

DOCKETED

Docket Number:	21-OIR-01
Project Title:	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
TN #:	254616
Document Title:	Nicole Looney - SMUD Comments Re Pre-Rulemaking Amendments to the Power Source Disclosure Program
Description:	N/A
Filer:	System
Organization:	Nicole Looney
Submitter Role:	Public Agency
Submission Date:	2/21/2024 4:31:41 PM
Docketed Date:	2/21/2024

*Comment Received From: Nicole Looney
Submitted On: 2/21/2024
Docket Number: 21-OIR-01*

SMUD Comments Re Pre-Rulemaking Amendments to the Power Source Disclosure Program

SMUD Comments Re: Pre-Rulemaking Amendments to the Power Source Disclosure Program

Additional submitted attachment is included below.

**STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of:)	Docket No. 21-OIR-01
)	
<i>Rulemaking to Amend Regulations Governing the Power Source Disclosure Program</i>)	SMUD Comments Re: Pre-Rulemaking Amendments to the Power Source Disclosure Program
)	
)	February 21, 2024
)	

**Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on the
Pre-Rulemaking Amendments to the Power Source Disclosure Program**

The Sacramento Municipal Utility District (SMUD) respectfully submits these comments on the California Energy Commission (CEC) staff’s “Pre-Rulemaking Amendments to the Power Source Disclosure Program” (Draft Amendments)¹ and “Summary of Changes and FAQs” (Summary)². SMUD greatly appreciates staff’s consideration of stakeholder feedback and refinement of proposals to implement the new hourly reporting requirements and update the existing annual Power Source Disclosure (PSD) program.

SMUD supports the comments of the California Municipal Utilities Association (CMUA) submitted February 21, 2024. We also offer the following feedback and recommendations regarding hourly accounting, annual reporting, the Power Content Label (PCL), and characterization of specific resources:

- Support the revised hourly accounting rules that properly attribute emissions based on generation matched to hourly load.
- Clarify the calculation of hourly unspecified emissions factors to avoid potential double accounting.
- Clarify the application of and documentation needed for alternative line loss factors.
- Consider additional data proxy options for hourly hydropower generation.
- Support the inclusion of a Total Power Content mix on the PCL but recommend excluding non-retail loads.
- Maintain the PCL percentage of unbundled RECs for each product.
- Remove the PCL descriptor of unspecified power as “primarily fossil fuels,” which may not always be accurate.

1 See “Pre-Rulemaking Amendments to the Power Source Disclosure Program,” TN 254257 (January 31, 2024), 21-OIR-01, *available at*

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=254257&DocumentContentId=89605>

2 See “Summary of Changes and FAQs,” TN 254272 (January 31, 2024), 21-OIR-01, *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=254272&DocumentContentId=89637>.

- Remove individual product pie charts from PCL for simplicity and accuracy.
- Support removal of “Other Electricity End Uses” mix and recommend CEC consider additional mechanisms to simplify the PCL.
- Consider maintaining the June 1 reporting deadline to ensure adequate time for PCL preparation and distribution.
- Clarify annual retail sales reporting and remove proposed reporting on loss-adjusted load prior to 2028.
- Clarify the calculations and process underpinning the new streamlined reporting for hourly and annual data.
- Clarify the treatment of geothermal as a zero-carbon resource in hourly and annual reporting.
- Consider updating the emissions factor calculations to address emerging resources, including carbon capture and sequestration.

Our comments are further detailed below.

Hourly Accounting

- a. Support the revised hourly accounting rules that properly attribute emissions based on generation matched to hourly load.*

SMUD strongly supports the revised hourly accounting rules that 1) allow retail suppliers to match hourly generation to load, 2) attribute the emissions associated with matched generation to the retail supplier, and 3) assign any oversupplied generation to the pool of unspecified power during that hour. This approach to hourly accounting is reasonably accurate, transparent, and fair.

