

**DOCKETED**

<b>Docket Number:</b>	21-OIR-01
<b>Project Title:</b>	Rulemaking to Amend Regulations Governing the Power Source Disclosure Program
<b>TN #:</b>	256446-2
<b>Document Title:</b>	Initial Statement of Reasons + Economic Analysis
<b>Description:</b>	N/A
<b>Filer:</b>	Logan Clendening
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	5/17/2024 11:42:43 AM
<b>Docketed Date:</b>	5/17/2024

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CEC-057 (Revised 1/21)

**INITIAL STATEMENT OF REASONS**

Rulemaking to Amend Regulations Governing the Power Source Disclosure Program

Docket No. 21-OIR-01  
Notice Published on May 17, 2024

**INTRODUCTION**

The California Energy Commission (CEC) proposes to amend and reorganize Sections 1391, 1391.1, 1392, 1393, 1393.1, 1394, 1394.1 and 1394.2 of Chapter 3, Article 5 of Title 20 in the California Code of Regulations (CCR), Title 20 (“the Proposed Action”) related to the Power Source Disclosure (PSD) program, after considering all comments, objections, and recommendations regarding the proposed action.

The Power Source Disclosure (PSD) program was first established by Senate Bill (SB) 1305 (Sher, Chapter 796, Statutes of 1997) to provide information to California consumers about the mix of energy resources generated and purchased by retail suppliers to serve retail customers. The program’s intent, as described in statute, is for “entities offering electric services to disclose accurate, reliable, and simple to understand information on the sources of energy, and the associated emissions of greenhouse gases, that are used to provide electric services.” Public Utilities Code, Section 398.1(b).

The CEC initially promulgated a rulemaking in 1998 to implement the Power Source Disclosure program codified by SB 1305, adding Article 5 including Sections 1391-1394 to Chapter 3 in Title 20 of the California Code of Regulations. In 2016, the CEC amended the regulations to incorporate statutory changes required by Assembly Bill (AB) 162 (Ruskin, Chapter 313, Statutes of 2009) and AB 2227 (Bradford, Chapter 606, Statutes of 2012) that modified program rules and clarified reporting requirements. In 2019, the CEC made further amendments to the regulations to incorporate statutory changes required by AB 1110 (Ting, Chapter 656, Statutes of 2016) that added greenhouse gas (GHG) accounting and disclosure to the program.

**PROBLEM STATEMENT**

AB 242 (Holden, Chapter 228, Statutes of 2021) revised and clarified due dates for data reporting each year. SB 1158 (Becker, Chapter 367, Statutes of 2022) established new requirements for hourly accounting of electricity resources, to be performed in addition to existing annual accounting requirements.

Existing regulations require retail suppliers offering an electricity portfolio for sale to retail consumers in California to report all electricity procurements each year based on

an annual matching of electricity resources and electrical load. Pursuant to SB 1158, these regulations would require retail suppliers to additionally report all procurements each year based on an hourly matching of resources and load. Existing regulations require retail suppliers to disclose to consumers the fuel mix and GHG intensity of all electricity resources directly serving retail sales. These proposed regulations make necessary amendments to implement SB 1158 and would additionally require retail suppliers to disclose to consumers the fuel mix and GHG emissions intensity of the retail supplier's total power content, which includes electricity resources directly serving retail sales and additional electricity resources used to support retail sales such as line losses and retail supplier self-consumption. The proposed regulations make conforming amendments to the accounting methods in each retail supplier's annual report pursuant to Public Utilities Code [\(PUC\) Section 398.6](#), as well as to the content and format of the Power Content Label (PCL) previously adopted by the CEC pursuant to [PUC Section 398.4\(e\)](#).

Under the enabling statutes, the PSD program requires retail electricity suppliers to disclose, through their PCL, "accurate, reliable, and simple to understand information on the sources of energy, and the associated emissions of greenhouse gases, that are used to provide electric services." AB 242 established annual deadlines for retail suppliers to post and distribute their PCLs to customers. SB 1158 requires the reporting of hourly data to the CEC starting in 2028. As a result of this new legislation, the PSD program will be responsible for the reporting of power sources and GHG emissions at both the annual and hourly levels. Annual data will remain the basis for the PCL, while SB 1158 directs that retail electricity suppliers provide additional hourly data in their annual report to the CEC, in part for use by the California Public Utilities Commission (CPUC) and the governing boards of publicly owned utilities to track progress toward GHG emissions reduction targets.

The primary reason for this rulemaking is to implement the statutory amendments to the PSD program pursuant to AB 242 and SB 1158. In developing and proposing these regulations, the CEC addressed three overarching problems to ensure that: 1) the PSD program's requirements to report GHG emissions data aligns with the electricity sector emissions accounting of the California Air Resources Board (CARB); 2) the power source and GHG emissions information disclosed to consumers is accurate, reliable, and simple to understand; and 3) the program's hourly and annual reporting requirements are clear and not unduly burdensome for retail suppliers to meet. Challenges associated with these three problems are explained below.

#### *Hourly accounting*

SB 1158's legislative intent is to track retail electricity suppliers' GHG emissions reduction progress. CARB has established GHG emissions reduction targets for the electricity sector, and retail suppliers use hourly forecasting in their Integrated Resource Plans (IRPs) to project their proportional emissions reductions to meet sector-wide targets by 2030 and 2035. According to SB 1158's author, however, holding retail suppliers accountable to these long-term targets requires annual tracking of their

progress.<sup>1</sup> To measure hourly GHG emissions, SB 1158 establishes a GHG accounting methodology based on hourly load-matching, in which retail suppliers compare their hourly electricity purchases to their hourly loss-adjusted load. In this rulemaking, the CEC intends to address the problem of how to align hourly GHG emissions data with annual emissions data reported to CARB while providing an accurate reflection of individual retail suppliers' GHG emissions impact.<sup>2</sup>

#### *Annual accounting and the PCL*

Currently, disclosures on the PCL are limited to the power sources and GHG emissions associated with retail sales to customers. However, this approach misrepresents retail suppliers' emissions impact by not reflecting all of the power sources and associated emissions needed to provide electric service, including but not limited to transmission and distribution losses needed to cover loss-adjusted load. Furthermore, it creates misalignment between retail sales-based data and the statewide average power mix on the PCL. As a result, the PCL requires updating to meet the PSD program's legislative purpose to provide power source and emissions data that is accurate, reliable, and simple to understand. Finally, the category of "unspecified power" on the PCL is opaque to consumers and does not convey the fact that fossil fuel generation is the primary source of unspecified power.

#### *Alignment with CARB*

A further problem the CEC intends to address in this rulemaking is how best to align GHG accounting under the legislative intent of the PSD program with CARB's accounting practices. Currently, the PSD annual methodology aligns closest with CARB's emissions reporting program, Mandatory Greenhouse Gas Emissions Reporting (MRR), and with CARB's GHG Emissions Inventory that builds on MRR data for the electricity sector. In pre-rulemaking comments, numerous publicly owned utilities asserted that the PCL should exclude GHG emissions associated with geothermal resources because these emissions do not have a compliance obligation under CARB's Cap-and-Trade program. The inclusion of geothermal GHG emissions on the PCL, these retail suppliers contend, confuses customers by conflating GHG emissions from geothermal resources with those from fossil fuels, potentially hindering the state's efforts to displace fossil fuels.<sup>3</sup> The amendments in this rulemaking therefore attempt to

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<sup>1</sup> SB 1158 (Becker), Senate Floor Analysis (August 30, 2022), p. 9.

<sup>2</sup> Not all retail suppliers will be subject to hourly reporting requirements. SB 1158 exempts small rural cooperatives and publicly owned utilities that do not have IRPs from reporting hourly data. See section 1393(h)(1)-(2) below.

<sup>3</sup> [Southern California Public Power Authority](#), Comments on Rulemaking to Amend PSD Program (October 24, 2023), 2-5. [California Municipal Utilities Association](#), Comments on Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations (October 25, 2023), 9. [Northern California Power Agency](#), Comments on Staff Pre-Rulemaking Amendments to the Power Source Disclosure Program and Workshop (October 31, 2023), 5. [Riverside Public Utilities](#), Comments on Rulemaking to Amend Regulations Governing the Power Source Disclosure Program (October 24, 2023), 1-3. [Silicon Valley Clean Energy and Central Coast Community Energy](#), Joint CCAs on Rulemaking to Amend Regulations Governing the Power Source Disclosure Program (October 24, 2023), 1-2.

align PSD data reporting and disclosure requirements with CARB's accounting practices in a way that is not detrimental to California's broader clean energy goals, while ensuring that the PSD information provided to consumers is accurate, reliable, and simple to understand.

### *Other issues*

AB 242, passed in 2021, requires retail suppliers to publish PCLs to their websites by October 1 annually and to make labels available in written and promotional materials by the end of the first complete billing cycle for the fourth quarter of the year. The CEC held a workshop on December 7, 2021, to initiate AB 242 pre-rulemaking activities. During the workshop, retail suppliers and CEC staff identified other minor problems in the PSD program's regulations that could be addressed in this rulemaking, such as clarifying the reporting requirements for new community choice aggregators and the disclosure of retired unbundled renewable energy credits (RECs). Retail suppliers also stated that the PSD program requirement for public agencies' governing boards to attest to annual reports and power content labels separately is redundant and burdensome to meet.<sup>4</sup>

## **PURPOSE**

The purpose of this rulemaking is to implement the statutory changes to the PSD program enacted by AB 242 and SB 1158, and to address the problems identified in pre-rulemaking activities with regulated entities and stakeholders. To meet this objective, the amendments proposed in this rulemaking:

- Implement hourly accounting as required by SB 1158.
- Codify AB 242's new deadlines for retail suppliers to post and distribute their PCLs.
- Update the annual accounting methodology to require the reporting of annual loss-adjusted load (total annual load plus transmission and distribution losses).
- Expand disclosures on the PCL to display the power sources and GHG emissions intensity of annual loss-adjusted load.
- Classify unspecified power on the PCL as derived primarily from fossil fuels.
- Align the GHG emissions displayed on the PCL with emissions subject to Cap-and-Trade compliance, while providing additional GHG emissions data on the CEC's website that is aligned with the MRR inventory.
- Clarify when new community choice aggregators must begin reporting GHG emissions data.
- Clarify when reported unbundled RECs must be retired.
- Simplify hourly reporting requirements for retail suppliers with less than 1,000 gigawatt hours of annual load or with 60,000 or fewer customers, as authorized by statute.
- Exempt retail suppliers identified in [PUC Section 398.6\(j\)](#) from hourly reporting, as required by statute.
- Simplify annual attestation requirements for public agencies.
- Reorganize and renumber some of the subdivisions to streamline and clarify the program regulations.

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<sup>4</sup> Ariel Lee, presenter. [Updates to the Power Source Disclosure Regulations](#). December 7, 2021.

## **BENEFITS**

### **Tracking Progress towards 24/7 Decarbonization**

The goal of 24/7 clean energy, in which renewable or zero-carbon resources meet electricity demand every hour of the year, has recently become a target for corporations, municipalities, national governments, and the UN.<sup>5</sup> SB 1158 establishes a new framework of 24/7 carbon accountability in California by measuring retail suppliers' hourly GHG emissions and not allowing excess clean energy to reduce a retail supplier's GHG emissions intensity. The hourly procurement and emissions data collected by the CEC will provide important data for the CPUC and the governing boards of publicly owned utilities to track progress toward GHG emissions reduction targets forecasted at the hourly level through integrated resource planning.

Additionally, SB 1158's inclusion of losses in its GHG accounting methodology will capture emissions not included in other retail-level accounting programs and policies. California's SB 100 has established the ambitious target of meeting all annual retail sales and state agency electricity procurements with renewable or carbon-free sources by 2045.<sup>6</sup> Achieving this goal would significantly reduce the GHG emissions of the state's electricity sector, but it would not fully decarbonize the grid. Non-retail utility end uses and losses are not covered under SB 100 and are still projected to be met with natural gas generation.<sup>7</sup> These loads and losses will also increase as California's total electricity demand is projected to grow 76 percent by 2045.<sup>8</sup> According to analysis from CARB, even after SB 100 is achieved by 2045, "the electricity sector is predicted to emit approximately 30 MMTCO<sub>2e</sub> due to the difference between retail sales and the total load, which also includes pumping loads and transmission, distribution, and storage losses."<sup>9</sup> SB 1158's hourly loss-adjusted load methodology will be a critical tool that enables individual retail suppliers and the state to chart a post-SB 100 path towards a 24/7 fully decarbonized grid.

### **Increased Transparency for California Consumers**

This rulemaking will improve the reporting and disclosure requirements in the PSD program by making the information more accurate, reliable, and simple to understand. The amended regulations will improve transparency and alignment between the

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<sup>5</sup> See for example: "[UN Energy: 24/7 Carbon-free Energy Compact](#)"; <https://gocarbonfree247.com/>. Killian Daly, "[EnergyTag](#) Advice to California Energy Commission on SB 1158 Implementation" (March 25, 2024), 1, 6. [Google](#), Comments on PSD Program Implementation (April 5, 2024), 1-2.

<sup>6</sup> [SB 100](#) (De León, Chapter 312, Statutes of 2018).

<sup>7</sup> [2021 SB 100 Joint Agency Report](#). *Achieving 100 Percent Clean Electricity in California: An Initial Assessment* (CEC-200-2021-001, March 2021), 59-60, 103.

<sup>8</sup> California Air Resources Board, [2022 Scoping Plan for Achieving Carbon Neutrality](#) (December 2022), 202.

<sup>9</sup> California Air Resources Board, [Draft 2022 Scoping Plan Update](#) (May 10, 2022), 163.

procurement and GHG emissions data reported by individual retail suppliers and that collected at the state level.

The inclusion of the Total Power Content category on the PCL provides consumers a more accurate reflection of their retail supplier's overall climate impact by displaying the power sources and GHG emissions intensity associated with annual loss-adjusted load, rather than just retail sales. Calculating the state average GHG emissions intensity based on all retail suppliers' annual loss-adjusted load will also better align with the total system electric generation power mix shown on the PCL. These changes together will improve the PCL as a consumer information tool by aligning retail suppliers' data with the statewide figures shown for comparison and providing consumers with increased transparency about the electricity sources and associated GHG emissions required to provide electric services.

### **Program and Reporting Improvements**

The methodologies specified in the rulemaking will simplify the accounting burden on regulated entities by eliminating certain audit requirements, allowing for the reporting of proxy data where hourly data is unobtainable, and leveraging CEC data information systems to calculate and generate data (including PCLs) on behalf of retail suppliers.

## **STATEMENT OF SPECIFIC PURPOSE AND NECESSITY**

### **1391. Definitions**

#### **“Biogenic fuels”**

The specific purpose of removing the term “biowaste” from the definition of biogenic fuels is to better align the PSD program's definition of biogenic fuels with the categorization of biogenic fuels under the Renewables Portfolio Standard (RPS) program.

This change is necessary because under the RPS program, biowaste is not a distinct category, but is instead contained within the broader category of biomass. Defining biogenic fuels as either biomass or biomethane from an eligible renewable generator is necessary to reduce confusion and bring the PSD program's definition of this fuel type category into closer alignment with the RPS program.

#### **“CARB”**

The specific purpose of adding this term to the definitions is to specify the acronym of an agency that is frequently referenced in the PSD regulations.

CARB is a state agency that is frequently referenced in the PSD regulations because it is the agency that implements the Cap-and-Trade Program, the state emissions reporting program known as MRR, and the state GHG Emissions Inventory. To align and harmonize with other state climate policy and programs, the PSD regulations intentionally considers and references these CARB programs including their accounting

practices. It is necessary to define the commonly-used acronym CARB to specify and confirm what the acronym refers to in these regulations.

**“Carbon dioxide equivalent”**

The specific purpose of this amendment to the existing definition is to eliminate confusion or ambiguity over a word that has a specific technical meaning when used elsewhere in the PSD regulations.

The amendment in this definition replaces the term “specified” with “provided.” This change is necessary here and elsewhere in Chapter 3, Article 5 of Title 20 to improve the clarity of the regulations and limit the use of the term “specified” only where it refers to the technical description of the electricity resources that are the subject of this program. In this definition, changing the term “specified” with “provided” provides a non-substantive change with a synonym to maintain the link between the definition of “carbon dioxide equivalent” to the regulatory definition of global warming potential in Title 17.

**“Electricity from unspecified sources of power” or “unspecified power” or “unspecified electricity”**

The specific purpose of these amendments to the definition of “electricity from unspecified sources of power” is to provide an additional term of art for clarity in various references through the PSD regulations, and also to provide clarity to regulated entities and consumers that this category of electricity is largely if not exclusively from natural gas and other fossil fuels.

An amendment to this definition adds “unspecified electricity” as an alternative term of art for unspecified power. This addition to the definition is necessary for clarity because the term unspecified electricity is used elsewhere in the regulations.

An additional amendment defines unspecified power as “derived primarily from natural gas and other fossil fuels.” This change is necessary to ensure that information about unspecified power, including data displayed on the PCL, fulfills the PSD program’s requirement to be accurate, reliable, and simple to understand.

CEC staff analysis has found that for annual data reported to the PSD program, fossil fuel generation is the primary source of unspecified power. Retail suppliers match nearly all renewable and zero-carbon resources to their annual retail sales, and the updated reporting requirements will allow some additional clean energy purchased in excess of retail sales to be matched to annual loss-adjusted load.<sup>10</sup> Meanwhile, much of the in-state and imported natural gas on the grid is sold on the spot market, which means that retail suppliers do not report it as specified natural gas but instead claim it

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<sup>10</sup> In 2021, retail suppliers matched 96 percent of all statewide eligible renewable resources and 98 percent of all large hydroelectric procurements to their retail sales. In 2022, retail suppliers matched 92 of eligible renewables and large hydroelectric procurements to their retail sales. Source: CEC staff analysis of 2021 and 2022 PSD annual reports.



as unspecified power on their PCLs.<sup>11</sup> Clarifying that unspecified power is primarily natural gas and other fossil fuels on the PCL adds necessary context for consumers.

As explained in sections 1392(b)(5) and 1392(c)(6)(A), unspecified power will be calculated at the hourly and annual levels based on unspecified imports, unclaimed in-state natural gas, and oversupply from other retail suppliers. Unspecified imports will be assigned CARB's default emissions factor of 0.428 metric tons of carbon dioxide equivalent per megawatt hour (MT CO<sub>2e</sub>/MWh). Under CARB's GHG accounting methodology, all unspecified imports are presumed to be marginal fossil fuels, which is why the unspecified imports default emissions factor is similar to a simple cycle natural gas power plant.<sup>12</sup> CEC staff will calculate the emissions associated with unclaimed in-state natural gas using generation data from the California Independent System Operator (ISO) and emissions data from CARB's GHG emissions reporting program, the MRR. Hourly or annual oversupply will determine the remaining emissions associated with unspecified power. This methodology reflects that fossil fuels are the primary source of marginal generation, while also accounting for periods in which clean energy may contribute to unspecified power.

In sum, the amendment to clarify that unspecified power is primarily from fossil fuels is necessary to harmonize the accounting of the PSD and MRR programs and to provide important information to consumers about the characteristics of that component of the fuel mix.

