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STAFF REPORT

Renewables Portfolio Standard Verification and Compliance Methodology Report, Fourth Edition

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ABSTRACT

This *Renewables Portfolio Standard Verification and Compliance Methodology Report, Fourth Edition*, describes the methods California Energy Commission (CEC) staff uses to accomplish the following:

- Verify the eligibility of Renewables Portfolio Standard claims submitted by load-serving entities for each compliance period.
- Transmit the CEC-approved Retail Sellers Verification Results Report to the California Public Utilities Commission.
- Confirm the long-term and portfolio content category classification of claims submitted by local publicly owned electric utilities.
- Calculate each local publicly owned electric utility's procurement target requirement.
- Approve each publicly owned electric utility's Verification Results Report at a CEC business meeting.
- Determine compliance of the procurement requirements for each compliance period of the Renewables Portfolio Standard for each local publicly owned electric utility.

For each compliance period, results from the application of the verification analyses covered in this report are issued separately for retail sellers and local publicly owned electric utilities. For retail sellers, a final verification report for each will be adopted by the CEC at a regularly scheduled business meeting and subsequently transmitted to the California Public Utilities Commission to be used for its compliance and enforcement activities. For each local publicly owned electric utility, verification results will be issued in separate reports that are also adopted by the CEC at a regularly scheduled business meeting to be used for compliance and enforcement activities by the CEC.

Keywords: Renewables Portfolio Standard, RPS, Renewable Energy Credits, RECs, renewable attributes, retail sellers, annual procurement target, certification, verification, compliance, generation, load-serving entities, Long-term Procurement Requirement, local publicly owned electric utilities, POU, Portfolio Content Categories, historic carryover, excess procurement, optional compliance measures, Western Renewable Energy Generation Information System, WREGIS

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TABLE OF CONTENTS

	Page
Acknowledgements	i
Abstract	iii
Table of Contents	v
List of Figures	vii
List of Tables.....	vii
Executive Summary	1
CHAPTER 1: Introduction	3
Renewables Portfolio Standard	3
RPS Compliance Periods.....	4
Roles and Responsibilities	4
Verification and Compliance Process Overview.....	5
CHAPTER 2: RPS Claims Eligibility	8
RPS Data Sources	8
WREGIS.....	9
RPS Online System	9
Other Data Sources	9
Claims Eligibility Analysis	10
WREGIS Adjustments Analysis.....	10
Facility Eligibility Analysis	10
Claim Vintage Analysis	13
Overclaim Analysis.....	14
Double-Counting Analysis in Coordination with Other Programs.....	14
WREGIS Adjustments Analysis.....	15
Finalizing Eligible Claims Data	16
Summary Claims Report (SCR)	16
Withdrawing Claims	16
Retail Sellers Verification Results Report	16
Additional POU Verification Activities.....	16
CHAPTER 3: Classification of POU Procurement Claims	18
LTR and PCC Classification.....	18
LTR Classification	18
PCC Classification	18
Contract Review and Matching for LTR Classification.....	19
LTR Report.....	20
Contract Review and Matching for PCC Classification	20
PCC Report	20

Portfolio Balance Requirements	20
Definition of Portfolio Content Categories.....	21
Pre-June 2010, Count in Full RECs (PCC 0).....	21
Other Pre-June 2010 RECs.....	21
PCC 1.....	22
PCC 2.....	22
PCC 3.....	22
e-Tag and Hourly Analyses for Facilities Not Interconnected to a California Balancing Authority	22
e-Tag Analysis.....	22
Hourly Analysis for PCC 1 Claims.....	23
e-Tag Analysis for PCC 2 Claims.....	24
PCC Classification Results.....	24
Exemptions and Adjustments	24
Qualifying Hydroelectric Generation from a POU Meeting Criteria Listed in Public Utilities Code Section 399.30(j).....	24
Large Hydroelectric Facility Owned by a POU, the Federal Government as Part of the Central Valley Project, or a Joint Powers Authority.....	25
Green Pricing Program Provisions.....	25
POU With Qualifying Coal-Fired Generation Procurement.....	25
Completion of the Exemptions and Adjustments Analyses.....	26
CHAPTER 4: Procurement Requirement Calculations	27
Procurement Targets	27
Retail Sales	28
POU With Different Retail Sales Calculations.....	28
PBR Calculations	29
LTR Calculation	29
Additional Verification Processes	30
POU With Special Exemptions and Adjustments.....	30
Historic Carryover.....	30
Review of Applied or Claimed Excess Procurement.....	30
Withdrawing Surplus RECs for Future Use.....	31
Compliance Report Filing	31
Final POU Verification Results Reports.....	31
CHAPTER 5: POU Compliance Determinations	33
Compliance Process	33
Glossary	35

LIST OF FIGURES

	Page
Figure 1: RPS Verification Process Overview.....	7
Figure 2: Verification of RPS Claims Eligibility	8
Figure 3: Classification of Procurement Claims	19
Figure 4: Procurement Requirement Calculations.....	27
Figure 5: POU Compliance Determinations.....	34

LIST OF TABLES

	Page
Table 1: Procurement Target Calculations by Compliance Period.....	28
Table 2: Portfolio Balance Requirements by Compliance Period.....	29

EXECUTIVE SUMMARY

The California Energy Commission (CEC) administers the state's landmark Renewables Portfolio Standard, ensures the state's utilities disclose electricity sources to consumers, supports renewable energy development, and tracks the state's progress toward its renewable energy goals. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's Renewables Portfolio Standard establishes increasingly progressive renewable energy procurement targets for the state's load-serving entities.