- b. Clarify the calculation of hourly unspecified emissions factors to avoid potential double accounting.*

SMUD believes the revised approach to determining the hourly unspecified emissions factor represents an improvement, but clarification is needed to remove ambiguity and ensure accuracy. Section 1392 (c)(7)(A) of the draft regulations states that hourly GHG intensities for unspecified power shall be calculated based on the sum of “all GHG emissions associated with unspecified imports, unclaimed in-state natural gas resources, and oversupply in that hour...” However, “unclaimed in-state natural gas resources” is not a defined term and could be interpreted to include in-state natural gas resources that are not “claimed” simply because not all retail suppliers are subject to hourly reporting requirements. Inclusion of these resources within the unspecified power emissions factor calculation would be inaccurate and result in double accounting. SMUD requests the draft regulations specify that unclaimed resources include merchant generators or in-state natural gas resources that are owned by or under contract with retail suppliers that are subject to hourly reporting requirements but that were not matched to the supplier’s load. Any resources owned by or under contract with a retail supplier that is *not* subject to hourly reporting requirements should be excluded, given that annual reporting alone is not a reasonable proxy for whether a resource served load in a given hour.

c. Clarify the application of and documentation needed for alternative line loss factors.

SMUD appreciates the CEC's inclusion of a pathway for retail sellers to provide documentation for alternative loss factors to the default 4% for in-state resources and 6% for imported resources. SMUD recommends the CEC clarify how the alternative loss factors would be applied as well as examples of acceptable documentation to substantiate the alternatives.

The draft regulations specify that retail suppliers "may provide documentation that demonstrates that transmission and distribution losses have been accounted for." SMUD believes the CEC's intent is to allow retail suppliers to report alternative loss factors on a resource-specific basis, but not to exclude losses that have been settled financially with another transmission provider. The complexity of determining alternative loss factors may vary substantially by resources – for example, intra-balancing authority area imports (e.g., SMUD importing resources from Roseville) vs. imports through multiple transmission systems (e.g., SMUD importing resources from BPA) – with different loss factors and where the specific path may vary by tag. SMUD recommends clarifying that retail suppliers choosing to provide alternative loss factors may do so for a subset of, but not necessarily all, resources.

SMUD additionally recommends that the CEC clarify examples of acceptable documentation. Open Access Transmission Tariffs (OATTs), which are publicly posted by transmission providers and specify the treatment of losses on their system, should be accepted to substantiate alternative loss factors for point-to-point transmission within an individual system. The CEC should provide guidance regarding acceptable documentation for loss factors for resources within the CAISO system, where losses are an element of the locational marginal price that can change based on node and interval.

Finally, SMUD supports CMUA's recommendation that the CEC calculate default loss factors each year and consider the alternative loss factor documentation provided by retail suppliers.

d. Consider additional data proxy options for hourly hydropower generation.

Section 1393 (f) specifies that procurements from the Western Area Power Administration's (WAPA) Central Valley Project (CVP) "may" be reported as aggregated CVP hydro, and if a retail supplier is unable to obtain hourly data from the CVP, proxy data can be reported using an estimated hourly production profile from CEC staff. However, it is unclear whether the CEC's estimated hourly production profile would be sufficiently accurate as a proxy for generation data, particularly if aggregated over geographically diverse CVP resources. SMUD recommends the CEC consider including additional data proxy data options, such as hourly schedules, for WAPA hydropower.

Annual Power Content Label

- a. Support the inclusion of Total Power Content mix on the PCL but recommend excluding non-retail loads.

SMUD supports the proposed addition of a “Total Power Content” mix that aggregates a retail supplier’s general mix and all product offerings, including custom products that are not otherwise included on the PCL. The inclusion of a Total Power Content mix improves transparency by allowing customers to see the aggregate performance of a retail supplier over all the products that they offer. However, SMUD continues to recommend that the Total Power Mix be based on retail sales for consistency with Public Utilities Code section 398.4. SMUD also agrees with CMUA’s comments that the PCL should only reflect generation serving retail sales.

- b. Maintain the PCL percentage of unbundled RECs for each product.

Currently, the PCL includes the percentage of sales covered by unbundled RECs for each individual product (refer to highlighted row in SMUD’s 2022 PCL).