### **“Electricity storage”**

The specific purpose of adding this definition is to provide clarity about an electricity source that is required to be reported and disclosed under SB 1158, and to ensure that the accounting methodology provided in further amendments are accurate, reliable, and simple to understand. Additionally, the purpose is to limit the use of the definition to only the reporting and disclosure requirements of this program.

It is necessary to add a definition of electricity storage because SB 1158 requires the reporting of hourly storage charging, discharging, and losses. To implement that requirement, additional amendments in this rulemaking detail a methodology for attributing GHG emissions associated with storage resources. However, electricity storage is not yet defined in other state statutes or regulations. Therefore, a definition is necessary to accurately and reliably apply that methodology and understand the information reported and disclosed. At the same time, since electricity storage has yet to be defined in any other state statute or regulation, the definition makes clear that it is for use only under the PSD program.

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<sup>11</sup> In 2022, retail suppliers reported approximately 55 million MWh of unspecified power and 50 million MWh of specified natural gas to the PSD program. According to Total System Electric Generation (which measures in-state natural gas generation at the source and only measures unspecified power through unspecified imports), California imported 20 million MWh of unspecified power and relied on 104 million MWh of natural gas in 2022.

<sup>12</sup> Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, Final Statement of Reasons (December 2018), 38-39.

**“Eligible firm-and-shaped product”**

The specific purpose of this amendment to this existing definition is to eliminate confusion or ambiguity over a word that has a specific technical meaning when used elsewhere in the PSD regulations.

The amendment in this definition replaces the term “specified” with “identified.” This change is necessary here and elsewhere in Chapter 3, Article 5 of Title 20 to improve the clarity of the regulations and limit the use of the term “specified” only where it refers to the technical description of the electricity resources that are the subject of this program. In this definition, changing the term “specified” with “identified” provides a replacement synonym amounting to a non-substantive change that improves the clarity of the regulations.

**“Fuel type attribute”**

The specific purpose of the amendment to this definition is to eliminate confusion or ambiguity over a word that has a specific technical meaning when used elsewhere in the PSD regulations, and also to reflect the internal regulatory reorganization and renumbering.

The amendment in this definition replaces the term “specified” with “using.” This change is necessary here and elsewhere in Chapter 3, Article 5 of Title 20 to improve the clarity of the regulations and limit the use of the term “specified” only where it refers to the technical description of the electricity resources that are the subject of this program. In this definition, changing the term “specified” with “using” provides a replacement synonym amounting to a non-substantive change that improves the clarity of the regulations.

An additional amendment updates the section location of the fuel type categories consistent with the reorganization and renumbering of the PSD regulations, which is necessary to ensure the accuracy and internal consistency of the regulations.

**“Loss-adjusted load”**

The specific purpose of adding this definition is to implement the provisions of SB 1158 that require the hourly matching of electricity resources with loss-adjusted load, and to define that term for clarity and accuracy in the PSD program.

This definition is necessary because SB 1158 requires retail suppliers to report the hourly matching of electricity resources with their loss-adjusted load, including but not limited to their retail sales to customers. The definition’s first sentence is drawn verbatim from [PUC Section 398.6\(a\)\(4\)](#). The second sentence clarifies that electricity used to cover retail sales includes a retail supplier’s self-consumption and other end uses.

This elaboration on the statutory definition of loss-adjusted load is necessary to meet the fundamental purpose of SB 1158, which is to accurately track each retail supplier’s progress in reducing their GHG emissions relative to electricity sector targets. CARB

established GHG targets based on total in-state generation (measured at the generation source) and imported electricity (adjusted to account for losses). SB 1158 attempts to align with CARB by requiring losses to be included in load and capturing the total generation necessary to meet end-use energy consumption. However, retail suppliers may have additional end uses that are not reflected in retail sales to customers, including their own self-consumption or municipal services. Limiting loss-adjusted load to retail sales plus losses would not capture the GHG emissions produced to meet these other end uses and would result in data that is misaligned with CARB's sector-wide GHG emissions figures.

Consequently, to align with CARB's electricity sector GHG emissions totals and support the intent of the law, the CEC defines loss-adjusted load to include a retail supplier's total load, including retail sales and other end uses, plus transmission and distribution losses.

### **"Multi-jurisdictional electrical corporation"**

The purpose of this definition is to identify a class of retailer that serves load in multiple states. This definition is necessary to provide specific guidance to parties that serve load in multiple states. This def is based on the definition for *multi-jurisdictional retail provider* under Section 95102 in the MRR regulations.

### **"Retail sales"**

The specific purpose of this amendment to this definition is to replace the phrase "thousands of kilowatt" hours with "megawatt" hours to improve the clarity of the definition.

This replacement of the unit of measurement of procurement of electricity is necessary to improve the clarity of the definition in these regulations and avoids confusion about the unit of energy used in reported and disclosed data.

### **"RPS"**

The specific purpose of adding this term to the definitions is to specify the acronym of a state program that is frequently referenced in the PSD regulations.

The Renewables Portfolio Standard (RPS) is a state program that is frequently referenced in the PSD regulations because many of the eligible renewables under the PSD program are defined relative to their eligibility under the RPS. To align and harmonize with other state climate policy and programs, the PSD regulations intentionally consider and reference the RPS program, including their accounting practices. It is necessary to define the commonly-used acronym RPS to specify and confirm what the acronym refers to in these regulations

### **"Scheduling Coordinator"**

The specific purpose of the amendment to this definition is to eliminate ambiguity over a word that has a specific technical meaning when used elsewhere in the PSD regulations.

The amendment in this definition replaces the term “specified” with “identified.” This change is necessary here and elsewhere in Chapter 3, Article 5 of Title 20 to improve the clarity of the regulations and limit the use of the term “specified” only where it refers to the technical description of the electricity resources that are the subject of this program. In this definition, changing the term “specified” with “identified” is a non-substantive change with a synonym that is necessary to reduce confusion.

#### **“Specified purchase” or “specified electricity”**

The specific purpose of these amendments to the definition of “specified purchase” is to provide an additional term of art for clarity in various references through the PSD regulations, and also to provide clarity to regulated entities when they can rely on hour-by-hour versus annual matching of loads and resources.

These amendments to the definition of “specified purchase” are necessary for clarity in referencing specified electricity and verifying how to account that the electricity claimed has been sold once and only once to retail consumers. The first amendment in this subdivision adds “specified electricity” as an additional term of art for specified purchase. An amendment to this definition adds “specified electricity” as an alternative term of art for “specified purchase” and is necessary to add for clarity because the term unspecified electricity is used elsewhere in the regulations. This change clarifies that a specified purchase means a purchase of specified electricity that meets the definition provided.

A further amendment is necessary to clarify that retail suppliers may rely on annual data to determine if a transaction meets the definition of a specified purchase, rather than matching loads and resources each hour. It is drafted this way because the provision is drawn directly from [PUC Section 398.2\(d\)](#). It was added to the regulations to clarify that the specified purchases reported under annual accounting (and therefore disclosed on the PCL) do not need to be hourly load-matched, as opposed to the data reported under the hourly accounting methodology.

#### **“Specified resale”**

The specific purpose of adding this definition to the PSD regulation is to explain a new term included in the accounting methodology in the regulations.

This definition is necessary to properly support the matching of resources to loss-adjusted load under the PSD program’s annual and hourly methodologies. Statute requires the reporting of all specified electricity purchases, but a retail supplier may at times resell a specified purchase to another retail supplier. Subtracting specified resales from gross specified purchases determines a retail supplier’s net specified purchases. In turn, net specified purchases are matched to a retail supplier’s loss-adjusted load and used to determine its fuel mix, GHG emissions, and GHG emissions intensity. Adding this definition is necessary to ensure that the retail suppliers use the correct value in applying the accounting methodology to annual and hourly data.

### **“Specified resource” or “specified source”**

The specific purpose of adding this definition is to explain a term of art used throughout the regulations and to clarify that specified resources or sources are the generating facilities that specified electricity comes from.

Adding these terms of art to the definitions is necessary to clarify that specified resources or sources are the generating facilities that deliver specified electricity to the grid, as distinguished from the electricity itself. Additionally, this definition is necessary to establish that an electricity purchase must be traceable to a generating facility delivering specified electricity to be considered a specified purchase.

### **“Total power content”**

The specific purpose of adding this definition to the PSD regulations is to define a new data element that will be displayed on the PCL to implement the new requirement to report loss-adjusted load.

The inclusion of a new data element on the PCL that reflects electricity sources used to meet loss-adjusted load is necessary to ensure that the information on a retail supplier’s PCL is consistent with the annual loss-adjusted load data reported to the CEC. Defining this new term of art is necessary to ensure that this new data element will be accurate, reliable, and simple to understand.

### **“Voluntary Allocation and Market Offer” or “VAMO”**

The specific purpose of adding this definition is to explain a new term in the regulations, which refers to and relies on a process adopted by the CPUC for investor-owned utilities to report their proposals for their RPS procurement plans.

Adding this definition is necessary to clarify that the requirement in section 1393(e)(2) for investor-owned utilities to submit a report to the CEC by April 1 of each year that includes hourly information about the resources subject to VAMO refers to the same Voluntary Allocation and Market Offer (VAMO) process adopted and administered by the CPUC via D.21-05-030. This definition is necessary to explicitly rely on the VAMO reports required by the CPUC as the source for hourly information to be reported by the investor-owned utilities under the PSD program, which the CEC will use to establish aggregated VAMO reports for each investor-owned utility and the retail suppliers within a utility’s service territory.

### **1391.1 Generation Disclosure**

The specific purpose of reorganizing and renumbering this and other subdivisions in the PSD regulations is to incorporate new provisions to implement AB 242 and SB 1158 in an orderly way, and to make the regulations easier to understand and implement.

All text from the former section 1392 was moved to the new section numbered 1391.1. This change was necessary to improve the clarity and organization of the regulations.

**1391.1(a)(2)**

The specific purpose of this amendment replacing the term “specified” with “identified” is to eliminate confusion or ambiguity over a word that has a specific technical meaning when used elsewhere in the PSD regulations.

The amendment in this subdivision replaces the term “specified” with “identified.” This change is necessary here and elsewhere in Chapter 3, Article 5 of Title 20 to improve the clarity of the regulations and limit the use of the term “specified” to the technical description of the electricity resources that are the subject of this program.

**1391.1(b)(1)(C)**

The specific purpose of the amendment in this subdivision is to correct a typographical error in the regulations.

The amendment in this subdivision replaces the term “Agency” with “Administration” and is necessary to avoid confusion, and to reflect the proper name of the Energy Information Administration.

**1391.1(b)(3)(C)(1)(a)**

The specific purpose of the amendment in this subdivision is to change the eligible renewable category of “biomass and biowaste” to “biomass and biogas.”

This change is necessary to improve the clarity of this eligible renewable category and better reflect RPS categorization of biogenic fuels. Biowaste is not a distinct category under RPS; instead, biowaste is included within the category of biomass. The RPS category of biomethane (or biogas) is not currently reflected in the category of biomass and biowaste displayed on the PCL. This change not only better aligns with RPS categorization, but it also improves consumer awareness by clarifying that this category of eligible renewables includes both solid biomass and biogenic gases.

**1391.1(d)(2)(A)(3)**

The specific purpose of the amendment in this subdivision is to correct a typographical error in the regulations.

The amendment in this subdivision replaces the term “Agency” with “Administration” and is necessary to avoid confusion, and to reflect the proper name of the Energy Information Administration.

**1392. Accounting Methodology.**

The specific purpose of reorganizing and renumbering this and other subdivisions in the PSD regulations is to incorporate new provisions to implement AB 242 and SB 1158 in an orderly way, and to make the regulations easier to understand and implement.

Text from the former section 1393 was moved and reorganized into the repurposed section numbered 1392. This change was necessary to improve the clarity and organization of the regulations.

### **1392(a) General Accounting Provisions**

The specific purpose of the amendment to the title and organization of this subsection is to reflect the reorganization and renumbering of the PSD regulations carried out in this rulemaking, and to properly describe the content that has been relocated to and amended in section 1392.

It is necessary to rename section 1392(a) “General Accounting Provisions” to improve the clarity and organization of the regulations and to establish general accounting principles before the subsequent sections explain the distinct accounting methodologies for hourly and annual accounting.

### **1392(a)(2)**

The specific purpose of the amendment to this subdivision is to replace section 1394(c) with section 1393(f), which reflects the reorganization and renumbering of the PSD regulations.

This change is necessary to update the internal reference to the location of information about an asset-controlling supplier’s fuel mix data and to ensure the internal consistency of the regulations.

### **1392(a)(3)-(4) (DELETED)**

The specific purpose of deleting the subdivisions formerly numbered 1392(a)(3)-(4) is because they describe a method for calculating net electricity purchases and unspecified power that has been modified and clarified elsewhere in the amended regulations.

Deleting the calculation method in former subdivision (3) is necessary because it is obsolete and uses terminology no longer relevant to the PSD program. The equation in former subdivision (3) calculated net purchases as “gross purchases” minus “wholesale sales.” The updated annual methodology in newly amended section 1392(b)(2) clarifies that retail suppliers report their *specified* purchases and *specified* resales to the CEC to determine their net specified purchases of electricity. Net purchases of unspecified power—whether at the hourly or annual level—are then calculated based on the difference between loss-adjusted load and net specified purchases. Similarly, it is necessary to delete former subdivision (4) because it provides a calculation for unspecified power based on retail sales, rather than loss-adjusted load, which is no longer applicable under SB 1158 and the updated accounting methodologies.

### **1392(a)(5) (DELETED)**

The specific purpose of deleting this subdivision is to move the text to new section 1393(e) as part of the reorganization and renumbering of provisions in the PSD regulations.

This change to move the text to section 1393(e) is necessary to improve the clarity and organization of the regulations. Reorganizing and renumbering this and other

subdivisions in the PSD regulations is necessary to incorporate new provisions to implement AB 242 and SB 1158 in an orderly way, and to make the regulations easier to understand and implement.

**1392(a)(6) (DELETED)**

The specific purpose of deleting former subdivision 1392(a)(6) is because it describes a method for reconciling specified electricity purchases in excess of retail sales that is no longer applicable under the updated annual methodology.

Deleting the calculation method in former subdivision 1392(a)(6) is necessary because it is obsolete and no longer relevant to the PSD program. The AB 1110 rulemaking established an accounting methodology in which retail suppliers that had more net specified purchases than retail sales would have resources removed from their retail portfolios until specified purchases matched retail sales. Natural gas would be reduced first, followed by coal and other fossil fuels if needed, and finally renewable and zero-carbon resources. The updated annual accounting methodology described under newly amended section 1392(b) no longer requires this reconciliation based on retail sales. Furthermore, in instances under the new annual methodology when a retail supplier purchased net specified resources in excess of its annual loss-adjusted load, newly amended section 1392(b)(4) explains how net specified purchases and loss-adjusted load will be reconciled.

**1392(a)(3)**

The specific purpose of renumbering former section 1392(a)(7) to 1392(a)(3) is to account for deleted and reorganized text in former sections 1392(a)(3) through (6).

It is necessary to renumber former section 1392(a)(7) to 1392(a)(3) to reflect the reorganization and renumbering of the PSD regulations carried out in this rulemaking and to ensure an accurate ordering of provisions.

**1392(b) (DELETED)**

The specific purpose of deleting the subdivision formerly named “Requirements Applicable to Fuel Mix Accounting” is to improve the clarity and organization of the regulations.

It is necessary to delete this subdivision 1392(b) to reflect the reorganization and renumbering of the PSD regulations carried out in this rulemaking and to ensure an accurate ordering of provisions. The information that this subdivision contained that remains relevant to the PSD program is now reorganized and renumbered as described herein under section 1392(a), “General Accounting Provisions.”

**1392(a)(4)**

The specific purpose of the renumbering and amendments to this subdivision is to account for deleted and reorganized text in former sections 1392(a)(3) through (6) and the deletion of former section 1392(b), and to replace the word “classified” with “reported”.



It is necessary to renumber former section 1392(b)(1) to 1392(a)(3) to reflect the reorganization and renumbering of the PSD regulations carried out in this rulemaking and to ensure an accurate ordering of provisions.

It is also necessary to replace the word “classified” with “reported” to clarify that a retail supplier that purchased electricity from an eligible renewable generator must also purchase and not resell the associated RECs; otherwise, that purchase must be reported under the PSD program as unspecified power. Changing the word “classified” to “reported” removes any confusion and clarifies how electricity in which the associated RECs have been resold must be reflected under the PSD program.

**1392(b)(2) (DELETED)**

The specific purpose of deleting this subdivision is because it provided a calculation that no longer applies to the new methodology based on annual loss-adjusted load as required by SB 1138.

Deleting this subdivision for determining fuel mix percentages based on “adjusted net purchases” is necessary because the calculation is obsolete and no longer relevant to the PSD program. This method of reconciling retail sales and net purchases, as explained in 1392(a)(6) (DELETED) above, no longer applies to the new methodology based on annual loss-adjusted load.

**1392(b)(3) (DELETED)**

The specific purpose of deleting this subdivision describing the fuel mix categories on the PCL is because this and other related information is now contained in section 1393.1(c)(1)(A)-(J) as part of the reorganization and renumbering of the PSD regulations.

It is necessary to delete this subdivision and move, reorganize, and renumber the content to section 1393.1(c)(1)(A)-(L) to reflect the reorganization and renumbering of the PSD regulations carried out in this rulemaking and to ensure an accurate ordering of provisions.

**1392(c) (DELETED)**

The specific purpose of deleting this subdivision formerly named “Requirements Applicable to GHG Emissions Accounting” is to improve the clarity of the regulations as part of the reorganization and renumbering of the PSD regulations.

It is necessary to delete this subdivision because the information contained within it is reorganized and renumbered in the content in amended section 1392(a) and captured under the new subheading, “General Accounting Provisions.” This change was necessary for better organization and clarity of the provisions in this section.

**1392(a)(5)**

The specific purpose of renumbering this subdivision is to account for deleted text in section 1392(a) as described above as part of the reorganization and renumbering of the PSD regulations.

It is necessary to renumber this subdivision from 1392(c)(1) to 1392(a)(6) to account for the text deleted from section 1392(a) and to ensure an accurate ordering of provisions.

**1392(a)(5)(B)**

The specific purpose of the amendment in this subdivision is to provide that for electricity storage resources to claim a GHG intensity associated with an eligible renewable generator, the energy used for production must be procured with the associated RECs.

This amendment to this provision is necessary to be consistent with and expand on the existing requirement in this subdivision, which states that delivered renewable energy must be procured together with the associated RECs to be assigned the GHG emissions intensity of the eligible renewable generator.

An additional amendment replaces the word “classified” with “reported.” This change is necessary to ensure that retail suppliers that have sold the RECs associated with purchases from an eligible renewable generator must report these purchases as unspecified power.

**1392(a)(7)**

The specific purpose of the renumbering of this subdivision is to account for deleted text in section 1392(a) as described above as part of the reorganization and renumbering of the PSD regulations.

It is necessary to renumber this subdivision from 1392(c)(2) to 1392(a)(7) to account for the text deleted from section 1392(a) and to ensure an accurate ordering of provisions.

