, which represents 24.14 percent of its retail sales over the years 2017-2020. Merced Irrigation District applied 349,454 RPS-eligible RECs toward its procurement requirements, equal to 17.05 percent of its retail sales for the compliance period, and had a procurement target deficit of 145,252 RECs.

Merced Irrigation District applied the cost limitation optional compliance measure to meet its procurement requirements. CEC staff will evaluate Merced Irrigation District's application of optional compliance measures following adoption of Merced Irrigation District's Compliance Period (CP) 3 (2017–2020) verification results.



Procurement Target Calculation (MWh) ¹	Calendar Year	Annual Retail Sales	Green Pricing Program	Qualifying Hydroelectric Generation	Soft Target Percentage	Soft Targets
	2017	507,963	0	491,135	27	16,828
	2018	512,586	0	0	29	148,649
	2019	512,889	0	0	31	158,995
	2020	515,863	0	0	33	170,234
Procurement Target						494,706

Verification Results	
Target	494,706
Applied	349,454
Deficit	145,252
Renewable Percentage	17.05%

RECs Available ²	Surplus RECs	Eligible RECs Retired in CP3	Prior Balances Available	Total RECs Available
Category 0 (PCC 0)	0	35,728	0	35,728
Pre June 2010 PCC 1	0	0	0	0
Pre June 2010 PCC 2	0	0	0	0
Pre June 2010 PCC 3	0	0		0
Category 1 (PCC 1)	0	281,138	0	281,138
Category 2 (PCC 2)	0	0	0	0
Category 3 (PCC 3)	0	44,746		44,746
Historic Carryover			0	0
Total				361,612

RECs Applied	Surplus RECs	Eligible RECs Retired in CP3	Prior Balances Applied	Total RECs Applied
Category 0 (PCC 0)	0	35,728	0	35,728
Pre June 2010 PCC 1	0	0	0	0
Pre June 2010 PCC 2	0	0	0	0
Pre June 2010 PCC 3	0	0		0
Category 1 (PCC 1)	0	281,138	0	281,138
Category 2 (PCC 2)	0	0	0	0
Category 3 (PCC 3)	0	44,746		44,746
Historic Carryover			0	0
Total				361,612

RPS Portfolio Balance Requirements (MWh) ³	
Category 1 Balance Requirement	235,294
Category 1 Requirement Deficit	0
Category 3 Balance Limitation	32,588
Category 3 Disallowed	12,158

Optional Compliance Measures Applied	
Cost Limitation	Yes
Delay of Timely Compliance	No
Portfolio Balance Reduction	No

CP3 Excess Procurement Calculation (MWh) ⁴	Eligible RECs Retired	RECs Applied	Deductions	Accumulated in CP3
Category 0 (PCC 0)	35,728	35,728		0
Pre June 2010 PCC 1	0	0	0	0
Pre June 2010 PCC 2	0	0	0	0
Category 1 (PCC 1)	281,138	281,138	0	0
Category 2 (PCC 2)	0	0	0	0

Balance of Excess Procurement and Historic Carryover (MWh)	Beginning Balance	Applied in CP3	Accumulated in CP3	Ending Balance
Category 0 (PCC 0)	0	0	0	0
Pre June 2010 PCC 1	0	0	0	0
Pre June 2010 PCC 2	0	0	0	0
Category 1 (PCC 1)	0	0	0	0
Category 2 (PCC 2)	0	0	0	0
Historic Carryover	0	0		0

1. "Soft Target" is defined in section 3204(a)(3) of the RPS POU Regulations.

2. Total RECs Verified as Available during CP 3, does not include Disallowed PCC 3 RECs.

3. Calculated as specified in Section 3204(c) of the RPS POU Regulations.

4. Calculated as described in the RPS Verification Methodology Report, Third Edition and in section 3206(a)(1) of the RPS POU Regulations.