Originally applicable to retail sellers, the statewide mandatory Renewables Portfolio Standard was expanded by Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) to include local publicly owned electric utilities. As a result of Senate Bill 100 (De León, Chapter 312, Statutes of 2018), load-serving entities are now required to increase their procurement of eligible renewable energy resources to 60 percent of retail sales by 2030. This 60 percent procurement mandate supports California's goal of 100 percent clean electricity by 2045 following Senate Bill 100.

As part of its responsibilities, the CEC verifies the eligibility of renewable energy procured by load-serving entities, which include retail sellers, local publicly owned electric utilities, and all other entities serving retail sales of electricity in California that are obligated to participate in California's Renewables Portfolio Standard. The CEC is also responsible for certifying Renewables Portfolio Standard-eligible renewable energy resources and overseeing compliance and enforcement of the local publicly owned electric utilities. The California Public Utilities Commission is responsible for compliance and enforcement for retail sellers.

This report describes the methods that CEC staff uses to:

- Verify the eligibility of Renewables Portfolio Standard claims submitted by load-serving entities for each compliance period.
- Transmit CEC-approved Retail Sellers Verification Results Report to the California Public Utilities Commission.
- Confirm the long-term and portfolio content category classification of claims submitted by local publicly owned electric utilities.
- Calculate each local publicly owned electric utility's procurement target requirement.
- Approve each publicly owned electric utility's Verification Results Report at a CEC business meeting.
- Determine compliance of the procurement requirements for each compliance period of the Renewables Portfolio Standard for each local publicly owned electric utility.

For retail sellers, a verification report will be adopted by the CEC at a regularly scheduled business meeting and subsequently transmitted to the California Public Utilities Commission to be used for its compliance and enforcement activities. For each local publicly owned electric

utility, verification results will be issued in separate reports that are also adopted by the CEC at a regularly scheduled business meeting to be used for compliance and enforcement activities.

CHAPTER 1:

Introduction

Renewables Portfolio Standard

California's Renewables Portfolio Standard (RPS) program was established in 2002 by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) with the goal of increasing the percentage of renewable energy resources in California and advancing the diversity, reliability, public health, and environmental benefits of the state's electricity mix. This legislation required each retail seller to procure 20 percent of its retail sales from renewable energy sources by the end of 2017. It further required the governing body of each local publicly owned electric utility (POU) to implement and enforce an RPS consistent with legislative intent to encourage renewable resources, while considering the effect of the standard on rates, reliability, and financial resources.

In 2006, Senate Bill 107 (Simitian and Perata, Chapter 464, Statutes of 2006) advanced the state's RPS target, requiring retail sellers to increase renewable energy purchases by at least 1 percent of retail sales per year, with a target of 20 percent renewable energy by the end of 2010. The bill also required POUs to report to the California Energy Commission (CEC) on the status of implementing their RPS programs and the progress made toward achieving their RPS goals.

In April 2011, Governor Edmund G. Brown Jr. signed Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session), which adjusted the RPS target of 20 percent by 2010 to an average of 20 percent for 2011 through 2013, extended the long-term RPS target to 33 percent by 2020. It also required the state's POUs to comply with similar RPS procurements requirements as retail sellers starting January 1, 2011.

Senate Bill X1-2 also established portfolio content categories (PCCs) specified in Public Utilities Code Section 399.16(b), and further set a minimum requirement for all retail sellers that beginning in Compliance Period (CP) 3, no less than 75 percent of the eligible renewable energy resource electricity products shall meet PCC 1 requirements. Senate Bill X1-2 further restricted PCC 3, claims made without associated electricity, to no more than 10 percent. This legislation also gave the CEC and the California Air Resources Board (CARB) new oversight responsibilities with respect to POUs' compliance with the RPS. Specifically, it authorized the CEC to adopt regulations specifying RPS enforcement procedures for POUs, including a public process for issuing notices of violation for noncompliance and referring the violations to the CARB for penalty assessment.

The passage of Senate Bill 350 (De León, 547, Statutes of 2015) increased the RPS target to 50 percent by 2030 and made other changes to the state's RPS, including the long-term procurement requirement (LTR) that, beginning January 1, 2021, requires at least 65 percent of procurement counting toward the RPS for each compliance period to be from contracts, ownership, or ownership agreements of 10 years or more in duration. The passage of Senate

Bill 100 (De León, Chapter 312, Statutes of 2018) further increased the RPS target to 60 percent by December 31, 2030, and made additional changes to the state's RPS. For instance, with respect to POUs, SB 100 tasked the CEC with establishing appropriate multiyear compliance periods for all subsequent years, after 2030, that require the POU to procure not less than 60 percent of retail sales of electricity products from eligible renewable energy resources. This 60 percent procurement mandate supports California's goal of 100 percent clean electricity by 2045, following Senate Bill 100.

RPS Compliance Periods

The RPS program has multi-year compliance periods in recognition that given resources may not be continuously or cost-effectively available or both, and a utility's procurement may vary to some degree from one year to another.

Roles and Responsibilities

The CEC and the California Public Utilities (CPUC) jointly implement the RPS program.