**1392(a)(7)(A)**

The specific purpose of the amendment to this subdivision is to update the location of information about the GHG emissions intensities of generators to section 1393 as part of the reorganization and renumbering of the PSD regulations.

Updating the location of information about the GHG intensities of generators to section 1393 is necessary for better organization and to ensure the internal consistency of the PSD regulations.

**1392(a)(7)(B)**

The specific purpose of the amendments in this subdivision is to remove a formula for calculating the GHG emissions intensities of generators with reported or assigned emissions under MRR, providing instead a simple equation to calculate these emissions intensities.

This change is necessary for clarity and to prevent confusion by replacing the more complex formula with a simplified yet reliable method of calculating GHG emissions intensities.

**1392(a)(7)(C)**

The specific purpose of the amendments to this subdivision is to remove a formula for calculating emissions for generators without reported or assigned emissions under MRR, and to instead simply reference the existing method provided under CARB's MRR.

Removing this formula is necessary for the CEC to directly reference another state agency's methodology of calculating certain emissions and to streamline the accounting under the PSD program. Specifically, this amended provision retains the existing text which explains that the CEC will use a method for calculating these emissions pursuant to section 95111(b)(2)(C) of the MRR. Not only is reproducing the MRR formula in the PSD regulations unnecessary, it is redundant and potentially confusing.

**1392(a)(7)(D)**

The specific purpose of the amendment to this subdivision is to update the location in the PSD regulation of the method for assigning generators GHG emissions intensities, which is information now found in subdivision 1392(a)(7)(B).

Updating the location of information about assigning generators GHG emissions to subdivision 1392(a)(7)(B) is necessary to ensure the internal consistency of the regulations.

**1392(a)(7)(E)**

The specific purpose of the amendments to this subdivision is to remove a formula for determining the portion of GHG emissions from a cogenerating unit attributable to electricity production and add detail to an alternative data source and method for how to calculate these emissions.

The amendments to this subdivision are necessary to remove an unnecessary and potentially confusing formula for determining the portion of GHG emissions from a cogenerating unit attributable to electricity production, and instead to provide a description of this calculation and the data source used to determine these emissions (EIA Form 923). An additional amendment is necessary to describe how to calculate the GHG emissions intensity of a cogenerating unit by dividing the GHG emissions attributable to electricity production by the generator's net electricity production. These changes are necessary to clarify and simplify the explanation of the methods and data sources used to calculate GHG emissions and emissions intensities from cogeneration facilities.

**1392(a)(7)(F)**

The specific purpose of the amendment to this subdivision is to remove a reference to Equation 5, which has been deleted as described above in section 1392(a)(7)(B), and reference an alternative method for calculating GHG emissions intensities for the generating units owned or contracted to separate retail suppliers.

It is necessary to make these amendments and point to the location of the alternative method in subdivision (a)(7)(B) because Equation 5 has been replaced with a simpler method of calculating GHG intensities. These amendments are necessary to ensure the internal consistency of the PSD regulations.

**1392(a)(7)(G)**

The specific purpose of this new subdivision is to explain the method of calculating GHG emissions intensities for each fuel type associated with multifuel generators, which had not been directly addressed in the existing regulations.

This new provision is necessary to establish accurate GHG emissions accounting for multifuel generators that have contracted with a retail supplier for a single generation fuel source.

**1392(a)(7)(G) (DELETED)**

The specific purpose of this amendment is to delete a provision which is now located and updated in section 1393.1(d)(1), as part of the reorganization and renumbering of the PSD regulations.

This deletion is necessary because the instructions to not attribute CO<sub>2</sub> emissions from biogenic fuels to the GHG emissions intensities on the PCL is now located and updated in section 1393.1(c)(3).

**1392(a)(3) (DELETED)**

The specific purpose of this amendment is to delete a provision that is no longer relevant to the PSD program.

It is necessary to delete this section, which provided that all unspecified power would be assigned a default emissions factor, because it is no longer appropriate. Under the amendments proposed in this rulemaking, only imports of unspecified power will be assigned the MRR default emissions factor, as stated in section 1392(a)(8)(C). For unspecified power from in-state resources, section 1392(a)(7) provides the method for calculating or establishing the corresponding GHG emissions.

**1392(a)(8)(A)-(B)**

The specific purpose of adding these subdivisions is to explain how the GHG emissions intensities displayed on the PCL will be calculated. An electricity portfolio's GHG emissions intensity will be calculated according to the emissions produced to meet retail sales, as required by [PUC Section 398.4](#). The emissions intensity of a retail supplier's

total power content will be calculated based on the emissions produced to meet loss-adjusted load, taking into account any exceptions identified in section 1393.1(d).

As explained in section 1392(b)(2), it is necessary to disclose all power sources and emissions required to meet annual loss-adjusted load to ensure that the information provided to consumers is accurate, reliable, and simple to understand.

**1392(a)(8)(C)**

The specific purpose of adding this subdivision is to explain that imports of unspecified power shall be assigned the default emissions factor in section 95111(b)(1) of the MRR. The MRR default emissions factor is 0.428 MT CO<sub>2</sub>e/MWh.

This subdivision is necessary to improve the PSD program's alignment with MRR emissions accounting. Under the existing regulations, all unspecified power, including from in-state generation, was assigned the default emissions factor. However, MRR only assigns this default to unspecified imports. As explained in sections 1392(b)(5) and 1392(c)(6)(A), the emissions factor of unspecified power at both the annual and hourly levels will be calculated based on unspecified imports, unclaimed in-state natural gas, and oversupply.

**1392(a)(9)(A)-(C)**

The specific purpose of adding these subdivisions is to explain how transmission and distribution loss factors will be calculated as part of calculating loss-adjusted load.

It is necessary to include a calculation of transmission and distribution loss factors to implement SB 1158's requirement to report loss-adjusted load. The benefit of this proposed approach is that retail suppliers will be assigned a transmission and distribution loss factor already included in the Integrated Energy Policy Report Demand Forecast based on their planning area, thereby leveraging existing data. The loss factor will increase, and therefore adjust, a retail supplier's hourly and annual load. Providing a calculating the transmission and distribution loss factors is necessary to determine a retail supplier's hourly and annual loss-adjusted load under the updated accounting methodologies.

Subdivision (C) states that if a retail supplier provides substantiating documentation, the retail supplier may calculate its own loss factor to use in its submissions to the PSD program. This provision is necessary to include because some retail suppliers have stated that they have verifiable loss data that is more accurate than the default loss factor that otherwise would be assigned to them.<sup>13</sup> Allowing retail suppliers to provide verifiable loss data ensures that reported data is accurate and reliable.

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<sup>13</sup> [California Municipal Utilities Association](#), Comments on Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations (October 24, 2023), 8-9. [Northern California Power Agency](#), Comments on Staff Pre-Rulemaking Amendments to the Power Source Disclosure Program and Workshop (October 30, 2023), 4-5. [Southern California Public Power Authority](#), Comments on Rulemaking to Amend PSD Program (October 24, 2023), 1.

**1392(a)(4)(A)-(B) (DELETED)**

The specific purpose of deleting these subdivisions is that they describe a calculation for the GHG emissions intensities of retail portfolios based on adjusted net purchases that is no longer used in the updated regulations.

It is necessary to delete these subdivisions because, as explained in section 1392(a)(6) (DELETED), this reconciliation for adjusting down net specified purchases to match retail sales is no longer applicable under the updated PSD methodology. Retail suppliers will match their preferred resources to the sales in their retail portfolios, and the total power content category will reflect the total resources and associated GHG emissions required to meet annual loss-adjusted load (retail sales, other end uses, and transmission and distribution losses).

**1392(d)(1)-(2) (DELETED)**

The specific purpose of deleting these subdivisions is that all text contained in them was relocated to section 1393.1(d).

This change was necessary because section 1393.1 contains information about disclosures to consumers. These provisions on GHG emissions exclusions for firmed-and-shaped imports and GHG adjustments for local public owned utilities exclude certain GHG emissions from disclosure to consumers on the PCL, and the relocation of this information reorganizes it with other provisions about disclosures on the PCL.

**1392(b) Annual Accounting**

The specific purpose of this new subsection is to reorganize information about the PSD program's annual accounting methodology.

This subsection is necessary to distinguish between the PSD program's annual and hourly methodologies and reporting requirements.

**1392(b)(1)**

The specific purpose of an amendment in this subdivision is to clarify that a fuel mix will be calculated for retail portfolios and the category of total power content. The fuel mix of retail portfolios will be expressed as a percentage of retail sales while the fuel mix of total power content will be expressed as a percentage of loss-adjusted load.

This amendment is necessary to ensure that fuel mix information disclosed to consumers is accurate, reliable, and simple to understand.

**1392(b)(2)**

This specific purpose of adding this subdivision is to explain the method of determining annual unspecified power purchases based on specified electricity purchases and annual loss-adjusted load.

AB 1110 implemented the current methodology in which unspecified power is indirectly reported based on retail sales to customers. A retail supplier that purchased enough specified resources to match or exceed its annual retail sales would report no unspecified power purchases; if a retail supplier procured insufficient specified resources to meet its retail sales, unspecified power would be automatically calculated as the difference between retail sales and specified purchases. This method was implemented because the PCL only displayed retail sales data. It was thus a preemptive way of adjusting out unspecified power in excess of retail sales, similar to how excess specified resources were adjusted down to match retail sales.

However, this method leads to the underreporting of unspecified purchases to cover losses and other end uses, which skews a retail supplier's power source and GHG emissions figures and undermines the statutory requirement for the information on the PCL to be accurate, reliable, and simple to understand.<sup>14</sup>

To align the PSD program's reporting requirements with statute, it is necessary to amend regulations to require retail suppliers to report all their specified procurements and their annual loss-adjusted load. Instead of being calculated as the difference between retail sales and specified purchases, unspecified power would be calculated as the difference between annual loss-adjusted load and net specified purchases.

### **1392(b)(3) (DELETED)**

The specific purpose of deleting this subdivision, which required unspecified power to be assigned the default emissions factor under section 95111(b)(1) of the MRR, is that the regulations have updated the emissions factor calculation for unspecified power. As stated in sections 1392(b)(5) and 1392(c)(6)(A), the emissions factor of both annual and hourly unspecified power will be calculated based on unspecified imports, unclaimed in-state natural gas, and oversupply. Only unspecified imports will be assigned the MRR default emissions factor.

This update is necessary to improve the PSD program's alignment with CARB's GHG emissions accounting, because under MRR only unspecified imports are assigned the default emissions factor of 0.428 MT CO<sub>2</sub>e/MWh.

### **1392(b)(3)**

The specific purpose of adding this subdivision is to explain resource allocation under the annual methodology. A retail supplier will allocate specified resources and unspecified power to its retail portfolios such that they match reported retail sales. All other specified or unspecified sources that were not allocated to retail portfolios will be disclosed under the total power content category, which reflects a retail supplier's annual loss-adjusted load.

This subdivision is necessary to establish the method for allocating resources to retail portfolios and total power content.

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<sup>14</sup> [Logan Clendening and Jordan Scavo, Power Source Disclosure Proposals on Hourly and Annual Accounting](#) (California Energy Commission: CEC-200-2023-014, September 2023), 14.

**1392(b)(4)**

The specific purpose of this subdivision is to explain the annual accounting method of reconciling net specified purchases in excess of loss-adjusted load.

Some retail suppliers may purchase more electricity than needed to cover their total load and losses on an annual basis. Retail suppliers with natural gas facilities may be required to generate from these facilities even when their own electricity load is met due to external market demand or grid reliability needs (see section 1392(c)(1) for discussion of this point at the hourly level). For this reason, the reconciliation described in this subdivision first adjusts natural gas resources down until net specified purchases match loss-adjusted load. If a retail supplier does not have enough natural gas to remove to achieve a match between net specified purchases and loss-adjusted load, all other resources, except for coal, will be proportionally adjusted down to create alignment.

The provision to not adjust coal out of a retail supplier's annual procurements is necessary because the [Emission Performance Standard](#) in SB 1368 (Perata, Chapter 598, Statutes of 2006) prohibits long-term purchases of high-emitting generation, of which coal-generated power is the highest emitting. Consequently, any remaining legacy coal resources on the California grid must remain attributed to the procuring party. Section 1392(c)(1) establishes the same treatment for emissions from coal at the hourly level.

**1392(b)(5)**

The specific purpose of this subsection is to describe the method of calculating the annual emissions factor for unspecified power.

This subsection is necessary to accurately allocate GHG emissions to retail suppliers that did not procure enough specified resources to match their annual loss-adjusted load.

The CEC has determined that the annual unspecified power emissions factor will be calculated based on the electricity and associated GHG emissions from three data points: unspecified imports, unclaimed in-state natural gas, and annual oversupply. The sum of all GHG emissions from unspecified imports, unclaimed in-state natural gas, and oversupply divided by the megawatt hours of these resources represents the annual unspecified power emissions factor.

As explained in section 1392(b)(3) (DELETED), all annual unspecified power was previously assigned the MRR default emissions factor for unspecified imports. The updated methodology is necessary because it establishes better alignment with CARB's methodology by only assigning this default factor to unspecified imports while directly calculating the emissions associated with unclaimed in-state natural gas generation and oversupply. This approach also aligns with the methodology for calculating hourly



unspecified power explained in section 1392(c)(6)(A). This change is necessary to improve the accuracy of GHG emissions associated with annual unspecified power.

### **1392(c) Hourly Accounting**

The specific purpose of adding this subsection entitled “Hourly Accounting” is to organize the new requirements for hourly data required by SB 1158.

This addition is necessary to distinguish the PSD program’s hourly accounting methodology from its annual accounting methodology.

### **1392(c)(1)**

The specific purpose of this subdivision is to explain the treatment of GHG emissions from coal resources procured in excess of hourly loss-adjusted load (oversupply, as defined in section 1392(c)(4)(C)). GHG emissions from oversupplied coal procurements must be retained in a retail supplier’s GHG emissions inventory. Emissions from all other excess resources will be removed from a retail supplier’s inventory and become attributable to undersupplied retail suppliers through hourly unspecified power, as described in section 1392(c)(7)(A).

While [PUC Section 398.6\(a\)\(1\)](#) offers guidance on the treatment of oversupplied energy that reduced the emissions factor of hourly unspecified power, SB 1158 does not describe a method for allocating emissions from fossil fuels or other GHG-emitting resources procured in excess of loss-adjusted load. In pre-rulemaking, the CEC initially proposed that a retail supplier must retain all GHG emissions associated with its specified procurements, including for any energy that was oversupplied within an hour.<sup>15</sup> However, retail suppliers that operate natural gas generators challenged this approach, stating that their facilities frequently generate not only to cover their own energy needs, but also to meet market demand or in response to emergency events.<sup>16</sup> The CEC’s initial proposal would have disadvantaged retail suppliers that operate natural gas facilities that meet external market demand and support grid reliability, while benefitting undersupplied utilities reliant on marginal fossil generation.

The CEC has therefore determined that only the GHG emissions from hourly load-matched resources are attributable to a retail supplier; emissions from oversupplied resources will be factored into hourly unspecified power and become attributable to undersupplied retail suppliers. As this subdivision clarifies, however, emissions from oversupplied coal procurements are an exception.

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<sup>15</sup> Clendening and Scavo, *Power Source Disclosure Proposals*, 9-10.

<sup>16</sup> [CMUA](#), 4-6. [NCPA](#), 2-3. [PG&E](#), Comments on Proposed Updates to the Power Source Disclosure Regulations (October 24, 2023), 1-2. [SCE](#), Comments on Staff Report on Power Source Disclosure (October 24, 2023), 2-3. [LADWP](#), Comments on Pre-Rulemaking Workshop on Updates to the Power Source Disclosure Regulations (October 24, 2023), 5. [Turlock Irrigation District](#), Comments on Rulemaking to Amend Regulations Governing the Power Source Disclosure Program Regulations, 2- 3. [SMUD](#), Comments to Amend Regulations Governing the Power Source Disclosure Program (October 27, 2023), 3-4.

It is necessary for a retail supplier to retain its emissions from oversupplied coal procurements because the [Emission Performance Standard](#), as noted in the annual accounting section 1392(b)(5), prohibits long-term purchases of high emitting generation, with coal-generated power being the highest emitting. This means that the remaining legacy coal resources on the California grid are uniquely attributable to the party that procured them and cannot be removed from a retail supplier's GHG emissions inventory.

### **1392(c)(2)**

The specific purpose of this subdivision is to describe the calculation of total net procurement for each hour. A retail supplier's total net procurement is based on its net specified purchases (gross specified purchases – specified resales) plus storage discharging and hourly unspecified power for that hour.

This provision is necessary to establish an accurate methodology for comparing net procurements to loss-adjusted load in each hour.

### **1392(c)(3)**

This specific purpose of this subsection is to organize the provisions define the PSD program's hourly load-matching method.

It is necessary to organize hourly load-matching provisions under this subsection to define the methodology required by SB 1158 and to ensure the clarity of the regulations.

### **1392(c)(3)(A)**

The specific purpose of this subsection is to establish that retail suppliers may designate their preferred "stacking order" for determining which procurements of delivered electricity are considered matched to hourly loss-adjusted load.

This amendment is necessary because hourly accounting requires a clear method for determining the resources that are considered matched to loss-adjusted load and the resources that are considered in excess of loss-adjusted load. This subdivision allows each retail supplier the flexibility to determine their preferred order for load-matching resources.

### **1392(c)(3)(B)-(C)**

The specific purpose of these subdivisions is to provide specific descriptions of "hours of undersupply," "hourly undersupply," "hours of oversupply," and "hourly oversupply."

These definitions are necessary because the hourly matching of resources to loss-adjusted load will frequently produce two outcomes: a retail supplier will not purchase enough specified resources to match its hourly loss-adjusted load (undersupply), or a retail supplier will purchase specified resources in excess of its hourly loss-adjusted load (oversupply). The descriptions of the terms "hours of undersupply," "hourly undersupply," "hours of oversupply," and "hourly oversupply" provide clear terminology applicable to these two scenarios within hourly accounting.

**1392(c)(4)(A)-(B)**

The specific purpose of these subdivisions is to define the treatment of electricity storage charging and discharging under hourly accounting.

For electricity storage facilities, all GHG emissions are reported at the point of procurement, rather than tracked through a charge/discharge cycle. The regulations require retail suppliers to report all storage charging in aggregate and all storage discharging in aggregate for each hour. Storage charging increases a retail supplier's hourly load, which means that a retail supplier must procure additional specified or unspecified resources to meet the added load. Consequently, any GHG emissions resulting from storage charging will be reported in association with hourly specified or unspecified purchases. Hourly storage discharging adds megawatt hours to total net procurements but adds no GHG emissions because any potential emissions were already reported in association with the initial procurement of charging energy.

The amendments are necessary because SB 1158 requires the reporting of hourly storage information.

**1392(c)(5)**

The specific purpose of this subdivision is to describe the method for determining a retail supplier's hourly reliance on unspecified power. If a retail supplier's hourly loss-adjusted load is greater than its net specified purchases of electricity, then the difference between these figures (in megawatt hours) is classed as purchases of unspecified power.