2022 POWER CONTENT LABEL																			
Sacramento Municipal Utility District																			
smud.org/SMUDPCL																			
Greenhouse Gas Emissions Intensity (lbs CO ₂ e/MWh)						Energy Resources				2022 CA Power Mix									
SMUD General Mix	Greenery PartnerPlus	Greenery CA Renewable	Greenery Local Renewable	SolarShares Commercial	SolarShares Neighborhood	2022 CA Utility Average	Eligible Renewable ¹	SMUD General Mix	Greenery PartnerPlus	Greenery CA Renewable	Greenery Local Renewable	SolarShares Commercial	SolarShares Neighborhood	2022 CA Power Mix					
446	0	0	0	0	0	422		23.7%	85.0%	100.0%	100.0%	100.0%	100.0%	35.8%					
							Biomass & Biowaste	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%					
							Geothermal	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%					
							Eligible Hydroelectric	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%					
							Solar	2.8%	52.6%	95.0%	95.0%	100.0%	100.0%	17.0%					
							Wind	14.7%	32.4%	5.0%	5.0%	0.0%	0.0%	10.8%					
							Coal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.1%					
							Large Hydroelectric	25.4%	15.0%	0.0%	0.0%	0.0%	0.0%	9.2%					
							Natural Gas	45.6%	0.0%	0.0%	0.0%	0.0%	0.0%	36.4%					
							Nuclear	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	9.2%					
							Other	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%					
							Unspecified Power ²	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%					
							TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					
							Percentage of Retail Sales Covered by Retired Unbundled RECs³:							6%	0%	0%	0%	0%	0%
							¹ The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology. ² Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source. ³ Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above. Some customers may be served by more than one electricity portfolio.												
For specific information about this electricity portfolio, contact:							Sacramento Municipal Utility District (SMUD) 888-742-7683												
For general information about the Power Content Label, visit:							https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program												

However, the example PCL template on page 9 of staff’s Summary removes this information. It includes a footnote with the percentage of total sales covered by RECs, but not portfolio-specific information. Staff did not cite a reason for this change.

SMUD strongly recommends the CEC add back the deleted row or expand the footnote to identify the percentage of each portfolio covered by unbundled RECs to ensure accuracy and transparency for customers. Without portfolio-specific information, it is impossible for customers enrolled in these products to identify what portion was covered by unbundled renewable RECs.

- c. Recommend the PCL remove the descriptor of unspecified power as “primarily fossil fuels,” which may not be always accurate.

The example PCL template adds a parenthetical description of unspecified power as “primarily fossil fuels” within the “Energy Resources” column and in a separate footnote. SMUD recommends the CEC remove this descriptor for accuracy.

While, in some cases, unspecified power may largely constitute fossil resources, this will not always be true. For example, if unspecified power includes generation from Diablo Canyon, a significant proportion of unspecified power may be zero-carbon. In addition, the composition of unspecified power is expected to change over time as California and the West transition to cleaner resources.

d. Remove individual product pie charts from PCL for simplicity and accuracy.

The example PCL template also includes an individual pie chart showing the relative composition of renewable/zero-carbon resources and fossil fuels for each individual product. SMUD encourages the CEC remove the individual product pie charts from the PCL for simplicity and clarity. The PCL is intended to be easy-to-understand; while SMUD understands the CEC's intent in adding visualizations, the effect of their inclusion is a PCL that is busier and harder to decipher, particularly for retail suppliers that offer a large number of individual products. In addition, the pie charts incorrectly assume fossil fuels and natural gas are and will remain equivalent, as described above. If the CEC does retain these product pie charts, they should be modified to include unspecified power along with fossil fuels and renewable resources.

e. Support removal of "Other Electricity End Uses" mix and recommend CEC consider additional mechanisms to simplify the PCL.

SMUD supports the CEC removing the previously proposed "Other Electricity End Uses" mix from the PCL. SMUD strongly agrees with the CEC that the inclusion of this new column would have been confusing to customers. Additionally, in SMUD's case, it would have further crowded an already-busy PCL.