The CEC's legislatively mandated responsibilities are, in part, to:

- Certify eligible renewable energy resources under the RPS.
- Adopt regulations specifying RPS enforcement procedures for POUs.
- Verify the eligibility of RPS claims for all electric load-serving entities.
- Transmit CEC-approved Retail Sellers Verification Report to the CPUC.
- Verify classification of LTR and PCC claims for POUs.
- Calculate and verify compliance with POU procurement target requirements.
- Obtain approval of individual POU Verification Results Reports (VRR) at a CEC business meeting.
- Determine POU compliance with the RPS, issue compliance determinations, issue notice(s) of violation for noncompliance, as applicable, and refer POU violations to the CARB for assessment of penalties, as applicable.

The CEC's *Renewables Portfolio Standard Eligibility Guidebook* (RPS Eligibility Guidebook) specifies the criteria and process for certifying generating facilities as eligible renewable energy resources for the RPS.¹ The RPS Eligibility Guidebook also includes annual reporting and verification requirements for program participants.²

To design and implement an accounting system to track and report program participants' procurement claims, the CEC worked with the Western Governors' Association to develop the

1 [CEC RPS Guidebooks](https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard) can be found at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard>.

2 Ibid.

Western Renewable Energy Generation Information System (WREGIS).³ WREGIS is an independent renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC).⁴ WREGIS issues and electronically tracks renewable energy credits (RECs) representing renewable energy generation. Since 2008, the CEC has used WREGIS for RPS reporting and verification.

As part of its responsibilities, the CEC verifies renewable electricity procurement for all RPS program participants. The CEC also determines POU's compliance with the RPS.⁵ The CEC's *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*⁶ (RPS POU Regulations) establishes the rules and procedures by which the CEC will assess a POU's procurement actions and determine whether those actions meet the RPS procurement requirements. After the CEC adopts each POU's verification report, it determines if POU's are complying with the RPS procurement requirements for the compliance period in accordance with the RPS POU Regulations. An overview of the compliance process can be found in Chapter 5 of this document.

CEC staff does not evaluate retail sellers' progress in meeting RPS procurement requirements. Instead, the CEC verifies renewable electricity procurement claims for retail sellers and then provides results to the CPUC to use in determining retail sellers' compliance with the RPS and any enforcement actions.

Verification and Compliance Process Overview

This *Renewables Portfolio Standard Verification and Compliance Methodology Report, Fourth Edition*, describes CEC staff methodology, which is summarized in **Figure 1**. The methodology consists of the steps listed below.

Verification of RPS claims eligibility — all load-serving entities (LSEs)⁷

- Facility eligibility analysis: Verify all claims are from RPS-certified facilities.
- Claim vintage analysis: Verify claims are retired in allowable months and years as indicated by the vintage of the RECs.
- Overclaim analysis: Verify total annual claims do not exceed the annual allowable generation⁸ amount for each facility.

3 WECC. "[Western Renewable Energy Generation Information System \(WREGIS\)](https://www.wecc.org/program-areas/wregis)," <https://www.wecc.org/program-areas/wregis>.

4 The [Western Electricity Coordinating Council](https://www.wecc.org/about/about-wecc) is the regional entity responsible for coordinating and promoting bulk electric system reliability in the Western Interconnection, <https://www.wecc.org/about/about-wecc>.

5 Public Utilities Code § 399.30(o) and (p).

6 CEC. "[Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities](#)," July 2021. These regulations are set forth in 20 CCR §§ 1240 and 3200–3208.

7 For the CEC's administration of the RPS, "load-serving entity" includes both retail sellers and POU's.

8 Allowable Generation refers to electricity produced by specific RPS-certified facilities, as verified by the Biomethane and Multifuel Analyses found in Chapter Two RPS Claims Eligibility, Section: Claims Eligibility Analysis.

- As necessary, collect and analyze additional RPS data sources to determine multifuel and biomethane allowable generation amounts and verify claims are within the allowable generation amounts.
- Double-counting analysis in coordination with other programs: Verify generation represented in RPS claims is not also being used in other compliance or voluntary programs.
- WREGIS adjustments: Verify any requests to adjust differences between WREGIS generation amounts and the RPS generation amounts.

Classifications of Procurement Claims — POU's Only

LTR Classification

- Review and classify contracts as long-term or short-term.
- Match all LTR claims to classified contracts.
- Verify classification of claims as long-term or short-term.

PCC Classification

- Review and classify PCCs within contracts.
- Match all PCC claims to classified contracts.
- Perform E-Tag analysis, for applicable POU's.
- Perform Hourly analysis, for applicable POU's.
- Verify PCC classifications.