This amendment is necessary to establish an accurate methodology for measuring GHG emissions during hours when a retail supplier is undersupplied. The following subsections explain the method of calculating emissions associated with these unspecified power purchases.

**1392(c)(6)(A)-(B)**

The specific purpose of these subsections is to describe the method of calculating the hourly emissions factor for unspecified power.

The CEC has determined that each hour's unspecified power emissions factor will be calculated based on the electricity and associated GHG emissions from three data points: hourly unspecified imports, unclaimed in-state natural gas, and oversupply. Undersupplied retail suppliers rely on unspecified imports and in-state natural gas sold on the spot market to meet their marginal hourly demand. During hours when some retail suppliers have purchased excess electricity, this oversupply represents a third source of available electricity on the grid for undersupplied retail suppliers. The sum of all GHG emissions from unspecified imports, unclaimed in-state natural gas, and oversupply divided by the megawatt hours of these resources (accounting for cogeneration) represents the hourly unspecified power emissions factor.

This method is necessary to accurately allocate hourly GHG emissions to undersupplied retail suppliers, who rely on marginal generation from unspecified imports and natural gas as well as residual resources on the grid from oversupplied retail suppliers.

An additional amendment states that the CEC will address any hourly data gaps by using the method provided in section 1393(c). Where hourly data is unavailable, it can be estimated using the hourly production profiles of the CPUC's Integrated Resource Planning.

This method is necessary to help align PSD hourly data with retail suppliers' IRPs, which supports the purpose of SB 1158 to track progress toward forecasted GHG emissions reduction targets.

### **1392(c)(7)(A)-(B)**

The specific purpose of these subdivisions is to explain the treatment of hourly oversupply and avoided GHG emissions. SB 1158 offers partial guidance on the treatment of specified purchases in excess of hourly loss-adjusted load. [PUC Section 398.6\(a\)\(1\)](#) states that a retail supplier is attributed avoided GHG emissions to the extent that its excess purchases reduced the emissions associated with hourly unspecified power. [PUC Sections 398.6\(b\)\(2\) & \(4\)](#) state that avoided GHG emissions are not included in a retail supplier's GHG emissions totals but are instead calculated and denoted separately as an annual total.

However, SB 1158 does not explain the treatment of resources in excess of loss-adjusted load that have associated GHG emissions. The CEC has determined that emissions from oversupplied resources will be factored into the hourly unspecified power calculation and become attributable to undersupplied retail suppliers, which is necessary to accurately assign GHG emissions to undersupplied retail suppliers. As noted in section 1392(c)(1), the exception is emissions from coal procurements, which must remain attributed to the original procuring party.

### **1393**

The specific purpose of this change is to renumber and reorganize existing and updated rules for the reporting, disclosure, and auditing under the PSD program. Text from the former section 1394 was moved to the new section labeled 1393. This change was necessary to separate the annual reporting and disclosure responsibilities of the retail suppliers from their auditing responsibilities, and thereby improve the clarity and organization of the regulations.

### **1393(a)(1)-(3)**

The specific purpose of these subdivisions is to require retail suppliers to submit an Annual Resource Report to the CEC by June 1 of each year with their previous year's procurement information and with a signed attestation that the reported information is accurate. To implement SB 1158, retail suppliers subject to hourly reporting will be required to provide hourly data in their Annual Resource Report starting in 2028.

These provisions are necessary to establish the deadline for retail suppliers to submit their annual and hourly data to the CEC. Hourly data will begin in the 2028 reporting year, at which point annual data will be derived from retail suppliers' reported hourly data. Retail suppliers exempt from SB 1158's reporting requirements, as described in section 1393(h), will continue to report using annual data after January 1, 2028.

Subdivision (a) also stipulates that retail suppliers must submit their Annual Resource Report on a template provided by the CEC or through a data reporting system identified by the CEC. This provision is necessary to provide flexibility if the CEC develops new systems for collecting reported data beyond its current use of an Excel template.

### **1393(b)(1)-(7)**

The specific purpose of these subdivisions is to describe the information required to be submitted in a retail supplier's Annual Resource Report from the previous calendar year. The requirements in subdivision (1), (3), and (4) to submit annual retail sales data and information on specified and unspecified purchases were previously found in section 1394(b).

The requirement in subdivision (2) to report loss-adjusted load is necessary to establish accurate hourly and annual load-matching. This requirement also ensures a retail supplier's unspecified power purchases—calculated as the difference between net specified purchases and loss-adjusted load—are accurately reported.

Subdivision (5) requires a retail supplier to submit the total GHG emissions and emissions intensity associated with its total power content. This provision is necessary to ensure accurate disclosures to consumers on the PCL and reflect the emissions associated with a retail supplier's annual loss-adjusted load.

Subdivisions (6)-(7) require retail suppliers to submit hourly storage charging and discharging data and stipulate that a retail supplier may only claim storage discharge if it also reported the electricity used to charge the storage system. This provision ensures an accurate accounting of any GHG emissions associated with storage resources. Because storage charging increases load, a retail supplier must procure enough specified resources to cover its additional hourly load; otherwise, it will be required to report additional unspecified power during the hour it charged storage.

### **1393(c)(1)(A)**

The specific purpose of this subdivision is to explain that if a retail supplier cannot obtain hourly data for a specified resource, the retail supplier shall derive proxy hourly data from annual data by using a default hourly distribution for the specified resource in question. Hourly production profiles—which project the hourly output of each fuel type category—will be calculated and provided by CEC staff consistent with the method for calculating hourly production profiles under the CPUC's Integrated Resource Planning.

This alternative means of producing hourly data is necessary because stakeholders have noted that some actual hourly data may be unobtainable. Furthermore, this

methodology establishes alignment between the CEC's hourly data and the forecasted data in IRPs, which is necessary because SB 1158's purpose is to track retail suppliers' progress in meeting the GHG targets established in their IRPs.

**1393(c)(1)(B)**

The specific purpose of this subdivision is to explain that if a retail supplier cannot obtain hourly generation data but has developed its own hourly resource production profiles distinct from the production profiles used for Integrated Resource Planning at the CPUC, the retail supplier may use its own hourly resource production profiles. This subdivision further stipulates that a retail supplier must provide the CEC with substantiating documentation that explains how these hourly production profiles were determined.

Comments from retail suppliers not connected to the California ISO have stated that the CPUC's hourly production profiles may not accurately reflect the hourly production from energy resources in their service territories.<sup>17</sup>

The provisions in this subdivision are necessary to allow retail suppliers that are not connected to the California ISO to develop and submit hourly proxy data that more accurately reflects energy resources in their balancing authority area.

**1393(c)(1)(C)**

The specific purpose of this subdivision is to explain that retail suppliers that procure from generators with a nameplate capacity below 1 MW may report proxy data for these generators.

This provision is necessary to ease reporting requirements for retail suppliers.<sup>18</sup> Hourly data for generators under this nameplate capacity may also be difficult to obtain; the proposed approach aligns with MRR, which allows fossil fuel generating facilities under this threshold to have simplified reporting requirements and to report as general combustion sources with estimated emissions factors.<sup>19</sup>

**1393(c)(2)**

The specific purpose of this subdivision is to allow retail suppliers to report hourly proxy data for electricity resources that were sold or allocated to multiple parties without specifying hourly distributions for each party. A retail supplier would derive hourly data based on its proportional share of annual procurement from the electricity resource.

This provision is necessary to estimate hourly data when it is otherwise unavailable for multiple buyers of an electricity resource. It also simplifies retail suppliers' reporting burden.

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<sup>17</sup> [Liberty Utilities](#), 3. [PacifiCorp](#), 2-3.

<sup>18</sup> [SFPUC](#), Comments on PSD Proposals on Hourly and Annual Accounting (October 27, 2023), p.5.

<sup>19</sup> MRR Section 95112 and 95115.

**1393(a)-(b) (DELETED)**

The specific purpose of deleting these subdivisions is that the requirements they contained are now found in the updated sections 1393(a)-(d).

Deleting these subdivisions is necessary to ensure the accuracy and internal consistency of the regulations.

**1393(c)(3)**

The specific purpose of renumbering this subdivision is to account for deleted text in section 1393.

Renumbering this subdivision is necessary to ensure an accurate ordering of provisions.

**1393(c)(3)(A)**

The specific purpose of this subdivision is to clarify the reporting requirements pertaining to retired unbundled RECs. The current regulatory language inadvertently creates confusion as to whether unbundled RECs associated with electricity products sold during the last quarter of the year may be claimed. A straightforward reading of the current provision does not account for prevailing industry practices in which RECs generated in the final quarter of the reporting year are not issued and retired until the following quarter even though they are applied to the previous year's electricity portfolio.

The amendments are necessary to clarify that retail suppliers are required to report unbundled RECs retired in association with an electricity portfolio offered during the previous calendar year.

An additional amendment in this subdivision replaces the phrase "thousands of kilowatt" hours with "megawatt" hours. This change improves the clarity of the regulations and avoids confusion about the unit of energy used in reported data.

**1393(c)(3)(A)-(E) (DELETED)**

The specific purpose of deleting these subdivisions, which listed the aggregated data retail suppliers were required to report, is because the requirements they contained are either no longer applicable or found in other sections of the updated regulations.

The requirement in subdivision (3)(A) to report "adjusted net purchases for each fuel type" has been deleted because methodology of reconciling net specified purchases to retail sales to determine adjusted net purchases is no longer applicable under the PSD annual methodology, as explained in section 1392(a)(6) (DELETED).

The requirement in subdivision (3)(B) to report the retail sales of each portfolio is now contained in section 1393(b)(1). The requirement for a retail supplier to describe its other electricity end uses in megawatt hours is no longer mandated under the updated methodology; instead, a retail supplier will simply report its total load and losses through the category of loss-adjusted load.

The requirement in subdivision (3)(C) to report the percentage of retail sales for each fuel type, rounded to the nearest tenth, was deleted because section 1393.1(c)(1) now contains the requirement to report fuel mix information for each portfolio as well as total power content.

The requirement in subdivision (3)(D) to report the GHG emissions intensity of each electricity portfolio is now contained in section 1393.1(c)(3), which includes the additional requirement to report the GHG emissions intensity of a retail supplier's total power content.

The requirement to report the total of retired unbundled RECs expressed as a percentage of retail sales is now contained in section 1393.1(c)(5).

These changes were necessary to ensure the accuracy and internal consistency of the regulations.

#### **1393(d)**

The specific purpose of adding this subdivision is to describe the treatment of annual surplus generation from a pumped storage facility. This subdivision was previously found in section 1394(b)(1)(F) of the regulations.

It was necessary to move this subdivision to section 1393, Annual Submission to the Energy Commission, to establish the method for reporting annual surplus generation from a pumped storage facility and to improve the clarity of the regulations.

#### **1393(e)(1)**

The specific purpose of this subdivision is to explain that resources subject to the Power Charge Indifference Adjustment (PCIA) will be proportionally allocated in the same way as resources procured under the Cost Allocation Mechanism (CAM).

Pursuant to [PUC Section 365.1\(c\)\(2\)\(A\)](#), the CPUC may direct investor-owned utilities to procure resources for system reliability needs, the costs and benefits of which are shared among retail suppliers within a service territory. The regulations require investor-owned utilities to report only their portion of these procurements. The amendment in this subdivision extends this reporting requirement to the treatment of resources subject to PCIA, which prevents a utility's customers from experiencing cost increases if other customers choose to receive service from another provider.

These requirements are necessary to ensure that an investor-owned utility accurately accounts for its share of specified CAM and PCIA procurements.

#### **1393(e)(2)**

The specific purpose of adding this subdivision is to require Pacific Gas & Electric to report the portion of GHG-free energy attributes from Diablo Canyon Nuclear Power Plant that were not allocated to other retail suppliers.



This provision is necessary because not all retail suppliers claim their share of GHG-free energy attributes from this facility under CPUC Decision 23-12-036.<sup>20</sup> Requiring these unclaimed resources to be reported ensures the accuracy of PSD data. The CEC will factor unclaimed Diablo Canyon generation into oversupply and use it to calculate the emissions factors for unspecified power.

**1393(e)(3)**

The specific purpose of this subdivision is to identify the data investor-owned utilities must provide to retail suppliers that have received allocations of VAMO resources. This also builds on a statutory provision under PUC 398.6(f)(3) that requires investor-owned utilities to timely provide the hourly share of VAMO resource generation with the retail suppliers receiving allocations. *Timely* is the term used in PUC 398.6(f)(3); to provide specific guidance, staff consulted the investor-owned utilities and concluded that May 1 is a reasonable due date for this data sharing requirement. This provision specifies additional identifying and descriptive information needed to complete PSD reporting, including contract execution date and fuel type. Finally, this provision aligns hourly data sharing of VAMO resources with hourly reporting requirements that take effect on January 1, 2028.

This provision is necessary to ensure retail suppliers that receive allocations under VAMO have sufficient information to meet the reporting requirements of this program and to minimize the reporting burden during years before the start of an hourly reporting regime on January 1, 2028.

**1393(f)**

The specific purpose of renumbering this subdivision is to account for deleted text in section 1393.

Renumbering this subdivision is necessary to ensure an accurate ordering of provisions.

**1393(f)(2)**

An amendment in this subdivision clarifies that asset-controlling suppliers are required to report their annual fuel mix to the CEC. The specific purpose of this amendment is to enable the CEC to use this annual fuel mix and the associated GHG emissions factor under the MRR to allocate resources and emissions to retail suppliers that procure from an asset-controlling supplier.

Additional amendments update the location in the regulations of the fuel types that an asset-controlling supplier must report and the location of the provision that an asset-controlling supplier must report to CARB under the MRR and have an emissions factor posted on CARB's website.

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<sup>20</sup> California Public Utilities Commission, [Decision 23-12-036](#). *Decision Conditionally Approving Extended Operations at Diablo Canyon Nuclear Power Plant Pursuant to Senate Bill 846* (December 14, 2023), 91-92.

These changes are necessary to improve the accuracy and internal consistency of the regulations.

**1393(f)(3)**

The specific purpose of this subdivision is to update the location in the regulations of the requirement that an asset-controlling supplier must report to CARB under the MRR and have an emissions factor posted on CARB’s website.

This change was necessary to ensure the accuracy and internal consistency of the regulations.

**1393(f)(4)**

The specific purpose of this subdivision is to explain that if an asset-controlling supplier is unable to provide hourly data, a retail supplier may report its procurements from the asset-controlling supplier using proxy data provided by CEC staff. Following a request for information from the CEC about the feasibility of obtaining hourly data, Bonneville Power Administration stated that it would not be capable of providing retail suppliers with hourly data.<sup>21</sup>

This provision is necessary to provide retail suppliers the flexibility to report proxy data, which is available each year in the CPUC’s Clean System Power (CSP) [calculator](#). The CSP is used as part of IRP modeling to attribute emissions to retail suppliers based on their net system power purchases. It includes hourly production profiles for all resources and for asset-controlling suppliers. Allowing procurements from asset-controlling suppliers to be reported using proxy data eases retail suppliers’ reporting burden and provides a method for producing hourly data when actual data is unavailable.

**1393(g)(1)**

The specific purpose of this subdivision is to allow retail suppliers to report their procurements from the Western Area Power Administration’s Central Valley Project (CVP) as aggregated CVP hydro if all the resources they procured from the CVP are hydroelectric procurements.

This provision is necessary because procurements from the CVP are not allocated from individual facilities. Additionally, if hourly data for these resources is unobtainable, retail suppliers may report these procurements using proxy data. Allowing retail suppliers to report these hydroelectric procurements in aggregate will significantly reduce reporting burdens.<sup>22</sup>

**1393(g)(2)**

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<sup>21</sup> Comments of the [Bonneville Power Administration](#), Request for Information – Power Source Disclosure (April 14, 2023), 1-2.

<sup>22</sup> [SEFUC](#), 6.

This purpose of this provision is to provide reporting guidance for VAMO resources that are allocated to many different retail suppliers and simplifies requirements for VAMO resources without GHG emissions.

This provision is necessary to reduce the reporting burden of retail suppliers with VAMO resources. Retail suppliers in an investor-owned utility's territory would only need to report the megawatt hours associated with their VAMO allocations, and the CEC's reporting template or other reporting system (see section 1393(a)) would allocate the fuel types and GHG emissions associated with these VAMO resources. This method is similar to the current allocation of resources and emissions for procurements from asset-controlling suppliers.

### **1393(h)(1)-(2)**

The specific purpose of these subdivisions is to exempt load-serving entities not subject to [PUC Section 454.52](#) and local publicly owned electric utilities not subject to [PUC Section 9621](#) from reporting hourly data.

These exemptions are necessary because they are required by [PUC Section 398.6\(j\)\(1\)-\(2\)](#).

### **1393(h)(3)**

Pursuant to PUC 398.6(l) The specific purpose of this subdivision is to modify hourly reporting requirements for multi-jurisdictional electrical corporations with 60,000 customer accounts or fewer in California.

This provision is necessary because of the unique challenges inherent to multi-jurisdictional retail suppliers. Oversupply from these entities does not factor into California's unspecified power mix and undersupply from these entities will not be met by California's unspecified power mix; this means that hourly data from multi-jurisdictional electrical corporations cannot provide insight into the sources and disposition of unclaimed residual electricity in the state, a key purpose of SB 1158. Moreover, these entities note that obtaining hourly data will be significantly more difficult for entities that primarily serve customers in other jurisdictions and in markets outside of California.<sup>23</sup> As long as there is an increased reporting burden and diminished value of the hourly data, staff finds it necessary to modify requirements so that multi-jurisdictional electrical corporations are not subject to hourly reporting under this program at this time.

### **1393(i)**

The specific purpose of this subdivision is to explain that electrical corporations with 60,000 or fewer customer accounts and retail suppliers with an annual electricity demand of less than 1,000 gigawatt-hours may report proxy data for all hourly resources.

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<sup>23</sup> See public comments from [Pacific Power](#) and [Liberty Utilities](#).

This provision is necessary to implement [PUC Section 398.6\(l\)](#), which applies to retail suppliers that have IRPs and GHG reduction targets but that may face significant challenges obtaining and submitting hourly data. SB 1158 grants the CEC authority to modify or adjust hourly reporting requirements for the retail suppliers that meet these criteria.

Retail suppliers that fall under these thresholds have argued that the CEC should fully exempt them from reporting hourly data.<sup>24</sup> The CEC has instead modified their reporting requirements by allowing them to report proxy data for all resources. The only new data these retail suppliers must provide will be their hourly load. This approach minimizes the burden of hourly reporting, fulfills SB 1158's statutory intent of tracking retail suppliers' emissions reduction progress, and improves the accuracy and reliability of hourly data.

### **1393.1**

All text from the former section 1394.1 was moved to the new section labeled 1393.1. This change was necessary to improve the clarity and organization of the regulations and relocate the provisions for a retailer suppliers' disclosure responsibilities closer to the provisions for their annual submission responsibilities in section 1393.

#### **1393.1(a)**

An amendment in this subdivision replaces the word "specified" with "provided." The specific purpose of this amendment is to improve the clarity of the regulations.