SMUD also encourages the CEC to consider whether there are additional mechanisms to simplify the presentation of the PCL while maintaining its statutory purpose. Additional streamlining has the potential to reduce the complexity of the PCL and promote customer navigability, particularly for retail suppliers like SMUD with extensive product offerings (some of which are identical in composition) that will likely continue to grow based on customer interest.

Reporting

a. Consider maintaining the June 1 reporting deadline to ensure adequate time for PCL preparation and distribution.

Section 1393 (a) of the draft regulations identifies August 1 as the new reporting deadline for hourly and annual reporting. However, as required by Public Utilities Code section 398.4 (c), retail suppliers must distribute the PCL to customers by the end of the first complete billing cycle of the fourth quarter. SMUD recommends the CEC consider maintaining the current June 1 reporting deadline to ensure adequate time for preparation and distribution of the PCL by the statutory deadline. Alternative, SMUD recommends the draft regulations specify that the PCL will be provided to retail suppliers no later than September 1 each year.

- b. Clarify annual retail sales reporting and remove proposed reporting on loss-adjusted load prior to 2028.*

Sections 1393 (b)(1) and (a)(3) of the draft regulations, respectively, require retail sellers to report annual loss-adjusted and direct retail sellers to report this information based on annual data prior to January 2028. SMUD continues to recommend the CEC remove the proposed reporting on loss-adjusted load prior to January 2028 because non-retail loads are outside the scope of the PCL, as noted above.

In addition, SMUD recommends that the draft regulations specify annual retail sales must be reported for each electricity portfolio prior to and after January 1, 2028. This information is a necessary component of the PCL, but the draft regulations no longer appear to include portfolio-specific reporting requirements.

- c. Clarify the calculations and process underpinning the new streamlined reporting for hourly and annual data.*

SMUD supports the concept of streamlined annual and hourly reporting, but requests the regulations expressly describe how hourly reporting will be extrapolated to annual results. Depending on the CEC's approach, the translation from hourly to annual data could have a significant impact on the PCL. SMUD believes the CEC intends to automatically aggregate, via a new reporting portal, total hourly purchases to derive total annual purchases, which the retail seller would then assign to an individual portfolio, or the general mix based on their annual retail sales; however, this is not clear within the draft regulations. SMUD also requests clarification regarding the timing of matching annual purchases to individual portfolios – specifically, whether this step will be included as part of, or follow, completion of the new Resource Report.

Resource Characterizations

- a. Clarify treatment of geothermal as a zero-carbon resource in hourly and annual reporting.*

SMUD appreciates CEC staff's proposal to exclude geothermal emissions from the emissions intensities of retail portfolios, Total Power Content, and the state average on the PCL. However, SMUD agrees with CMUA's comments that geothermal resources should be treated as zero-carbon in both hourly and annual reporting. This is consistent with state policy recognition of geothermal as a firm zero-carbon resource.³

- b. Consider updating emissions factor calculations to address emerging resources, including carbon capture and sequestration.*

SMUD recommends the CEC consider addressing how the emissions factor may need to be updated to address emerging resources like thermal power plants retrofitted with carbon capture and sequestration (CCS) technology. SMUD encourages the CEC, in coordination with CARB's policy efforts to implement SB 905 and recognize CCS within its programs, to consider timely updates to the PSD program to ensure accurate

³ See SB 423, Section 1 (a)(3) & (4) (suggesting geothermal is a firm zero-carbon resource), and 2021 SB 100 Report at 63, fn. 90 (stating "(stating 'Firm Resources' are generating resources that can generate electricity at any given time. Examples of zero-carbon firm resources include geothermal, biomass, hydroelectric, and nuclear power.")

reporting and accounting for these resources. SMUD notes that at least one CCS project is expected to come online in 2027 and presumably would be included in the 2028 annual report.

Conclusion

SMUD thanks the CEC for consideration of the above comments and looks forward to working collaboratively on SB 1158 implementation and potential changes to the PSD program.

/s/

KATHARINE LARSON
Regulatory Program Manager
Government Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

JOSHUA STOOPS
Government Affairs Representative
Government Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

JOY MASTACHE
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS B406
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2024-0024)