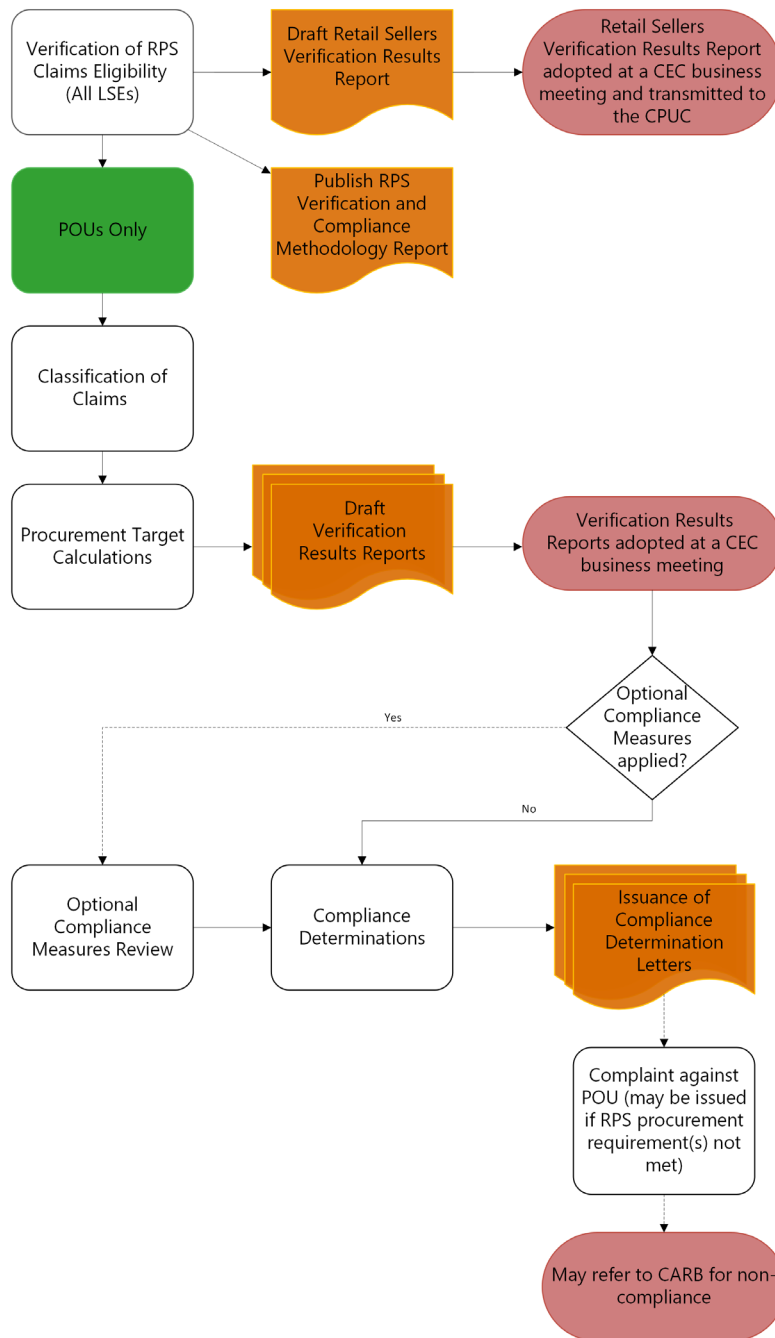
Procurement Target Requirement Calculations — POU's Only

- Confirm retail sales for each POU.
- Complete PCC and LTR calculations for each POU.
- Finalize inclusion of allowable exemptions and adjustments as applicable.
- Complete compliance period procurement target calculations for each POU.
- Recommend adoption of POU VRRs at a CEC business meeting. These may be presented in groups if some are completed before others.

Compliance Determinations — POU's Only

- Complete compliance assessment for each POU.
- Evaluate optional compliance measures (OCMs), as necessary.
- Issue POU compliance determination letters.

Figure 1: RPS Verification Process Overview



Source: California Energy Commission

CHAPTER 2:

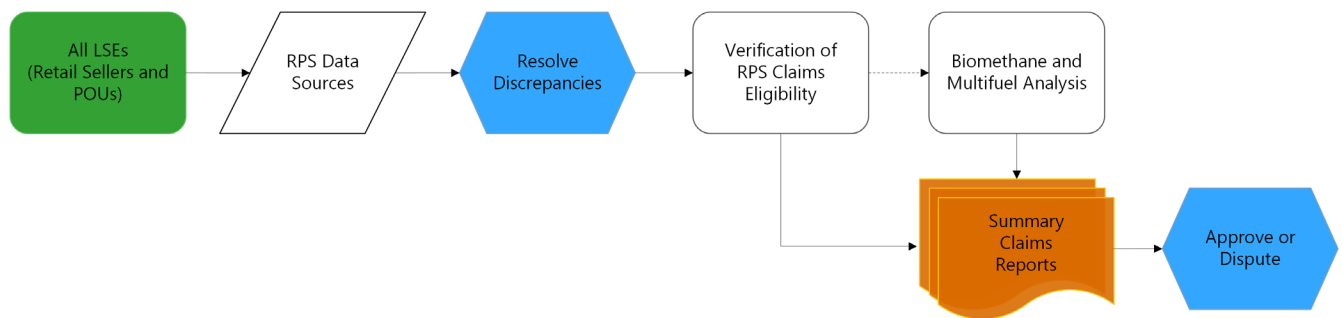
RPS Claims Eligibility

This chapter describes the CEC’s process to verify the eligibility of RPS claims reported annually by both retail sellers and POUs, collectively referred to as LSEs. Chapters 1 and 2 are the only chapters on verification and compliance guidance pertaining to all LSEs. Chapters 3 through 5 contain guidance on RPS requirements specific only to POUs.

CEC staff evaluates RPS procurement claims reported to California’s RPS Program, which the LSEs report using the WREGIS and RPS Online Systems and, in some cases, other data sources.