This change is necessary to avoid confusion and limit the use of the term "specified" to the technical description of the electricity resources that are the subject of this program.

An additional amendment changes the requirement for retail suppliers to disclose GHG emissions intensities based on their "generation and procurement" to just "procurement."

This change is necessary to improve clarity because requiring disclosures based on "generation and procurement" is redundant.

#### **1393.1(a)(1)**

The specific purpose of an amendments to this subdivision is to rename the "annual report" the "annual resource report". This change is necessary to align with the annual submission terminology used in section 1393.

The specific purpose of the additional amendment in this subdivision is to add the requirement that information disclosed on the PCL must be consistent with a retail supplier's total power content.

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<sup>24</sup> [Liberty Utilities](#) (CalPeco Electric) LLC, Comments on Rulemaking to Amend Regulations Governing the Power Source Disclosure Program (February 21, 2024), 1. [PacifiCorp](#), Comments – Rulemaking to Amend Regulations Governing the Power Source Disclosure Program (February 21, 2024), 1.

This provision is necessary because total power content is a new category added to the PCL and the data that comprises it must be accurate and reliable for consumers.

**1393.1(b)(2)**

The specific purpose of the amendments to this subdivision is to specify that retail suppliers must provide PCLs to the CEC and to customers in written promotional materials by the end of the first complete billing cycle for the fourth quarter of the year. The amendments also specify that a retail supplier is required to post the PCL on their website, if it maintains one, by October 1 annually.

These amendments are necessary to incorporate the changes required by AB 242.

**1393.1(c)(1)**

The specific purpose of the first amendment in this subdivision is to add total power content as a category for which fuel mix information must be provided. This amendment is necessary because the fuel mix information associated with a retail supplier's annual loss-adjusted load must be calculated and displayed on the PCL.

The current methodology limits disclosures on the PCL to the power sources and GHG emissions associated with retail sales to customers, disproportionately adjusting out fossil fuel generation used to cover losses or to support a retail supplier's broader electric service operations. The result is a PCL that misrepresents the emissions impact of providing electricity to customers and excludes information about generation that ratepayers are billed for each month. California consumers and policy makers have a fundamental interest in all power sources and GHG emissions attributable to retail electricity service. But they lack the context to know that the current PCL is only a partial disclosure—a misinterpretation compounded by the fact that the state's power mix numbers displayed on the label are a full accounting of in-state generation and imported electricity, including losses. A comprehensive disclosure of retail suppliers' electricity sources is necessary to meet the PSD program's guiding statutory principles to provide consumers with information that is accurate, reliable, and simple to understand.<sup>25</sup>

A further amendment removes the requirement for fuel mix percentages to be rounded to the nearest tenth. Removing this provision is necessary to provide the PSD program the flexibility to determine how best to display the fuel mix percentages to ensure the PCL is simple to understand.

**1393.1(c)(1)(A)-(G) and 1393.1(c)(2) (DELETED)**

The specific purpose of deleting these subdivisions, which list the fuel mix categories of disclosed electricity data, is that they have been updated and clarified in the new section 1393.1(c)(1)(A)-(L) below.

Moving these subdivisions is necessary to improve the accuracy and internal consistency of the regulations.

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<sup>25</sup> Clendening and Scavo, [Power Source Disclosure Proposals](#), 16-18.

### **1393.1(c)(1)(A)-(L)**

The specific purpose of updating this subsection, which previously listed the subcategories of eligible renewable resources, is to reflect all fuel types.

This change is necessary to establish the fuel type categories that will be displayed on the PCL.

The list of fuel types includes several category changes. Renewable resources are no longer listed as subcategories of “Eligible Renewables.” This change is necessary to better reflect California’s SB 100 goals to meet 100 percent of retail sales and state agency loads with renewable and zero-carbon resources by 2045.

The category of “biomass and biowaste” was changed to “biomass and biogas.” As noted in section 1391.1(b)(3)(C)(1)(a), this change is necessary to improve the clarity of this eligible renewable category, better reflect RPS categorization of biogenic fuels, and improve consumer awareness that this category of eligible renewables includes both solid biomass and biogenic gases.

The category of “eligible hydroelectric” was changed to “small hydroelectric.” This change is necessary to improve clarity; because the broader category of Eligible Renewables was removed, the term “eligible hydroelectric” is less clear to consumers.

Coal and petroleum were combined into one category. This change is necessary to simplify the PCL and capture the small amount of electricity generation met by these fossil fuels.

Finally, unspecified power is now categorized as “primarily fossil fuels.” This change is necessary to reflect the fact that fossil fuels are the primary source of generation used to meet unspecified power (see the unspecified power definition in section 1391).

### **1393.1(c)(2)(A)-(B)**

The specific purpose of this subdivision is to explain that the fuel mix categories listed in the previous subdivision shall also be organized and displayed on the PCL in one of two categories: renewables and zero-carbon resources; or fossil fuels and unspecified power.

This update is necessary to allow the fuel types to be categorized together in a way that is simple to understand for consumers, while providing a clear visual for assessing and tracking decarbonization progress from retail suppliers and the state as a whole.

### **1393.1(c)(3)**

The specific purpose of an amendment in this subdivision is to require calculation of the GHG intensity of total power content.

This amendment is necessary for the PCL to convey the emissions impact of retail suppliers' annual loss-adjusted load.

An additional amendment replaces the term "specified" with "provided."

This change was necessary to improve the clarity of the regulations and limit the use of the term "specified" to the technical description of the electricity resources that are the subject of this program.

The location of the GHG emissions intensity calculation methodology was updated to section 1392(b).

This change was necessary to ensure the accuracy and internal consistency of the regulations.

Finally, an amendment removes the requirement for GHG emissions intensities on the PCL to be displayed graphically in a bar chart. Removing this provision provides the PSD program greater flexibility to present the information on the PCL in ways that are simple to understand.

#### **1393.1(c)(5) (DELETED)**

The specific purpose of deleting this subdivision, which required displaying the percentage of unbundled RECs retired in association with each electricity portfolio, is because this requirement is now contained in section 1393.1(l)(1).

This change is necessary to ensure the accuracy and internal consistency of the regulations.

#### **1393.1(d)(1)**

The specific purpose of this subdivision is to provide that geothermal emissions and biogenic CO<sub>2</sub> will not be included in the GHG emissions intensities displayed on the PCL. Biogenic CO<sub>2</sub> is already excluded from the PCL as a result of the AB 1110 rulemaking. In October 2023 numerous publicly owned utilities requested that the CEC also exclude geothermal GHG emissions from the label. These utilities argued that geothermal emissions are not targeted for decarbonization because they do not have a compliance obligation under CARB's Cap-and-Trade program; displaying these emissions on the PCL, they contended, could misalign the label with the state's broader clean energy goals, confuse customers, and hinder efforts to displace fossil fuels.<sup>26</sup> The CEC's primary justification for excluding biogenic CO<sub>2</sub> from the PCL during the AB 1110 rulemaking was that these emissions are typically attributed to land use or forestry sectors in GHG accounting systems<sup>27</sup>; however, a further justification is that biogenic CO<sub>2</sub> is also not subject to Cap-and-Trade compliance. Excluding both biogenic and

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<sup>26</sup> See footnote 4.

<sup>27</sup> AB 1110 Rulemaking [Initial Statement of Reasons](#), 20-21.



geothermal emissions from the PCL is necessary to bring the treatment of GHG emissions into closer alignment with Cap-and-Trade.<sup>28</sup>

This exclusion for biogenic and geothermal emissions is limited to the GHG emissions intensities displayed on the PCL. As noted in section 1393.1(l)(3), information about all GHG emissions associated with retail suppliers' electricity purchases, including from biogenic and geothermal sources, will be reported in the retail supplier's Annual Resource Report to the CEC and made available on the CEC's website. The PSD program will thus align its treatment of GHG emissions with CARB in two ways: the GHG emissions intensities on the PCL will align with Cap-and-Trade compliance, while information about all GHG emissions reported to the PSD program and subject to MRR will be made available on the CEC's website.

**1393.1(d)(2)(A)-(B)(i)-(iii)**

The specific purpose of adding these subdivisions, which were previously found in section 1393(d)(1)(A)-(B)(i)-(iii)-, is that they apply specifically to the treatment of eligible firmed-and-shaped resources with GHG emissions exclusions on the PCL.

Moving and renumbering these subdivisions is necessary to incorporate GHG emissions exclusions into a single section in the regulations, improving the clarity and organization of the regulations.

An amendment to section 1392(b)(6) states that excluded GHG emissions from eligible firmed-and-shaped resources will not be included in the GHG emissions intensities on the PCL. This provision is necessary to explain the scope of emissions exclusions. Although GHG emissions from eligible firmed-and-shaped resources will not be displayed on the PCL provided to consumers, they must still be reported to the PSD program in the Annual Resource Report. As stated in section 1393.1(l)(3), a footnote on the PCL will link to information about all reported GHG emissions.

**1393.1(d)(3)(A)-(C)**

The specific purpose of moving these subdivisions from the former section 1393(d)(2)(A)-(C) to section 1393.1 is to improve the organization of the regulations.

This change is necessary because these subdivisions detailing GHG emissions exclusions of for locally publicly owned utilities were previously found in the former section 1393 entitled "Accounting Methodology." Moving these provisions to the updated section 1393.1, "Retail Disclosure to Consumers," under subsection (d), "GHG emissions exclusions," improves the organization and clarity of the regulations.

**1393.1(e)**

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

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<sup>28</sup> [17 CCR § 95852.2\(a-b\)](#)



This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(f)**

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(g)**

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(h)**

The specific purpose of this subdivision is to clarify the timeframe in which a new community choice aggregator is required to begin reporting the GHG emission intensity of its electricity portfolio. The amendments to this subdivision align the regulatory language with [PUC Section 398.4\(k\)\(2\)\(F\)\(ii\)](#) to prevent misinterpretation of the provision's intent. The previous regulatory language could have been read to allow initial reporting to begin after the statutorily-imposed deadline of 36 months from serving the first retail customer.

The amendments are necessary to clarify this potential ambiguity and are consistent with a regulatory advisory that CEC staff issued in March 2021.<sup>29</sup>

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(i)**

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(j)**

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<sup>29</sup> Regulatory Advisory: [Clarification of Power Source Disclosure Reporting Requirements](#), March 25, 2021.

The specific purpose of an amendment in this subdivision is to explain that the CEC may either provide retail suppliers with a PCL template for generating their own PCLs (which is the current practice) or may generate PCLs on behalf of each retail suppliers. As noted in in the statement of purpose and necessity for section 1394(a)(2), annual resource reports contain the fuel mix and GHG emissions intensity data that populate the PCL, which is why that section removes the redundant requirement for the PCL to be attested to separately from annual resource reports.

Allowing the CEC to generate PCLs on behalf of retail suppliers is a further necessary step to ease reporting burdens and simplify reporting requirements.

An additional amendment states that the PCL label may display some data graphically, including but not limited to the information provided under section 1393.1(c).

This provision is necessary to provide the PSD program the flexibility to ensure the PCL is simple for consumers to understand with the inclusion of graphics about retail suppliers' GHG emissions intensities, fuel mixes, or other information relevant to consumers.

Finally, the amendments to this subdivision include necessary renumbering to ensure the accurate ordering of provisions and the internal consistency of the regulations.

#### **1393.1(k)**

The specific purpose of an amendment to this subdivision is to establish a new deadline for retail suppliers to submit additional information about the sources of their unbundled RECs for potential inclusion on the PCL. Previously, retail suppliers were required to submit this information by May 1 of each year.

The updated deadline of June 1 is necessary to provide more time for retail suppliers to draft proposed language and simplifies reporting requirements by allowing proposed language to be submitted at the same time as annual reports.

Further amendments update the deadline from June 15 to July 1 for the submitted language to be reviewed while stating that CEC staff generally, not specifically the CEC's Executive Director, will determine if proposed language is limited to information about the sources of unbundled RECs and does not conflict with the CEC's GHG emissions intensity. Allowing staff to make this determination is consistent with staff's administrative responsibilities to review PCL fuel mixes and GHG intensities, and this change is necessary to enable a faster review for retail suppliers to incorporate accepted language onto their PCLs; the time period between submittals and CEC responses will be shortened in the regulations from 45 days to one month.

Finally, the amendments to this subdivision include necessary renumbering to ensure the accurate ordering of provisions and the internal consistency of the regulations.

#### **1393.1(l)**

The specific purpose of renumbering this subdivision is to account for updated text in section 1393.1.

This change is necessary to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(m)(1)**

The specific purpose of amending this subdivision is to update the explanation of unbundled RECs on the PCL and to display the percentages of unbundled RECs retired in association with each electricity portfolio. While unbundled RECs may be used for RPS compliance purposes, they are not reflected in the fuel mix or GHG emissions intensities on the PCL. The proposed footnote language explains that the figures on the PCL do not reflect RPS compliance, which was previously stated in a separate footnote. Unbundled REC percentages, which are required to be disclosed on the PCL, were previously displayed directly under the fuel mix percentages.

The updated language and location of information about unbundled RECs are necessary to improve the clarity of the PCL.

Finally, the amendments to this subdivision include necessary renumbering to ensure the accurate ordering of provisions and the internal consistency of the regulations.

**1393.1(m)(2)**

The specific purpose of this subdivision is to update the language in the second footnote displayed on the PCL. Previously, this footnote explained that the eligible renewable percentages on the label did not reflect RPS compliance; similar information is now contained in footnote one, as explained in section 1393.1(m)(1). This updated footnote explains that the category of total power content includes all retail sales, other end uses supporting retail service, and associated energy losses.

This update is necessary to explain the new category of “total power content” to consumers and to contextualize the power sources and GHG emissions information associated with a retail supplier’s total power content.

**1393.1(m)(3)**

This footnote previously explained that unspecified power was not traceable to a specified generation source. This specific purpose of changing this footnote is that unspecified power is now labeled on the PCL as “primarily fossil fuels,” which provides consumers a better understanding of the energy sources associated with unspecified power.

The updated footnote in this subdivision explains that GHG emissions intensities on the PCL do not include biogenic CO<sub>2</sub> emissions or emissions from geothermal sources, which is necessary for consumers to understand the GHG information displayed on the PCL. A link to information about all reported GHG emissions will be provided to ensure

consumers have access to comprehensive GHG emissions data associated with their retail suppliers.

This footnote is necessary to provide consumers with accurate and reliable information about the GHG emissions displayed on the PCL and reported to the PSD program.

#### **1394. Auditing and Verification**

Text from the former section 1394.2 was renumbered as section 1394. This change was necessary to devote the entire section to auditing and verification and improve the clarity and organization of the regulations.

#### **1394(a)(1)**

The specific purpose of the amendment in this this subdivision is to rename the “annual report” the “annual resource report.”

This change is necessary to align with the annual submission terminology in section 1393.

#### **1394(a)(1)(B)**

The specific purpose of the amendment in this subdivision is to replace the phrase “specified under” with “provided in.”

This change is necessary to improve the clarity of the regulations and limit the use of the term “specified” to the technical description of the electricity resources that are the subject of this program.

#### **1394(a)(2)**

The specific purpose of the amendment to this subdivision is to rename the “annual report” the “annual resource report.”

This change is necessary to align with the annual submission terminology in section 1393.

An additional amendment removes the requirement for a public agency’s board of directors to attest to the PCL, thereby only requiring the board to attest to the veracity of the data contained in the public agency’s annual reports.

Requiring a public agency’s board of directors to attest to both the annual reports and the PCL is redundant and unnecessary. Annual reports contain the fuel mix and emissions intensity data that populate the PCL, and section 1393(a)(1) requires the PCL to be consistent with the annual report. An attestation that the annual reports are accurate means that the information that will be displayed on the PCL has also been verified for accuracy. Additionally, attestations must occur at public meetings, which are held on a fixed schedule, and retail suppliers have found it difficult to complete the timely attestation of the PCL before it must be shared with their customers. Removing

this second, redundant attestation is necessary to reduce the reporting burden and to help public agencies meet the October 1 attestation deadline.

**1394(b)(1)**

The specific purpose of the amendment in this subdivision is to rename the “annual report” the “annual resource report.”

This change is necessary to align with the annual submission terminology in section 1393.

**1394(b)(1)(A)**

The specific purpose of amendments in this subdivision is to rename the “annual report” the “annual resource report.”

This change is necessary to align with the annual submission terminology in section 1393.

A further amendment adds the requirement that an auditor must verify that a retail supplier’s loss-adjusted load information is accurately reflected in its annual report.

This change is necessary to ensure that the new reporting requirement to disclose annual loss-adjusted load information produces accurate and reliable data.

**1394(b)(1)(B)**

The specific purpose of the amendment in this subdivision is to replace “Schedule 1” with “the annual resource report.” Schedule 1 is the current Excel tab of the PSD annual report template for collecting data about power sources and GHG emissions.

This change is necessary because the more general requirement to verify the accuracy of electricity purchases on the annual resource report clarifies the audit guidance and ensures that any future changes to the structure of the reporting template itself do not hinder the accurate auditing of reported data.

An additional amendment requires auditors to agree the megawatt hours, rather than kilowatt hours, of reported data. This change is necessary to improve the clarity of the regulations and avoid confusion about the unit of energy used in reported and audited data.

**1394(b)(1)(B)(1)**

The specific purpose of the amendment in this subdivision is to replace “Schedule 1” with “the annual resource report.” Schedule 1 is the current Excel tab of the PSD annual report template for collecting data about power sources and GHG emissions.

This change is necessary because the more general requirement to verify the accuracy of electricity purchases on the annual resource report clarifies audit guidance and

ensures that any future changes to the structure of the reporting template itself do not hinder the accurate auditing of reported data.

An additional amendment requires auditors to agree the megawatt hours, rather than kilowatt hours, of reported data. This change is necessary to improve the clarity of the regulations and avoid confusion about the unit of energy used in reported and audited data.

**1394(b)(1)(B)(2)**

The specific purpose of the amendment to this subdivision is to require auditors to agree the megawatt hours, rather than kilowatt hours, of reported data.

This change is necessary to improve the clarity of the regulations and avoid confusion about the unit of energy used in reported and audited data.

**1394(b)(1)(B)(3)**

The specific purpose of the amendment in this subdivision is to replace “Schedule 1” with “the annual resource report.” Schedule 1 is the current Excel tab of the PSD annual report template for collecting data about power sources and GHG emissions.

This change is necessary because the more general requirement to verify the accuracy of electricity purchases on the annual resource report clarifies the audit guidance and ensures that any future changes to the structure of the reporting template itself do not hinder the accurate auditing of reported data.

**1394(b)(1)(B)(4)**

The specific purpose of the amendment in this subdivision replaces “Schedule 2” with “the annual resource report.” Schedule 2 is the current Excel tab of the PSD annual report template for collecting data about retired unbundled RECs.

This change is necessary because the more general requirement to verify the accuracy of retired unbundled RECs on the annual resource report clarifies the audit guidance and ensures that any future changes to the structure of the reporting template itself do not hinder the accurate auditing of reporting data.

This subdivision further clarifies that an auditor must verify that the reported unbundled RECs associated with an electricity portfolio were retired “during the previous calendar year” rather than “within the reporting year.” Retail suppliers annually report to the PSD program their power source and emissions data from the previous calendar year; unbundled RECs cannot be retired during the year in which annual reports are submitted. This change reflects the amendments in section 1393(b)(2)(A) and is necessary for the information reported to the CEC to be accurate and reliable. It also aligns the PSD unbundled REC reporting requirements with prevailing industry practices and the schedule in which the Western Renewable Energy Generation Information System (WREGIS) issues RECs. Finally, RECs must be denoted in megawatt hours, rather than kilowatt hours, because a REC represents the generation of one megawatt

hour of renewable energy. Megawatt hours is also the proper scale of units for consistency with regulatory agency and industry standards for retail electricity accounting.

**1394(b)(1)(C)**

The specific purpose of the amendment in this subdivision is to update the location of information associated with excluded emissions to section 1392(b)(6).

This change is necessary to ensure the accuracy and clarity of the regulations.

**(1394)(b)(2) (DELETED)**

The specific purpose of deleting this subdivision is because the requirement for auditors to compare the information on the PCL to annual reports is unnecessary—section 1393(a)(1) already requires a retail supplier’s PCL to be consistent with its annual resource report and confirming this is a simple task for staff during verification procedures. Furthermore, section 1393.1(i) states that the CEC may eventually generate PCLs on behalf of retail suppliers, which would eliminate even that simple verification step.

Deleting this subdivision is necessary to limit a retail supplier’s reporting and auditing burden.

**ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

The economic impact assessment was performed pursuant to Government § 11346.2(b)(2) and is included as Appendix A.

The following table summarizes the costs and benefits across the proposed power source disclosure regulations for the first three fiscal years of the reporting implementation. Benefits from streamlining and modernizing reporting processes, while not large, are broadly felt across stakeholders.

**Table 1. Summary of Costs and Benefits for Proposed Regulations**

Proposed Regulatory Sections	Fiscal Year		
	2027/28	2028/29	2029/30
<b>Section 1391 Definitions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
<b>Section 1391.1 General Disclosure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0

State Costs	\$0	\$0	\$0
<b>Section 1392 Accounting Methodology</b>	<b>\$17,441</b>	<b>\$97,694</b>	<b>\$109,747</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$17,441	\$97,694	\$109,747
<b>Section 1393 Annual Submission to the Energy Commission</b>	<b>\$1,659</b>	<b>\$209,597</b>	<b>\$273,732</b>
Private Obligated Party Costs	\$0	\$7,811	\$15,857
Public Obligated Party Costs	\$0	\$52,076	\$105,715
State Costs	\$1,659	\$149,709	\$152,160
Public Obligated Party Benefits	\$10,296	\$10,794	\$11,317
<b>Section 1394.1 Retail Disclosure to Consumers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
Obligated Party Benefits	\$0	\$0	\$0
<b>Section 1394 Auditing and Verification</b>	<b>\$12,862</b>	<b>\$12,862</b>	<b>\$12,862</b>
Private Obligated Party Costs	\$12,862	\$12,862	\$12,862
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
Private Obligated Party Benefits	\$16,077	\$16,077	\$16,077
<b>Total Costs</b>	<b>\$31,962</b>	<b>\$320,152</b>	<b>\$396,341</b>
<b>Total Benefits</b>	<b>\$26,373</b>	<b>\$26,871</b>	<b>\$27,394</b>

Most of the costs associated with the implementation of AB 1158 are statutory in nature, amounting to 97 percent of all costs in Fiscal Year 2028/29. Streamlining of reporting and data collection processes reduces associated work.

**Table 2. Summary of Statutory Costs for Proposed Regulations**

Proposed Regulatory Sections	Fiscal Year		
	2026/27	2027/28	2028/29
Section 1392 Accounting Methodology	\$5,011	\$101,461	\$110,364
Section 1393 Annual Submission to the Energy Commission	\$1,659	\$209,597	\$273,732
<b>Total Estimated Fiscal Year Statutory Costs</b>	<b>\$6,670</b>	<b>\$311,059</b>	<b>\$384,096</b>
<b>Total Costs</b>	<b>\$19,532</b>	<b>\$323,920</b>	<b>\$396,958</b>
<b>Percent of Cost that is Statutory</b>	<b>34%</b>	<b>96%</b>	<b>97%</b>



The proposed regulations impact businesses in the utility or power transmission industry as reporting entities subject to the regulations. Government Code § 11342.610 defines small businesses in the utility or power transmission industry as entities that transmit fewer than 4.5 million kilowatt-hours of electricity. No reporting entity under the Power Source Disclosure program fits this definition. Consequently, CEC staff has concluded that the proposed regulations have no effect on small businesses.

The proposed regulations will not result in the creation or elimination of any jobs within California. Existing businesses and staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory changes will not expand any existing businesses doing business in California and there will be no direct benefits of the definitions to the health and welfare of California residents, to worker safety, or to the state's environment.

#### **TECHNICAL, THEORETICAL, OR EMPIRICAL STUDIES, REPORTS, OR SIMILAR DOCUMENTS RELIED UPON.**

- *2021 SB 100 Joint Agency Report. Achieving 100 Percent Clean Electricity in California: An Initial Assessment.* CEC-200-2021-001. March 2021.  
<https://efiling.energy.ca.gov/EFiling/GetFile.aspx?tn=237167&DocumentContentId=70349>
- California Air Resources Board. *Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, Final Statement of Reasons.* December 2018.  
[https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/ghg2018/fsor.pdf?\\_ga=2.105718215.572968471.1692046886-892575215.1674589897](https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/ghg2018/fsor.pdf?_ga=2.105718215.572968471.1692046886-892575215.1674589897)
- California Air Resources Board. *CA-GREET3.0 Lookup Table Pathways – Technical Support Documentation.* August 13, 2018.  
<https://ww3.arb.ca.gov/fuels/lcfs/ca-greet/lut-doc.pdf>
- California Air Resources Board. *Draft 2022 Scoping Plan Update.* May 10, 2022.  
<https://ww2.arb.ca.gov/sites/default/files/2022-05/2022-draft-sp.pdf>
- California Air Resources Board. *2022 Scoping Plan for Achieving Carbon Neutrality.* December 2022.  
<https://ww2.arb.ca.gov/sites/default/files/2023-04/2022-sp.pdf>
- California Energy Commission. CED Demand Side Modeling. (losses for all planning areas) <https://www.energy.ca.gov/data-reports/california-energy-planning-library/forecasts-and-system-planning/demand-side-1>

- California Energy Commission. *Draft Economic Impact Assessment for Rulemaking to Amend Regulations Governing the Power Source Disclosure Program* (attached as an Appendix).
- California Energy Commission. *Initial Statement of Reasons. Modification of Regulations Governing the Power Source Disclosure Program*. September 2019. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=229688&DocumentContentId=61109>
- California Energy Commission. *Final Statement of Reasons: Modification of Regulations Governing the Power Source Disclosure Program*. May 8, 2020. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=232946-2&DocumentContentId=65394>
- California Public Utilities Commission. Clean System Power Calculator, 25 MMT GHG by 2035. July 15, 2022. [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/csp\\_25mmt.xlsb](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/csp_25mmt.xlsb)
- California Public Utilities Commission. Clean System Power Calculator, 30 MMT GHG by 2035. July 15, 2022. [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/csp\\_30mmt.xlsb](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-ltpp/2022-irp-cycle-events-and-materials/csp_30mmt.xlsb)
- California Public Utilities Commission. Decision 23-12-036. *Decision Conditionally Approving Extended Operations at Diablo Canyon Nuclear Power Plant Pursuant to Senate Bill 846*. December 14, 2023. <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K496/521496276.PDF>
- Clendening, Logan, and Jordan Scavo. 2023. *Power Source Disclosure Proposals on Hourly and Annual Accounting*. California Energy Commission. Publication Number: CEC-200-2023-014. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=252318&DocumentContentId=87332>
- Stephen P. Holland, Matthew J. Kotchen, Erin T. Mansur, and Andrew J. Yates, "Why marginal CO2 emissions are not decreasing for US electricity: Estimates and implications for climate policy," *PNAS* 119:8 (February 2022): 1-11. <https://doi.org/10.1073/pnas.2116632119>

## **CONSIDERATION OF REASONABLE ALTERNATIVES INCLUDING THOSE THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESS**

In preparing the regulations proposed, the CEC considered several alternatives, including the following.

### **Do not include losses and other end uses in the power source and GHG emissions intensity information displayed on the PCL**

The CEC has proposed to display power sources and GHG emissions associated with retail suppliers' annual loss-adjusted load on the PCL through the category of "total power content." Some stakeholders have argued total power content is a useful category to help consumers understand a retail supplier's general power source and emissions profile, but that it should only include information associated with retail sales and not other end uses or losses.<sup>30</sup>

The CEC has found that attempts to reconcile the discrepancy between the PSD program's two layers of disclosure—retail sales to consumers and total electricity purchases—has produced a PCL that does not meet the program's legislative purpose of providing information that is accurate, reliable, and simple to understand. This issue has become more urgent since the PCL began displaying GHG emissions data starting with the 2020 reporting year.<sup>31</sup> By disproportionately excluding fossil fuel generation needed to cover energy losses or to support a utility's operations, the current PCL misrepresents the full emissions impact of providing electric services. Moreover, losses and other end uses are part and parcel to retail electric service; customers have the same vested interest and right to disclosure for these resources as they do for metered consumption because the associated costs (including Cap-and-Trade permit costs) are passed on to ratepayers.<sup>32</sup> Total resource disclosure on the PCL is a crucial and necessary improvement to ensure the label fulfills its legislative purpose to be an accurate, reliable, and simple to understand consumer information tool.

### **Establish transmission and distribution losses for each resource, rather than using a system-wide loss factor**

During pre-rulemaking activities, the CEC initially proposed to assign a distinct loss factor to in-state resources (4 percent) and imported resources (6 percent) based on a ten-year average of loss data reported to the EIA.<sup>33</sup> Some stakeholders requested that the CEC differentiate between resources served at the transmission or distribution level and establish distinct loss factors for each resource type.<sup>34</sup> Finally, some stakeholders requested to report their own loss data, which they contended would be more accurate

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<sup>30</sup> [AReM](#), 2. [CMUA](#), 7-8. [LADWP](#), 7. [SMUD](#), 4. [Turlock](#), 2-3.

<sup>31</sup> SB 1305 established the PSD program in 1997. Until the implementation of AB 1110, the PSD program only received data on power sources and not GHG emissions.

<sup>32</sup> Clendening and Scavo, [Power Source Disclosure Proposals](#), 17-18.

<sup>33</sup> Clendening and Scavo, [Power Source Disclosure Proposals](#), 7-8.

<sup>34</sup> [SFPUC](#), 10-11. [Alliance for Retail Energy Markets](#), Comments on Pre-Rulemaking Amendments to Power Source Disclosure Rules (February 23, 2024), 2.

than a default figure.<sup>35</sup> CEC staff agrees that retail suppliers should have flexibility to provide their own loss data; however, a resource-by-resource approach gives retail suppliers the option to cherry-pick preferential loss averages, creating inconsistency between reporting entities and misaligning with system-wide loss values.

Instead of applying losses directly to resources, the CEC has proposed a systemwide approach which would increase a retail supplier's hourly or annual load to capture transmission and distribution losses. The loss factor for increasing load will be based on a retail supplier's planning area using data from the Integrated Energy Policy Report Demand Forecast. The CEC will allow a retail supplier to use its own reported loss factor if it has substantiating documentation supporting the accuracy of this loss factor. This approach for determining loss-adjusted load simplifies reporting, establishes a consistent method for all retail suppliers, and allows loss factors to be updated annually.

### **Include geothermal emissions on the PCL**

The current PSD program regulations require geothermal emissions to be included in the GHG emissions intensities displayed on the PCL. The CEC considered retaining this approach after publicly owned utilities requested the removal of geothermal emissions from the PCL in their public comments from October 2023. However, to address the issue identified in the problem statement of aligning the PSD program with CARB in a way that is not detrimental to California's broader clean energy goals, the CEC has chosen to align the PCL with the GHG emissions subject to Cap-and-Trade compliance. A footnote on the PCL will direct consumers to additional information about all GHG emissions reported to the PSD program, as retail suppliers will continue to report geothermal emissions in their annual resource report submitted to the CEC.

### **Treat all geothermal resources as zero-carbon under hourly and annual accounting**

The CEC proposes to exclude geothermal emissions from the GHG emissions intensities displayed on the PCL. Some stakeholders have requested that all geothermal resources be treated as zero-carbon under PSD hourly and annual accounting.<sup>36</sup>

The PSD program calculates GHG emissions factors for facilities based on MRR data, and the GHG emissions associated with all electricity purchases must be reported to the program. The exclusion of geothermal emissions from the PCL creates alignment between the label and Cap-and-Trade and acknowledges that the meaning of geothermal GHG emissions is complex and difficult to capture in the limited space of the PCL. However, the CEC will not unilaterally treat all geothermal resources as zero-carbon. Geothermal GHG emissions are accelerated by human activity and attributable to the retail supplier that procured the associated electricity. Furthermore, the purpose of hourly data is to track a retail supplier's GHG emission reduction progress relative to

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<sup>35</sup> See footnote 13.

<sup>36</sup> [CMUA](#), Comments on Revised Pre-Rulemaking Proposed Updates to the Power Source Disclosure Regulations (February 21, 2024), 4. [SMUD](#), Comments on the Pre-Rulemaking Amendments to the Power Source Disclosure Program (February 21, 2024), 6.

sector-wide targets that are based on MRR data and include geothermal emissions. The CEC will continue to calculate geothermal emissions using “the most recent verified greenhouse gas emissions data” to determine a resource’s emissions intensity, as required by [PUC Section 398.4\(k\)\(2\)\(C\)](#). The CEC will also publish information about all reported annual and hourly GHG emissions to its website.

### **Establish parallel treatment of avoided GHG emissions and reported GHG emissions**

SB 1158 establishes a new category of “avoided GHG emissions” under hourly accounting. Some stakeholders have argued that avoided GHG emissions should be allowed to offset hourly GHG emissions<sup>37</sup>; calculated as an avoided emissions intensity similar to a GHG emissions intensity<sup>38</sup>; or displayed on the PCL.<sup>39</sup>

The CEC’s proposed methodology does not allow avoided emissions to reduce a retail supplier’s total GHG emissions because this is an explicit requirement of SB 1158.<sup>40</sup> The CEC will also only publish information about a retail supplier’s annual total of avoided GHG emissions, as required by [PUC Section 398.6\(b\)\(4\)](#); it will not calculate an avoided emissions intensity because this has the potential to convey parity between avoided emissions and actual GHG emissions, which is counter to the intent of SB 1158. Relatedly, avoided GHG emissions will not be displayed on the PCL because this category is not simple to understand for consumers and may be interpreted by consumers as “offsetting” a retail supplier’s actual GHG emissions. Finally, avoided emissions cannot be included on the PCL because data displayed on the PCL is based on annual accounting, while avoided emissions are calculated at the hourly level under a separate methodology.

### **Extend firmed-and-shaped GHG emissions exclusions to hourly accounting**

The AB 1110 rulemaking established a provision allowing eligible firmed-and-shaped resources to have their GHG emissions excluded from the PCL if the contract for these resources was executed before January 1, 2019. This provision was added in recognition that retail suppliers had entered into firmed-and-shaped contracts without knowing that GHG emissions from substitute power would be reported for these resources following AB 1110 adoption.<sup>41</sup>

During pre-rulemaking activities, some stakeholders have argued that the GHG emissions exclusion for these resources should be extended to hourly accounting under

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<sup>37</sup> [Sonoma Clean Power Authority](#), Comments on the Request for Information, Power Source Disclosure (April 17, 2023), 5-7.

<sup>38</sup> [SFPUC](#), 9.

<sup>39</sup> [Ava Community Energy](#), Comments on Revised Pre-Rulemaking Amendments to the Power Source Disclosure Program (February 21, 2024), 5-6.

<sup>40</sup> [PUC section 398.6\(b\)\(2\)](#)

<sup>41</sup> [Initial Statement of Reasons](#), 22-23.

SB 1158.<sup>42</sup> The CEC has chosen to limit this exclusion to information displayed on the PCL. All reported GHG emissions will be calculated under the hourly accounting methodology, and as noted in section 1393.1(l)(3), a link will be provided on the PCL to information about all reported GHG emissions at the annual level. Should the legislature direct the CEC to base PCL information on hourly instead of annual data, then the GHG emissions exclusion of grandfathered firm-and-shaped resources would apply.

### **Classify firm-and-shaped imports by the fuel type of the imported power, not the REC source**

A public comment from February 14, 2024, argued that the PSD program's treatment of firm-and-shaped imports should be updated so that both the fuel type and GHG emissions of firm-and-shaped resources reflect the substitute power imported into California.<sup>43</sup>

Under a firming-and-shaping agreement, a retail supplier buys both the RECs and electricity from an eligible renewable generator. However, cost or transmission constraints prevent this renewable energy from being delivered to a California balancing authority. The purchased RECs are then paired with imported substitute power. Eligible firm-and-shaped imports reported to the PSD program are assigned the fuel type of the purchased REC source, while the GHG emissions intensity of these resources is based on the emissions associated with the imported substitute power (typically unspecified power).<sup>44</sup>

The PSD program's approach to firm-and-shaped resources was established during the AB 1110 rulemaking. It strikes a balance between the renewable energy accounting of the RPS program and the emissions accounting of CARB, and the CEC still considers this an appropriate methodology for bridging these two accounting systems.

### **CAM resources should be apportioned to all benefitting retail suppliers**

The CPUC requires large investor-owned utilities to purchase Cost Allocation Mechanism (CAM) resources to support system reliability needs. Costs are apportioned to the other retail suppliers in that service territory. Under the PSD program regulations, investor-owned utilities are only required to report their proportional share of CAM resources.

During the pre-rulemaking proceedings, some investor-owned utilities argued that other retail suppliers in their service territories should also be required to claim their proportional share of CAM resources.<sup>45</sup> The CEC addressed this issue during the AB 1110 rulemaking and determined that because the other retail suppliers in an investor-

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<sup>42</sup> [CMUA](#), 4-5. [Turlock Irrigation District](#), 1-2. [MSR Public Power Agency](#), Comments on Pre-Rulemaking Proposed Amendments to the Power Source Disclosure Regulation (February 21, 2024), 3.

<sup>43</sup> Jim Phelps, [Comments on 21-OIR-01](#): Proposed Updates to Power Source Disclosure Regulations (February 14, 2024), 1.

<sup>44</sup> AB 1110 Rulemaking [Initial Statement of Reasons](#), 16-19.

<sup>45</sup> [PG&E](#), 2. [SDG&E](#), 1-2.



owned utility's territory do not have a choice in which resources the utility purchased, these retail suppliers are not obligated to claim generation they did not directly procure. The CEC will maintain this methodology, which allows investor-owned utilities to accurately account for their share of specified CAM resources without imposing an additional reporting burden on other retail suppliers.<sup>46</sup>

### **Develop guidance for emerging technologies like green hydrogen and carbon capture at thermal plants**

Public Utilities Code section 398.4(h)(6) authorizes the CEC to specify other fuel type categories and electricity products to include on the PCL. There are several emerging technologies that are not currently reflected in the regulations, including green hydrogen and thermal plants that are retrofitted in carbon capture and sequestration (CCS).