At the end of RPS claims eligibility analysis, a detailed summary claims report (SCR) for each compliance year is produced for each LSE. The SCR categorizes claims verified as eligible, ineligible, or withdrawn. CEC staff works with LSEs throughout the verification process. These processes, illustrated in Figure 2, and the methods used are discussed further in this chapter.

Figure 2: Verification of RPS Claims Eligibility



Source: California Energy Commission

RPS Data Sources

For this report, the terms “renewable energy credit,” “REC,” and “procurement claim” refer to an LSE claim submitted to the CEC for an amount of electricity or electricity products⁹ procured from a specific RPS-certified generation facility. As of January 1, 2014, all procurement claims must be reported to the CEC using WREGIS except for claims that meet the requirements specified in the RPS Eligibility Guidebook to be reported directly to the CEC as WREGIS adjustments, which are described below.

⁹ “Electricity product” means either electricity and the associated renewable energy credit generated by an eligible renewable energy resource or an unbundled renewable energy credit.

WREGIS

WREGIS tracks renewable energy generation from generating units that register and report verifiable data. A facility must be registered and approved in WREGIS before CEC staff approves an application for RPS certification, and with limited exceptions, all generation must be tracked in WREGIS to be considered RPS-eligible.

For each megawatt-hour (MWh) of such electricity generated and reported, WREGIS creates a unique electronic renewable energy credit, also referred to as a REC.¹⁰ In the WREGIS system, RECs are created and initially deposited into the account of a renewable energy generator. Generators transfer RECs to the accounts of LSEs or other parties based on procurement contracts. Account holders can transfer RECs to other parties and between accounts, but the RECs can reside in only one account at any given time, thereby preventing possible double-counting of renewable energy generation tracked within WREGIS.

As mentioned, LSEs are required to use WREGIS to report procurement claims to the CEC, except in limited instances.¹¹ LSEs authorize WREGIS to submit California RPS compliance reports (WREGIS reports) on their behalf to the CEC. The WREGIS reports provide the RPS procurement claims data by year and month, listed by RPS-certified facility and fuel type.

RPS Online System

In January 2017, California's RPS Program was updated with the introduction of a web-based online system, the RPS Online System. Beginning with the 2016 reporting year, LSEs submit annual procurement and compliance WREGIS reports in the RPS Online System.

For Compliance Period 4 (2021–2024), all LSEs submitted WREGIS reports to the CEC using the RPS Online System. POUs have additional reporting requirements they must complete in the RPS Online System annual summary report, including reporting general procurement, contractual information, and additional reports supporting PCC claims.

The RPS Online System allows CEC staff to complete multiple steps of analysis and display the results of the analyses for LSE claims review, approval, or dispute. The system further allows for multiple authorized representatives of each LSE to report additional supporting documentation and contribute to the completion of verification activities.

Other Data Sources

During the verification analysis, CEC staff may compare data reported from certain facilities in their WREGIS reports to information from other available data sources to help confirm the total allowable generation amount, as necessary.

¹⁰ This REC reflects the requirements for a renewable energy credit under Public Utilities Code Section 399.12(h).

¹¹ Effective January 1, 2014, generation amounts that qualify as a WREGIS Adjustment may be reported to the CEC to be included in the verification. LSEs may submit a WREGIS Adjustment to report generation not tracked in WREGIS by submitting a request using the RPS Online System subject to specific requirements as described in the *Renewables Portfolio Standard Eligibility Guidebook*. See Chapter 7.1.2: WREGIS Adjustments.

CEC staff confirms all claims submitted for generation from facilities, which are required to report annual generation data directly to the CEC, do not exceed the total allowable generation from each facility. The CEC receives annual generation reporting from multifuel facilities, which use a nonrenewable fuel in addition to a renewable fuel for energy generation. RPS-eligible facilities using a common carrier pipeline or a functionally dedicated pipeline for delivery of biomethane must also report data annually.

In limited circumstances, LSEs also report generation not tracked in WREGIS that qualifies as a WREGIS Adjustment under Chapter 7.1.2. of the RPS Eligibility Guidebook. In these instances, CEC staff verifies claims submitted are consistent with the data reported in the WREGIS Adjustment.

Claims Eligibility Analysis

The claims eligibility analysis includes the following:

- Facility eligibility analysis — claims are from energy generated from RPS-certified facilities and tracked in WREGIS.
- Claim vintage analysis — claims are retired in allowable months and years as indicated by the vintage of the RECs.
- Overclaim analysis — total annual claims do not exceed the annual allowable generation amount for each facility.
 - As necessary, analyze multifuel and biomethane reported generation to determine allowable generation amounts and verify claims are within the allowable generation amounts.
- Double-counting analysis in coordination with other programs — generation represented in RPS claims is not also being used in other compliance or voluntary programs. This work is done in coordination with other State and Voluntary programs.

WREGIS Adjustments Analysis

If a claim is determined to be ineligible for the RPS, CEC staff will notify the LSE submitting the claim and provide an opportunity to dispute and resolve this determination by providing supporting information.

The following sections provide summaries of each of the steps identified in the list above.

Facility Eligibility Analysis

The CEC verification process begins with determining if RPS claims are based on generation from RPS-certified generating facilities and during an RPS-eligible period. The CEC certifies generating facilities that meet the eligibility criteria as specified in the RPS Eligibility Guidebook. To be RPS-certified, a facility must meet the applicable requirements detailed in the RPS Eligibility Guidebook, including using an eligible renewable resource or fuel, satisfying resource-specific criteria, and be either located within the state or satisfy applicable requirements for out-of-state and out-of-country facilities.

A facility receives an RPS eligibility date based on several factors, including whether the facility was pre-certified, the date an application is submitted to the CEC for certification, the commercial operations date of the facility, and the WREGIS eligibility date. The RPS eligibility date is the earliest month that generation from the facility can be considered RPS-eligible. The eligibility date for a facility may be revised, or eligibility status may change for reasons described in the RPS Eligibility Guidebook.

Procurement claims from a facility are eligible only if the facility was eligible for the RPS during the month of the generation. CEC staff initially reviews all claims to ensure the RECs were generated from RPS-eligible facilities and for generation that occurred while the facility was RPS-eligible.

WREGIS issues and tracks RECs representing renewable energy generation for the region covered by the WECC. WREGIS was designed to ensure that generation is accurately reported, recorded, and counted only once for any regulatory or voluntary program. As such, in most cases, CEC staff relies on the generation information as reported to WREGIS. However, biomethane and multifuel facilities require specific generation analyses to ensure that only allowable generation is counted for the RPS. CEC staff determines the total allowable RPS generation from each of these types of facilities as described below.

Biomethane Analysis

Verification of procurement claims from facilities that use biomethane delivered to the generating facility through a common carrier pipeline or functionally dedicated pipeline relies on additional information provided directly to the CEC.

Any RPS-certified facility using biomethane delivered in a common carrier pipeline or functionally dedicated pipeline during the prior calendar year is required to report information annually. Such reporting shall include delivery, volume of biomethane and contracts for the biomethane through the RPS Online System as detailed in the RPS Eligibility Guidebook. CEC staff conduct specific electric generation system analyses using the data, delivery, and contract information contained in these annual reports to confirm the eligibility of the facility and calculate the amount of RPS-eligible generation.

CEC staff analyzes all biomethane amounts on an energy basis of British thermal units (MMBtu) and all electrical generation in MWh units. CEC staff reviews biomethane delivery contracts to track and verify the contracted delivery requirement is met. This analysis is conducted to confirm that only the biomethane fuel that was purchased, delivered, and used by the RPS-certified facility is eligible for the RPS. CEC staff may also examine the monthly invoices of the RPS-certified facility to confirm the purchaser of the biomethane. This analysis is conducted to confirm that the biomethane fuel was purchased, delivered, and used by the RPS-certified facility in a manner consistent with the RPS statutes and RPS Eligibility Guidebook.

Next, CEC staff analyzes the physical verification data by comparing the biomethane fuel purchase invoices, pipeline injection reports, and pipeline nomination reports showing monthly delivery amounts. The lesser value for each month from these three sources is taken as the verifiable biomethane fuel amount for the month. Only the lesser of the injected, delivered, or

monthly invoiced amounts is accepted to ensure nonrenewable fuel, particularly fossil gas, is not inadvertently counted as RPS-eligible.

After determining the total RPS-eligible amount of biomethane delivered to the RPS facility for the year or the contracted time frame (based on the monthly analysis described above), the data are compared to the total amount of fuel used at the facility to determine the ratio of renewable fuel used at the facility during the specified period. The ratio of the total RPS-eligible amount of biomethane for the year and the total amount of fuel consumed at the RPS-certified facility for the same year are multiplied by the total electrical output of the RPS-certified facility for the same year to derive the total amount of RPS-eligible generation produced that year, as shown in the following equation:

$$RPS\ Eligible\ Generation = \frac{RPS\ Eligible\ Biomethane\ (MMBtu)}{Total\ Fuel\ Use\ At\ RPS\ Certified\ Facility\ (MMBtu)} \times Total\ Generation\ (MWh)$$

Only the generation that corresponds to the eligible renewable fuel used at the facility is counted as RPS-eligible. Using monthly RPS claims helps account for any WREGIS REC creation issues in which the number of RECs created in one month could be lower than the amount of verified RPS-eligible gas that was delivered to the RPS-certified facility in that same month. Such accounting adjustments may occur in WREGIS, and the lower amount is later adjusted in a subsequent WREGIS REC creation cycle, resulting in REC amounts that may not mirror the monthly biomethane delivered amounts. However, requiring RPS claims to match the amount of RPS-eligible biomethane delivered in a particular month is not necessary if the total RPS-eligible biomethane amount does not exceed the amount of verified RPS-eligible biomethane delivered to the facility in a particular year or contracted time frame.

Multifuel Analysis

RPS-certified multifuel facilities using renewable and nonrenewable energy resources to generate electricity may count a percentage of the electricity generated as RPS-eligible under certain provisions of the RPS Eligibility Guidebook. CEC staff calculates the amount of generation that is RPS-eligible for multifuel facilities. When determining the amount of RPS-eligible generation produced by an RPS-certified facility using multiple energy resources, the total electrical output of the facility for the year will be multiplied by the percentage renewable, as calculated using the applicable equations described in the RPS Eligibility Guidebook.

All the generation from multifuel facilities using a de minimis quantity of nonrenewable energy resources in the same generation process as the renewable energy resource, as calculated by the approved method, may be counted as RPS-eligible. The amount of RPS-eligible generation for each multifuel facility using a de minimis quantity of nonrenewable energy is determined by calculating the percentage of nonrenewable fuel used and determining if it is equal to or

below the allowed de minimis amount specific to the facility,¹² depending on the RPS certification of the facility.