During pre-rulemaking proceedings, some publicly-owned utilities recommended that the CEC provide guidance for such emerging technologies, noting that these technologies will be deployed within a few years.<sup>47</sup>

CEC staff considered this but elected to defer these topics to a later rulemaking. Staff reached this decision because other State programs are still contemplating regulatory guidance for green hydrogen or CCS. The RPS program is developing guidelines for renewable hydrogen but does not expect to have rules in place until next year. MRR and Cap-and-Trade have not stated anything publicly about incorporating CCS, and CARB hasn't completed implementation of the Carbon Capture Recovery Utilization and Storage Program enabled by [SB 905](#). Because of this, CEC staff prefers not to preempt the responsibilities and expertise of our sister programs. There is sufficient time for another rulemaking before these emerging technologies come online.

### **Attribute emissions from hourly oversupply to the original procuring party**

CEC staff initially proposed to attribute all hourly GHG emissions to the party that procured an emitting resource, even if the generation exceeded the retail supplier's hourly energy needs. CEC staff proposed this approach to address the lack of guidance in SB 1158 about the treatment of emissions associated with electricity purchases in excess of loss-adjusted load. Requiring retail suppliers to claim the emissions associated with their oversupply would also ensure that all electricity sector emissions reported at the hourly level would remain accounted for. CEC staff's primary concern was to prevent emissions leakage: unless undersupplied retail suppliers always procured enough unspecified power to cover each hour's quantity of oversupply, some reported GHG emissions would ultimately not become attributable to any retail supplier and "leak" out of SB 1158's hourly accounting methodology.

However, numerous retail suppliers opposed this proposal. Retail suppliers that operate natural gas generators argued these facilities frequently generate not to cover a utility's own energy needs, but rather to meet market demand at the request of a balancing authority or in response to reliability or emergency events. The California Municipal

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<sup>46</sup> AB 1110 Rulemaking [Initial Statement of Reasons](#), 44-45.

<sup>47</sup> See [CMUA comments, 2/21/24](#)

Utilities Association and Pacific Gas and Electric both cited legislative analysis which found that SB 1158 intended to address the PSD “annual methodology’s failure to capture reliance on unspecified power by retail suppliers during many hours of the year (much of which is primarily produced by fossil fuel generation).”<sup>48</sup> In contrast, CEC staff’s initial proposal would have benefitted undersupplied utilities reliant on marginal fossil generation while disadvantaging retail suppliers that operate natural gas facilities to support external demand and grid reliability.

Consequently, the CEC has updated sections 1392(b)(4) and 1392(c)(1) to state that emissions from oversupplied resources at both the annual and hourly levels will be removed from a retail supplier’s specified purchases, except for emissions associated with purchases of electricity generated from coal. Emissions from oversupply will be factored into calculations for the annual or hourly unspecified power emissions factor. This change will allow a retail supplier to remove specified purchases of natural gas and its associated GHG emissions from its inventory during periods of oversupply.

After further analysis, the CEC does not anticipate emissions leakage to be a significant problem with its hourly methodology. Unspecified imports and in-state natural gas facilities (as comments from the retail suppliers that operate these facilities noted) run to meet marginal demand, so the CEC expects that most of these GHG emissions will be claimed on an hourly basis from undersupplied retail suppliers. The CEC will be able to determine the total GHG emissions reported by all retail suppliers based on the resource reports submitted annually. If there are GHG emissions that ultimately are not attributable to any entity, the CEC may publish information about the emissions to ensure that it provides a complete picture of the GHG impact of the retail electricity sector.

### **Do not use CARB’s default emissions factor for unspecified power**

Hourly and annual accounting require establishing an hourly emissions factor for the system power purchases of undersupplied utilities (those that did not procure enough specified resources to meet their loss-adjusted load). The PSD program’s current annual methodology assigns all unspecified power the default emissions factor used under MRR. During pre-rulemaking proceedings, CEC staff proposed to assign this default emissions factor to both unspecified imports and unclaimed in-state natural gas generation. After public comments arguing that the PSD program should use more complete data to calculate this hourly default emissions factor, the CEC updated its methodology. Instead of being assigned a default emissions factor, emissions from unclaimed in-state natural gas will be calculated based on California ISO generation data and MRR emissions data; this method will also be applied to annual accounting. Only unspecified imports will be assigned the MRR default emissions factor under the proposed regulations, which is appropriate because the default factor under MRR only applies to unspecified imports.<sup>49</sup>

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<sup>48</sup> SB 1158 (Becker), [Assembly Committee on Natural Resources](#), (June 27, 2022), 4.

<sup>49</sup> CARB does not need an estimated emissions factor for unspecified in-state resources because it measures all in-state emissions at the generation source. At the retail level, some of



However, some stakeholders have requested that the PSD program discontinue using the MRR default emissions factor entirely, stating that it is outdated and inaccurate. According to CARB’s reevaluation of the figure in 2018, “the emission factor is still an appropriate approximation of the emissions rate associated with power plants on the margin of western electricity markets.” As a *marginal* generation rate for importing resources, the default emissions factor calculation only considers importing facilities that can generate additional energy in response to marginal demand. Renewable and large hydroelectric resources are excluded, as are cogeneration facilities and fossil fuel plants with a capacity factor greater than 60 percent. According to CARB’s analysis: “The resulting unspecified source emissions factor is similar to the emission factor from an average single-cycle [sic] natural gas power plant... While increases in renewables and decreases in coal-fired electricity generation have meant that the emissions intensity of generation in the WECC has decreased since the original analysis was performed, marginal generation resources are still broadly similar.”<sup>50</sup> A 2022 study of both regional and US marginal emissions rates confirms these have not declined.<sup>51</sup>

Alignment with CARB’s GHG accounting practices is a key consideration in this rulemaking. Consequently, the CEC will continue to use the MRR default emissions factor. However, the CEC will apply this factor more precisely to only unspecified imports in the unspecified power calculation, rather than to all unspecified purchases. This approach improves the accuracy of PSD data and aligns the program’s accounting systems more closely with CARB.

### **Do not classify unspecified power as “primarily fossil fuels” on the PCL**

The CEC has proposed to better contextualize unspecified power on the PCL by describing it as derived from “primarily fossil fuels.” Some stakeholders have argued that the CEC should not categorize unspecified power as primarily fossil fuels because at certain times unspecified power may contain renewable or zero-carbon resources.<sup>52</sup>

The CEC will calculate hourly and annual unspecified power emissions factors based on three data points: unspecified imports (assigned a default emissions factor similar to a simple cycle natural gas plant), unclaimed in-state natural gas, and oversupply.

The CEC has determined that providing more context about the sources of unspecified power is critical to ensure that the PCL is accurate, reliable, and simple to understand for consumers. Some clean energy may feed into unspecified power, but

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this generation may be sold on the spot market and thus be reported to the PSD program as unspecified power.

<sup>50</sup> Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, [Final Statement of Reasons](#) (December 2018), 38-39.

<sup>51</sup> Stephen P. Holland, Matthew J. Kotchen, Erin T. Mansur, and Andrew J. Yates, “Why marginal CO<sub>2</sub> emissions are not decreasing for US electricity: Estimates and implications for climate policy,” *PNAS* 119:8 (February 2022): 1-11.

<https://doi.org/10.1073/pnas.2116632119>

<sup>52</sup> [SMUD](#), 4-5. [CMUA](#), 9. [SVCE & 3CE](#), 3.

overwhelmingly unspecified power will be derived from in-state or imported fossil fuel generation. The PCL is required to display the percentage of unspecified power a retail supplier purchased, but without context this category is inherently obscure to consumers. Providing basic insight into the category of unspecified power is necessary to improve the PCL as a consumer information tool.

## **SPECIFIC TECHNOLOGIES OR EQUIPMENT**

The proposed regulations pertain only to data reporting requirements. The proposed regulations do not mandate the use of specific technologies, equipment, or other prescriptive standards.

## **EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT AFFECTING BUSINESS**

The CEC has made an initial determination that the proposed regulations will not have a statewide adverse economic impact directly affecting business. The proposed regulations pertain to data reporting and disclosure requirements for load-serving entities, and the associated costs to investor-owned utilities and electric service providers are administrative.

Electricity procurement is determined by several factors, including regulatory compliance, consumer perceptions and demand, reliability and other system needs, and resource costs. The proposed regulations will not change which resources can be marketed to consumers or how retail electricity portfolios can be assembled. Because of this, the proposed regulations are unlikely to cause changes in procurement by investor-owned utilities and electric service providers. Indeed, many integrated resource plan (IRP) filings have already adopted these plans in detail and highlight the fact that SB 1158 implementation will have minimal impact on electricity procurement.

The proposed changes to the Power Source Disclosure program are informational in nature and are meant to reflect procurement decisions made by the retail supplier during the prior year. The costs associated with these changes reflect added administrative burdens. Full implementation of the new hourly data reporting and auditing requirements in 2028/29 will result in \$28,719 in annual statewide cost impacts to businesses; simplified record retention requirements will result in \$16,077 in annual statewide savings to businesses. Most of the costs associated with the implementation of AB 1158 are statutory in nature, amounting to 97 percent of all costs in Fiscal Year 2028/29.

The three large investor-owned utilities (Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric) are the only businesses required to report hourly data that is not approximated under the proposed regulations. Full implementation in 2028-29 for these three entities will result in an average annual net cost of \$5,963. The costs upon the three large investor-owned utilities can be recovered through ratepayer fees; spread across millions of customer accounts, the small costs identified above represent a negligible impact to ratepayers' monthly utility bills.

## **DUPLICATION OR CONFLICTS WITH FEDERAL REGULATIONS**

The proposed regulations pertain to retail-level resource accounting and marketing, including associated GHG emissions. The Code of Federal Regulations does not contain requirements for retail electricity suppliers to disclose their electricity sources and associated GHG emissions to consumers. The CEC has concluded that proposed modifications will not cause unnecessary duplication or any conflicts with federal regulations contained in the Code of Federal Regulations that address the same issues.

## **LIST OF ABBREVIATIONS**

AB – Assembly Bill  
CAM – Cost Allocation Mechanism  
CARB – California Air Resources Board  
CEC – California Energy Commission  
CPUC – California Public Utilities Commission  
EIA – Energy Information Administration  
GHG – greenhouse gas  
IRP – Integrated Resource Plan/Planning  
ISO – Independent System Operator  
MT CO<sub>2</sub>e/MWh - metric tons of carbon dioxide equivalent per megawatt hour  
MRR – Mandatory Greenhouse Gas Reporting Regulation  
PCIA – Power Charge Indifference Adjustment  
PCL – power content label  
PSD – Power Source Disclosure  
PUC – Public Utilities Code  
REC – renewable energy credit  
RPS – Renewables Portfolio Standard  
SB – Senate Bill  
VAMO – Voluntary Allocation and Market Offer

## APPENDIX A

# Draft Economic Impact Assessment for Rulemaking to Amend Regulations Governing the Power Source Disclosure Program

### Proposed Regulations

The proposed Rulemaking to Amend Regulations Governing the Power Source Disclosure Program will implement the disclosure and reporting requirements established in Article 14 (commencing with section 398.1) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code. The current proposed regulatory language amends California Code of Regulations Title 20, Div. 2, Chapter 3, Art. 5, Sections 1391, 1391.1, 1392, 1393, 1393.1, and 1394. The existing Power Source Disclosure (PSD) Program provides information to electricity consumers about the source of the electricity they are purchasing, particularly important for marketed electricity products that highlight environmental claims. Current power source disclosure regulations require electric retail providers to annually report electricity generation sources to the California Energy Commission (CEC) and to provide a clear electricity content label to consumers.

The proposed regulatory language amends the regulations to report hourly procurements, total seller procurements, and include the total power content and GHG emissions associated with delivered electricity on the customer Power Content Label (PCL). The proposed rulemaking implements two recent pieces of legislation which modified the PSD program. Assembly Bill (AB) 242 (Holden, Chapter 228, Statutes of 2021) established annual deadlines for retail suppliers to post and distribute their PCLs to customers. Senate Bill (SB) 1158 (Becker, Chapter 367, Statutes of 2022) requires the reporting of hourly data to the CEC starting in 2028.

Regulatory changes also include clarifications to the Accounting Methodology, Section 1392, previously Section 1393, which simplifies the language, adds loss-adjusted loads, and expands the accounting methodology for calculating GHG emissions to include hourly emissions. The methodology includes general accounting provisions, annual accounting, and hourly accounting.

## Summary of Cost Impacts and Benefits

The following table summarizes the costs and benefits across the proposed power source disclosure regulations for the first three fiscal years of the reporting implementation. Benefits from streamlining and modernizing reporting processes, while not large, are broadly felt across stakeholders.

**Table 1. Summary of Costs and Benefits for Proposed Regulations**

Proposed Regulatory Sections	Fiscal Year		
	2027/28	2028/29	2029/30
<b>Section 1391 Definitions</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
<b>Section 1391.1 General Disclosure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
<b>Section 1392 Accounting Methodology</b>	<b>\$17,441</b>	<b>\$97,694</b>	<b>\$109,747</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$17,441	\$97,694	\$109,747
<b>Section 1393 Annual Submission to the Energy Commission</b>	<b>\$1,659</b>	<b>\$209,597</b>	<b>\$273,732</b>
Private Obligated Party Costs	\$0	\$7,811	\$15,857
Public Obligated Party Costs	\$0	\$52,076	\$105,715
State Costs	\$1,659	\$149,709	\$152,160
Public Obligated Party Benefits	\$10,296	\$10,794	\$11,317
<b>Section 1394.1 Retail Disclosure to Consumers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Private Obligated Party Costs	\$0	\$0	\$0
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
Obligated Party Benefits	\$0	\$0	\$0
<b>Section 1394 Auditing and Verification</b>	<b>\$12,862</b>	<b>\$12,862</b>	<b>\$12,862</b>
Private Obligated Party Costs	\$12,862	\$12,862	\$12,862
Public Obligated Party Costs	\$0	\$0	\$0
State Costs	\$0	\$0	\$0
Private Obligated Party Benefits	\$16,077	\$16,077	\$16,077
<b>Total Costs</b>	<b>\$31,962</b>	<b>\$320,152</b>	<b>\$396,341</b>
<b>Total Benefits</b>	<b>\$26,373</b>	<b>\$26,871</b>	<b>\$27,394</b>

Most of the costs associated with the implementation of AB 1158 are statutory in nature, amounting to 97 percent of all costs in Fiscal Year 2028/29. Streamlining of reporting and data collection processes reduces associated work.

**Table 2. Summary of Statutory Costs for Proposed Regulations**

Proposed Regulatory Sections	Fiscal Year		
	2026/27	2027/28	2028/29
Section 1392 Accounting Methodology	\$5,011	\$101,461	\$110,364
Section 1393 Annual Submission to the Energy Commission	\$1,659	\$209,597	\$273,732
<b>Total Estimated Fiscal Year Statutory Costs</b>	<b>\$6,670</b>	<b>\$311,059</b>	<b>\$384,096</b>
<b>Total Costs</b>	<b>\$19,532</b>	<b>\$323,920</b>	<b>\$396,958</b>
<b>Percent of Cost that is Statutory</b>	<b>34%</b>	<b>96%</b>	<b>97%</b>

### Summary of Analytical Approach and Assumptions

The current analytical approach discusses three areas of potential direct and indirect impacts, including benefits: administrative, customer response, and procurement changes. Each of these is discussed separately and will be appropriately combined to arrive at the final fiscal costs and benefits.

#### Direct Costs

The power source disclosure (PSD) regulations were developed to provide California consumers electricity product details. The regulations do not require any changes to procurement by retail electricity suppliers. Renewable and zero carbon procurement requirements are directly influenced by other legislation such as SB 100 (Stats. 2018, ch. 312, §§ 1 – 6) which increased renewable procurement requirements to 60% of retail sales by 2030 and set a state planning goal of 100% zero carbon resources by 2045 and SB 1020 (Stats. 2022, ch.361, §§1 – 10) which set interim renewable and zero-carbon targets to 90% by 2035 and 95% by 2040. Consumer power source information provides customers with details of the content of their purchased electricity but does not require electricity purchases from any specific generation technology. Additionally, SB 1158 requires the CEC to continue consulting with California Air Resources Board (CARB) while developing the regulations. Although reconciling the differences between programs and agencies can be difficult given the nuanced objectives of various programs, the PSD program and proposed rulemaking attempt to harmonize other related methodologies when appropriate and will continue to work on enabling data access to and consistency of hourly data being collected as part of SB 1158.

Consumer’s choice of electricity services is driven by many different factors, including costs, environmental concerns, available options, perceptions about the economy and their disposable income, whether they have roof top solar, and others. The information provided in the power content label are designed for all consumers to provide

transparency in purchasing. However, there is no indication that there will be a shift in customer purchasing behavior solely based on the information provided to consumers due to the implementation of SB 1158 reporting requirements. Utilities continue to move away from procuring high emitting generation resources as Renewables Portfolio Standard (RPS) compliance and other regulations decrease their importance, and public perception focuses on improving climate change.

Additionally, the reporting of hourly procurements and greenhouse gas emissions (GHGs) may not influence electricity procurement since SB 1158 implementation will not directly change the quantity of procured renewables required to meet the State's RPS, and reported emissions will be largely based upon state emission data consistent with CARB programs. Additionally, since emissions will continue to be reflected on the PCL as an aggregated number for the entire electricity portfolio based on annual data, the published label for customers will not reflect the hourly emissions by generation types. The lack of detail on the PCL attributing emissions to any single generation component may make it less likely that utilities will change electricity procurement.

Community choice aggregators (CCA), load serving entities (LSEs) who serves customers within the traditional service territory of an investor-owned-utility (IOU), prefer to be greener than their IOU. The expansion of the PCL to include line losses and self-consumption means there is potential for those CCAs to appear less green than their IOU after line losses and self-consumption are reflected on the PCL. However, such an outcome is unlikely for two reasons. First, each party within an IOU service territory will be assigned the same loss factor, so line losses will be proportionally equal for all parties within an IOU territory. And second, an IOU is more complex than a CCA in that it performs grid maintenance and reliability functions that a CCA does not; consequently, it's unlikely a CCA will self-consume more electricity than their corresponding IOU.

Some currently procured renewables may have emissions due to the source of delivered electricity. In the past progress towards meeting RPS goals was determined to be enough by ensuring that the RPS procurement requirements were met. But as the state increasingly focuses on reducing GHGs emissions, there is a need to quantify and track the GHG emissions across the state. However, the proposed methodology does provide certain exclusions from emission reporting for particular renewable products.

There are currently many forces acting on LSEs to procure zero carbon resources and most have included distinct plans to lower the amount of renewable resources procured which have associated GHG emissions. Many integrated resource plan (IRP) filings have already adopted these plans in detail and highlight the fact that SB 1158 implementation will have minimal impact on electricity procurement.