Claim Vintage Analysis

LSE procurement claims based on RECs retired more than 36 months after the month of the associated electricity generation are determined ineligible for the RPS.

For POUs, the *RPS POU Regulations* Section 3202 establishes the criteria an electricity product must meet to be used for compliance toward the RPS procurement requirements. Section 3202 (c) of the *RPS POU Regulations* states, "A POU may not use a REC associated with electricity products to meet its RPS procurement requirements unless it is retired within 36 months from the initial month of the generation of the associated electricity."

The "initial month of the generation" is the vintage month, as reported in WREGIS. CEC staff currently determines the retirement date by the action date¹³ in WREGIS. To ensure only RECs that meet the 36-month retirement requirement are counted as eligible for POUs, CEC staff calculates the number of months from the initial month of generation to the month in which the REC was retired.

For example, a POU with a REC generated in January 2011 must retire that REC no later than January 31, 2014. In situations where a REC is retired, subsequently unretired, and then retired again, CEC staff uses the first retirement date to determine compliance with the 36-month requirement.

CEC staff conducts the 36-month REC retirement requirement analysis for retail sellers. The 36-month verification analysis for retail sellers is calculated differently than for POUs. The CEC's 36-month REC retirement analysis for retail sellers is completed under retirement rules codified in Public Utilities Code Section 399.21(a)(7) and further defined in CPUC Decision 12-06-038, wherein the 36-month requirement has been adopted as retirement must occur within 36 months of the initial date of the associated generation.¹⁴ Claims that do not meet the criteria of the retirement rules are flagged as not meeting the 36-month retirement requirement.

For example, under the CPUC's 36-month retirement rules, a REC retired on behalf of a retail seller in June 2011 must be associated with electricity generated not earlier than July 2008. Similarly, a REC retired in December 2013 must be associated with electricity generated not earlier than January 2011.

12 See Chapter 3.2.2: De Minimis Quantity of Nonrenewable Energy Resources in the *Renewables Portfolio Standard Eligibility Guidebook*.

13 Action date refers to the date that a REC is retired within WREGIS.

14 The CPUC's REC retirement rules are defined and found under [Decision 12-06-038](http://docs.cpuc.ca.gov/WORD_PDF/FINAL_DECISION/169704.pdf), http://docs.cpuc.ca.gov/WORD_PDF/FINAL_DECISION/169704.pdf.

Overclaim Analysis

An overclaim analysis is also conducted for all multifuel and biomethane facilities that report generation directly to the CEC. As described in the biomethane and multifuel sections of this report, multifuel and certain biomethane facilities report annual generation directly to the CEC.

CEC staff determines the total allowable amount of generation from these facilities that is eligible for the RPS for each compliance year. The calculated total allowable generation may differ from the generation reported to WREGIS from these facilities. CEC staff reviews total procurement claims from facilities that report generation directly to the CEC to ensure that total claims do not exceed the maximum allowable generation. If claims exceed the allowable generation for a multifuel or biomethane facility, CEC staff will notify the owner(s) of the facility and the LSEs submitting claims to determine if additional documentation can be considered in reviewing the claims. CEC staff confirms with WREGIS to ensure the discrepancies are not due to reporting errors by the facilities.

If, after further analysis, the procurement claims still exceed the total allowable generation, CEC staff will recommend that the CEC determine those procurement claims to be ineligible in the LSE's verification results report.

Since LSEs are allowed to retire RECs to meet RPS procurement requirements up to 36 months from when the electricity is generated, procurement claims may include RECs that were generated in previous years and from prior compliance period terms. As such, the overclaim analysis requires the review of data from previously verified years because RECs generated in the same year from the same facility may be retired in different reporting years.¹⁵ To complete the overclaims analysis, CEC staff compiles and reviews claims data based on the vintage year of the REC, not the year that it was reported. If an overclaim is identified specific to a vintage year from a prior compliance period in which the CEC has adopted verification reports, the adopted reports will not be revised, and only the current claims may be determined to be ineligible.

Double-Counting Analysis in Coordination with Other Programs

CEC staff verification activities help to ensure that a REC is counted only once for compliance with the California RPS Program. A REC cannot be counted for compliance with the California RPS Program if it has been used to satisfy any other retail, regulatory, or voluntary market claim. Tracking RECs in WREGIS prevents double counting a REC for compliance with the California RPS Program or any other state or voluntary program in the WECC. RECs can only exist in one WREGIS account at a time and once retired cannot be unretired, without special permission.

WREGIS was developed as a regional tracking system in part to prevent RECs from being used in more than one regulatory or voluntary program in the WECC. By design, claims tracked and

¹⁵ *Reporting year* refers to a particular year within a compliance period for which the annual generation has already occurred and for which the RECs are being retired and used for RPS compliance. The reporting year is the year for which the retired RECs are reported and, on an annual basis, should represent the calendar year preceding the reporting due date.

reported through WREGIS and submitted for California's RPS Program cannot be double-counted in other states' RPS programs that also require the use of WREGIS.

CEC staff also collaborate with other state and voluntary REC programs to confirm that RPS claims are not being counted more than once. As such, CEC staff continues to collaborate with staff from other California agencies (such as the California Air Resources Board) and other states within the WECC to confirm eligibility of RPS claims. Inquiries are based on the reporting requirements and availability of data in other regulatory and voluntary programs.