As such, the implementation of SB 1158 is purely informational and the associated cost for reporting the new information is negligible since LSEs are required to report the procurement information to customers already. There will be one-time and continuing costs for updating loss factors, hourly profiles, emission factors, forms, and



communications and identifying, tracking, and reporting procurements having GHG emissions. Procurement categories are already tracked as part of ensuring RPS compliance. Since existing CEC staff perform power source fuel mix reporting and manage the certification and verification of the RPS program, the additional emission data required to implement SB 1158 will result in increases to state workload.

#### Administrative Impacts

The basic purpose of the amended regulations is to address legislative requirements for utilities to provide additional information to electricity customers about their electricity purchases, in this case inclusion of hourly data and associated GHG emissions of electricity purchases. The CEC is updating the existing PSD forms and PCL to include hourly data and the GHG emissions associated with the reported electricity. The updated forms will contain electricity loss factors, resource generation profiles, and the emission information which will be embedded directly into the form to automatically calculate hourly data and emissions using a consistent methodology. As such, most obligated parties will only need to provide the data they have been providing and the form will automatically calculate the associated hourly generation and emissions. Therefore, there is no additional effort on the part of a majority of the reporting parties to comply with the new regulations. A quarter of obligated entities are large enough to require hourly reporting, as described in the proposed legislative language, that will not be automated. The costs associated with the hourly reporting for those entities are included in this assessment. Additionally, the CEC must perform the work necessary to update, maintain, validate, and process the additional GHG emissions and hourly submitted information. The large private utilities and state activities are the primary administrative costs being estimated.

#### Indirect Costs

Although the regulations only directly impact an estimated 92 entities required to report power source information to the CEC, there are a number of possible indirect impacts. These indirect impacts include consumer response to the new emission information and modified procurement strategies to modify the GHG-emission characteristics of electricity portfolios.

#### Consumer Impacts

The GHG-emission information provided may lead to consumers making changes in their electricity services. This would likely occur with customers already electing to participate in green-energy type programs, who are concerned about the implications of the GHG emissions and are most likely to respond to the labeling information. Not all customers will have an opportunity to change electricity providers, but those who do may elect to change providers as a result of the new information. It is worth noting, that many things impact consumer behavior – including a growing concern about impacts from climate change. The PSD hourly generation and emissions information update is only one part of a larger story impacting consumer behavior.

Numerous electric utilities, including community choice aggregators, provide green electricity programs with varying levels of environmental claims. The current PSD focus

on ensuring the claims of annual GHG emissions reported and renewable energy delivered are consistently and reliably communicated to customers. The proposed amendments focus on the hourly generation being delivered and the associated GHG emissions with each product and would be most apparent in those electricity products which claim to be significantly green, for example 100% renewable electricity products. In these cases, reported emissions could prompt customers to consider changing products or even services. It may be worth noting that SB 100, known as the 100 percent Clean Energy Act<sup>53</sup> distinguishes between renewable energy resources and zero-carbon resources. AB 1110 recognizes that there may be GHG emissions associated with the electricity tied to renewable claims while SB 1158 looks closely at the GHG emissions associated with hourly electricity production.

Currently competition between utilities is primarily between CCAs and IOUs where customers can choose between the two utilities. If there were a customer response within a retail seller, there would arguably be little impact to the utilities' revenues since they have incorporated the expenditures and profits into their rate schedules typically by customer sector. For example, if a customer changes from one rate to another rate within the same retail seller, the retail seller would likely not see significant revenue changes as they adjust their rates to meet their overall revenue requirements. However, if there is a competing product sold by another electricity provider that the customer can choose, there is the potential for one retail seller to lose revenue to another retail seller. This is seen most readily in California CCAs who have been able to provide alternative, and often green, services to traditional IOU customers at competitive rates.

In recent years, the growth and expansion of CCAs has been limited by how competitive they can be relative to traditional IOUs. With recent changes in charges passed onto CCAs from IOUs, there are fewer opportunities. CEC forecasts of load across retail sellers appear to be much more stable than in the past decade.

CEC staff believe, given recent trends and market forces in place, SB 1158 will not result in migration from one retail seller to another as a result of the added information about GHG emissions provided to consumers on the PCL or the hourly data reported to the CEC. Any migration will likely be within the portfolios offered by retail sellers and therefore impacts to retail seller revenues will be negligible.

#### Electricity Procurement Impacts

Retail sellers consider many different requirements when procuring resources to meet their projected electricity loads, including: internal environmental objectives, regulatory requirements, procurement costs, market share, availability of resources, delivery constraints, market conditions, projections of load growth, resource adequacy requirements, balancing area markets, customer preferences, system reliability issues, the generation resource characteristics, and financial (financing) conditions. First and foremost, utilities procure generation resources which reliably meet their electricity loads in a cost-effective manner. They must procure adequate amounts of resources to meet

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<sup>53</sup> [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180SB100](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100)

their demand and have a reserve to address any unexpected reliability issues. The next priority is to ensure they meet other regulatory requirements such as California's RPS requirements. For the RPS, this involves procuring various electricity and Renewable Energy Credits that comply with the RPS regulations. There are also constrained emission requirements for the utility sector defined in CARB's Cap and Trade program. In addition, the retail seller must remain financially stable and must consider electricity procurements that maintain their revenues and market shares. Retail sellers have incentives, including potential financial consequences, for adhering to the many obligations they have to deliver safe, reliable, and clean electricity to Californians.

CEC staff believe the incremental impact of GHG emissions reporting to consumers on the power content label and additional reporting of hourly procurements and emissions to the CEC will not directly result in any changes to procurements. Procurements will continue to be driven by the myriad of more important influences mentioned above, primarily cost, reliability, safety, and separate pre-existing regulatory goals.

### **Fiscal Analysis Assumptions**

The CEC is proposing the following fiscal analysis assumptions.

#### [Implementation Date of the Regulations](#)

Fiscal analyses need to be performed over a full 12-month period following full implementation of the evaluated regulations. The supporting rulemaking activities will be completed in 2024 with an estimated implementation date of January 1, 2025. There a number of changes proposed in the regulations with the final portion being implemented starting January 1, 2028. The first hourly reporting requirement under the new regulations would be for fiscal year 2028-29. The CEC is proposing to use fiscal year 2028-29 as the basis of the fiscal impact estimation since this will be the first required reporting year where hourly reporting requirements will be required. Information is provided for fiscal years 2026-27, 2027-28, and 2028-29.

#### [Obligated Parties](#)

In 2022 there were 92 reporting entities who submitted PSD data. The CEC's California Energy Demand Forecast for 2023 does not show an increase in the number CCAs being incorporated in the near future. The CEC is proposing to use 92 as the number of entities directly impacted by the proposed regulations as it is uncertain if additional CCAs might come into existence; the CEC's forecasts show no growth in the number of market participants. Of the 92 estimated obligated parties, 19 are private businesses and 73 are public retail sellers. Although there may be additional entities that will come into existence in the coming years, it is not anticipated that this will significantly impact the costs of implementing the proposed regulations since new entities would be able to use proxy methodologies to report hourly data, leveraging the already established annual reporting requirements. Staff has not identified any of the obligated parties as small businesses.

### Administrative Costs

All obligated parties are required by existing regulations to submit PSD data including GHG-emission data on the Power Content Labels. The new regulations add total power GHG-emission data to the labeling, and require retail electricity suppliers to provide hourly data in their hourly report. These additions will result in additional administrative costs from 23 retail sellers, essentially the largest, to submit hourly data obtained through the process of delivering electricity to customers. GHG-emission data will be inserted into the reporting forms by CEC staff and the resulting emissions will be automatically calculated in the PSD data submission forms. Hourly data will be obtained from balancing authority reconciliation of market activities with the exception of a small amount of data involving out of state deliveries. Costs associated with collecting, processing, and reporting hourly data by these 23 obligated parties are included in this assessment.

Additionally, the CEC is proposing to focus on the State's administrative costs associated with modifying the submission process for hourly reporting and the management of hourly data. The CEC activities will be performed by existing CEC staff and a new dedicated resource for the power source disclosure program.

### Staff Salaries

In performing the evaluation of administrative costs, the CEC is proposing to use average classification incomes based on current pay scales and increasing them by rates included in negotiated union memorandums of understanding. In the absence of that information staff will be using a standard 3 percent annual value to reflect potential salary increases. The classifications used will be based on current CEC staff resource expectations.

### Staff Hours

The estimated hours used in the administrative cost evaluation will be marginal to the current process and will include one-time and ongoing costs for modification, maintenance, verification, and communication regarding the new regulations. A dedicated resource has been identified as important to managing, refining, analyzing, and harmonizing hourly data processes.

### Certified Auditor Billing Rate

Changes to auditing requirements to include submitted hourly data and loss-adjusted load factors will result in a small increase in the time auditors will need to confirm submitted data. The CEC will be using an hourly rate of \$400 to estimate the costs and benefits from auditing requirement changes.

## **Section 1391. Definitions**

The proposed regulatory changes within Section 1391 focus on clarifying and adding definitions to improve the understanding of the other proposed regulations. Since the changes are definitional in nature and do not independently require reporting, there will be no cost impacts due to any of the proposed regulations in this section.

### Costs to Obligated Parties

There are no cost impacts to any obligated parties due to clarifying and adding definitions to this section. The proposed language in this section will not result in any changes to reporting processes.

### Costs to the State

There are no cost impacts to the state due to clarifying and adding definitions to this section. The proposed language in this section will not result in any changes to CEC's responsibilities under the PSD program.

### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1391 will not result in the creation or elimination of any jobs within California. Existing businesses and staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory changes will not expand any existing businesses doing business in California and there will be no direct benefits of the definitions to the health and welfare of California residents, to worker safety, or to the state's environment.

### **Section 1391.1 Generation Disclosure**

There is a single revision to this section, replacing the word "specified" with "identified," which is not substantial in nature and results in no economic or fiscal impacts.

### Costs to Obligated Parties

There are no cost impacts to any obligated parties due to minor word change to this section. The proposed language will not result in any changes to reporting processes.

### Costs to the State

There are no cost impacts to the state due to single edit to this section. The proposed language will not result in any changes to reporting processes.

### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1391.1 will not result in the creation or elimination of any jobs within California. Existing businesses and staff will perform all necessary work to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory edit will not expand any existing businesses doing business in California and there will be no direct benefits of the definitions to the health and welfare of California residents, to worker safety, or to the state's environment.

### Section 1392. Accounting Methodology

The new language in section 1392 describes the proposed new accounting methodology for hourly procurement and emission calculations and analytical

requirements. The detailed methodology draws upon vetted emission calculation methods used at the CARB.

By providing explicit equations and requirements for emissions calculations, obligated parties can approximate their potential emission reporting for their electricity products and understand the source of emission factors.

#### Costs to Obligated Parties

There are no cost impacts to any obligated parties due to defining the methodologies for calculating hourly electricity procurement and product emissions. The proposed language will result in changes to reporting processes but embedding the hourly generations, loss adjustments, and emission calculations into the reporting process will leverage automated features and minimize costs to obligated parties.

#### Costs to the State

The incremental cost to the state due to hourly data reporting to the CEC are relatively small since obligated parties already submit most power mix information as part of existing regulations. There will be one-time costs associated with updating the submission processes to account for the hourly data and associated calculations and minor additional time associated with maintaining, updating, and verifying the emission reported values.

In order to facilitate the reporting of the new data CEC staff will be modifying, disseminating, and answering questions regarding updated power source disclosure forms already being used to collect related data. The modified forms were drafted as part of pre-rulemaking. In addition, updated processes for hourly data collection will be developed. In total, over the course of modifications, staff estimates this will result in 460 hours of staff time dedicated to the one-time modifications necessary to finalize the overall processes.

State staff administrative work will involve updating the published reports each reporting year, communicating and addressing hourly and associated emissions-related questions from obligated parties, and include management review and revisions throughout the process. Additionally, increased outreach efforts may be warranted, work continuing to ensure the power source disclosure process is consistent with other state agency programs, identifying opportunities for improved data analytics, and ensuring data is accessible and useful to the public will result in additional work. This work results in approximately 790 hours of new work across staff and management and will result in an estimated state cost of \$110,364 in Fiscal Year 2028-29. The first full implementation Fiscal Year have on-going costs including \$101,652 for refinement of methods and processes, outreach, and harmonizing data consistency across State agencies, and \$8,712 for updating and publishing hourly loss factors and hourly emission intensities. Although the time to complete these tasks will likely decrease over time as staff become more familiar with the emission data sources, general data issues, and reporting issues, for this analysis the hours to perform the work have assumed to be constant over the fiscal analysis. Costs for this work will therefore increase as staff salaries increase.



### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1392 will not result in the creation or elimination of any private jobs within California. One position at the CEC has been identified to support the implementation of the new regulations. Existing businesses and staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory changes will not expand any existing businesses doing business in California and there will be no direct benefits of the accounting methods to the health and welfare of California residents, to worker safety, or to the state's environment.

### **Section 1393. Annual Submission to the Energy Commission**

The CEC is working to augment the current power source disclosure filing process to include the proposed hourly electricity data and emission reporting requirements. During the pre-rulemaking process staff has worked on developing updated forms, illustrative hourly data and emission factors and calculations, and proposed forms for single and multiple electricity product filings. This work will expedite the development of final forms and data collection processes. The new processes will be automated and will leverage data maintained by the CEC to remove any potential incremental work to most obligated parties and streamlines the reporting process. The largest quarter of obligated parties will be required to submit hourly procurement data which will result in costs.

### Costs to Obligated Parties

There are no foreseeable cost impacts to most obligated parties since submitted data is likely gathered and obtained during the obligated parties' normal course of business and calculations for electricity products are clearly defined in the regulations and implemented, by the State, in the reporting forms and associated processes. For these obligated parties, the proposed language will result in changes to reporting processes but default reporting by obligated parties into the power source disclosure reporting forms and processes will incorporate streamlined features to minimize reporting time and effort.

For the largest quarter of obligated parties, annual submission of hourly procurement and emissions data will be required. Most of the data will be obtained through the normal course of business as electricity procurements and reconciliation of market activity, including settlement payments, are regularly obtained. A small portion of procured resources may require additional work to obtain the required hourly data for submission. As an alternative, the proposed regulations do provide methods for providing estimated hourly values in the absence of readily available hourly data. This work will result in approximately 80 hours of new work for each of these obligated parties and are estimated to cost of \$121,573, comprised of private costs of \$15,857 f and public obligated party costs of \$105,715, in Fiscal Year 2028/29.

### Costs to the State

The incremental cost to the state due to hourly electricity data and emission reporting data to the CEC are small since obligated parties already submit the power mix information as part of existing regulations. There will be costs associated with updating the submission forms to account for new data and calculations and additional time associated with maintaining, updating, and verifying reported values.

In order to facilitate the reporting of the new data, CEC staff will be modifying, disseminating, and answering questions regarding updated power source disclosure forms already being used to collect related data. The modification of the forms themselves were drafted as part of pre-rulemaking. Continuing work to manage the collection of hourly data, maintain data sharing, analyze new hourly data, and provide summary information will be performed annually. In total, over the course of modifications, staff estimates this will result in 1050 hours of staff time dedicated to the modifications necessary to finalize the forms and maintain hourly data, resulting in an estimated cost of \$150,330 in Fiscal Year 2028/29.

Additional staff administrative work will involve updating the published reports each reporting year, communicating and addressing questions from obligated parties, finalizing the updated forms, verifying reported values, management review, and sharing the data with the CPUC staff for purposes of assessing progress in meeting SB 100 and SB 1020 GHG emission reduction goals. This work results in approximately 16 hours of new work across staff and management and will result in an estimated State cost of \$1,830 starting in Fiscal Year 2028/29. Although these costs will likely decrease over time as staff become more familiar with data sources, general data issues, and reporting issues, for this analysis the hours to perform the work have assumed to be constant over the fiscal analysis.

The total cost to the state in Fiscal Year 2028-29 is estimated at \$152,160.

### Benefits to Obligated Parties

The benefits realized by investor-owned utilities for the state providing allocation reports to parties instead of the investor-owned utilities will result in a recurring annual benefit. CEC staff assumes these benefits will be realized starting in Fiscal Year 2025-26. The cost savings for the impacted utilities will result in a total benefit of approximately \$10,977 in Fiscal Year 2028/29.

The benefits realized by retail sellers for the removal of the requirement to retain paper copies of submitted data and information will result in a recurring annual benefit. CEC staff assumes these benefits will be realized starting in Fiscal Year 2025-26. The cost savings for each retail seller portfolio is estimated at \$2 and will result in a total benefit of approximately \$340 per fiscal year.

Total benefits realized by private parties in Fiscal Year 2028-29 are estimated at \$11,317.



### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1393 will not result in the creation or elimination of any jobs within California. Existing staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory changes will not expand any existing businesses doing business in California and there will be no direct benefits of the data reporting to the health and welfare of California residents, to worker safety, or to the state's environment.

### **Section 1393.1 Retail Disclosure to Consumers**

The revisions to this section make the disclosure instructions consistent with the other proposed amended regulatory language and incorporate clarifying language for inclusion on the Power Content Label. These changes specify the disclosures required on the Power Content Label based on existing annual data and results in no economic or fiscal impacts.

### Costs to Obligated Parties

There are no cost impacts to any obligated parties due to clarification and revisions to this section. The proposed language makes minor changes to required disclosure based on existing reporting data and will not result in any changes to reporting processes.

### Costs to the State

There are no cost impacts to the state due to the edits to this section. The proposed language will not result in any changes to reporting processes.

### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1393.1 will not result in the creation or elimination of any jobs within California. Existing businesses and staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory edits will not expand any existing businesses doing business in California and there will be no direct benefits of the definitions to the health and welfare of California residents, to worker safety, or to the state's environment.

### **Section 1394. Auditing and Verification**

The proposed regulations incorporate the loss-adjusted load requirements into the existing auditing requirements. The proposed regulations also remove the requirement to audit and verify the Power Content Label resulting in a benefit to obligated parties.

### Costs to Obligated Parties

The submissions to the CEC now include the loss-adjusted load calculations which will now need to be included in the audit. Assuming these calculations will all be reviewed and verified, Energy Commission staff estimate it will increase the auditors work by

approximately 75 hours. The cumulative cost impact will be amount to approximately \$12,862. This cost would be borne by private obligated parties.

#### Costs to the State

There are no cost impacts to states due to the clarification of auditing and verification requirements. The proposed language will not result in any changes to reporting processes.

#### Benefits to Obligated Parties

The benefits realized by private retail sellers for the removal of the requirement to audit the Power Content Label are assumed to be recurring benefits. CEC staff assumes these benefits will be realized starting in Fiscal Year 2025-26. The time savings for each audit is estimated at 1.25 hours and will result in a total benefit of approximately \$16,077 per fiscal year.

#### Potential Impacts of Proposed Regulations

The proposed regulations within Section 1394.2 will not result in the creation or elimination of any jobs within California. Existing staff will perform all the work necessary to meet the new obligation. No new businesses will be created, and neither will any existing business be eliminated by the new regulations. The proposed regulatory changes will not expand any existing businesses doing business in California and there will be no direct benefits of the auditing or verification to the health and welfare of California residents, to worker safety, or to the state's environment.