Generators and brokers sell RECs to individuals, companies, utilities, and other organizations for voluntary environmental and sustainability programs. CEC staff also considers null generation of voluntary market sales, as reported by Center for Resource Solutions' Green-e Energy®¹⁶ (Green-e) staff. This coordination with Green-e® program staff covers all LSE claims and serves as a double check to safeguard against double-counting.

Further, POUs may exclude from their retail sales the electricity products credited to participating customers in voluntary green pricing or shared renewable generation programs sales, as allowed by Public Utilities Code Section 399.30(c)(4). To have their retail sales reduced, POUs must report those WREGIS reports retired for voluntary programs to the CEC. CEC staff then verifies POUs' WREGIS reports for those voluntary programs. CEC staff also check to ensure that the claims made are from RPS-certified facilities and are retired in WREGIS. This effort allows POUs to receive adjustments to their retail sales and safeguards against double-counting.

WREGIS Adjustments Analysis

In limited cases, previously reported data in WREGIS must be corrected. When a discrepancy is identified between actual generation and the RECs issued for a generation month, the WREGIS system makes a prior period adjustment to correct the WREGIS REC total. If the actual generation was less than originally reported, RECs were overproduced. To adjust this discrepancy, WREGIS reduces the number of RECs issued in the current period by an amount equal to the number overproduced in the prior period.

Similarly, if the actual generation was more than originally reported, RECs were underproduced. To adjust for this discrepancy, WREGIS issues additional RECs in the current period to make up for the number underproduced in the prior period. As such, the prior period adjustment will result in either the overproduction or underproduction of the current vintage of WREGIS REC certificates. LSEs should claim procurement based on the date of the actual generation from the facility versus the time frame of the WREGIS adjustment. When needed, LSEs have the option to submit a WREGIS Adjustment through the RPS Online System when the vintage date(s) on RECs do not correspond to the month of generation due to a WREGIS prior period adjustment.

¹⁶ [Green-e Energy](https://www.green-e.org/). <https://www.green-e.org/>

Under certain circumstances, LSEs may also submit a WREGIS Adjustment using the RPS Online System to report generation not tracked in WREGIS when the correction cannot be made in WREGIS due to requirements in the WREGIS Operating Rules. The request will be evaluated by CEC staff for compliance with applicable requirements. If a WREGIS Adjustment is approved, the reported generation will be reflected in the verification of claims in the RPS Online System but will not be reflected in WREGIS or in the WREGIS report. CEC staff may request additional documentation to verify claims made following a WREGIS Adjustment.

Finalizing Eligible Claims Data

Summary Claims Report (SCR)

After CEC staff completes the claims eligibility verification analyses, an SCR for each year in the compliance period is posted in the RPS Online System. Each LSE receives its SCR that includes CEC staff determinations on the eligibility status of all claims reported for the compliance period. Claims that CEC staff deemed ineligible are listed, and a reason for ineligibility is provided. LSEs can accept or dispute the results of the SCRs. If an LSE disputes the SCR, it needs to provide additional information supporting the reason for its dispute. If an LSE agrees with CEC staff's determination of ineligible claims, it has the option to withdraw claims as described in the process below.

Withdrawing Claims

If a procurement claim is determined to be ineligible during the verification process, the affected LSE may "withdraw" the claim from the total procurement amount being claimed so that no ineligible claims appear on its final verification results report. Withdrawn claims are removed from the verification process and are not counted toward the LSE's total RPS-eligible procurement amount.

In WREGIS, an LSE can also "unretire" RECs within 12 months of when the certificates were retired and submit a revised WREGIS report to the CEC.¹⁷

Results of the claims eligibility verification analyses are issued separately for retail sellers and POUs.

Retail Sellers Verification Results Report

For all retail sellers, a verification results report (VRR) is adopted by the CEC at a regularly scheduled business meeting and subsequently transmitted to the CPUC to be used for its compliance and enforcement activities.

Additional POU Verification Activities

The CEC is responsible for determining POU compliance with the RPS. As such, a determination of claims eligibility is only the initial step in verification activities completed by CEC staff for POUs. The following chapters of this report describe the additional verification activities conducted only for POUs. When all POU verification activities are completed, a VRR

¹⁷ See WREGIS Operating Rules Section 15.2 for information on the REC withdrawal procedure in WREGIS.

will be issued for each POU and adopted by the CEC at a regularly scheduled business meeting. After the VRRs are adopted, the Executive Director may conduct compliance and enforcement activities for POUs not meeting the California RPS Program requirements for the compliance period. In all cases, the Executive Director issues a letter of compliance determination to the POU summarizing the compliance findings.

CHAPTER 3:

Classification of POU Procurement Claims

The CEC's RPS POU Regulations establishes the rules and procedures by which the CEC will assess a POU's procurement actions and determine whether those actions meet the RPS procurement requirements. This chapter describes the CEC processes for verifying the long-term and PCC classifications of POU's procurement claims. These processes, as illustrated in **Figure 3**, support determination of compliance with the LTR and portfolio balance requirements (PBR) for applicable POU's beginning with Compliance Period 4.

LTR and PCC Classification

To ensure POU's are complying with the RPS procurement requirements, CEC staff evaluates the following:

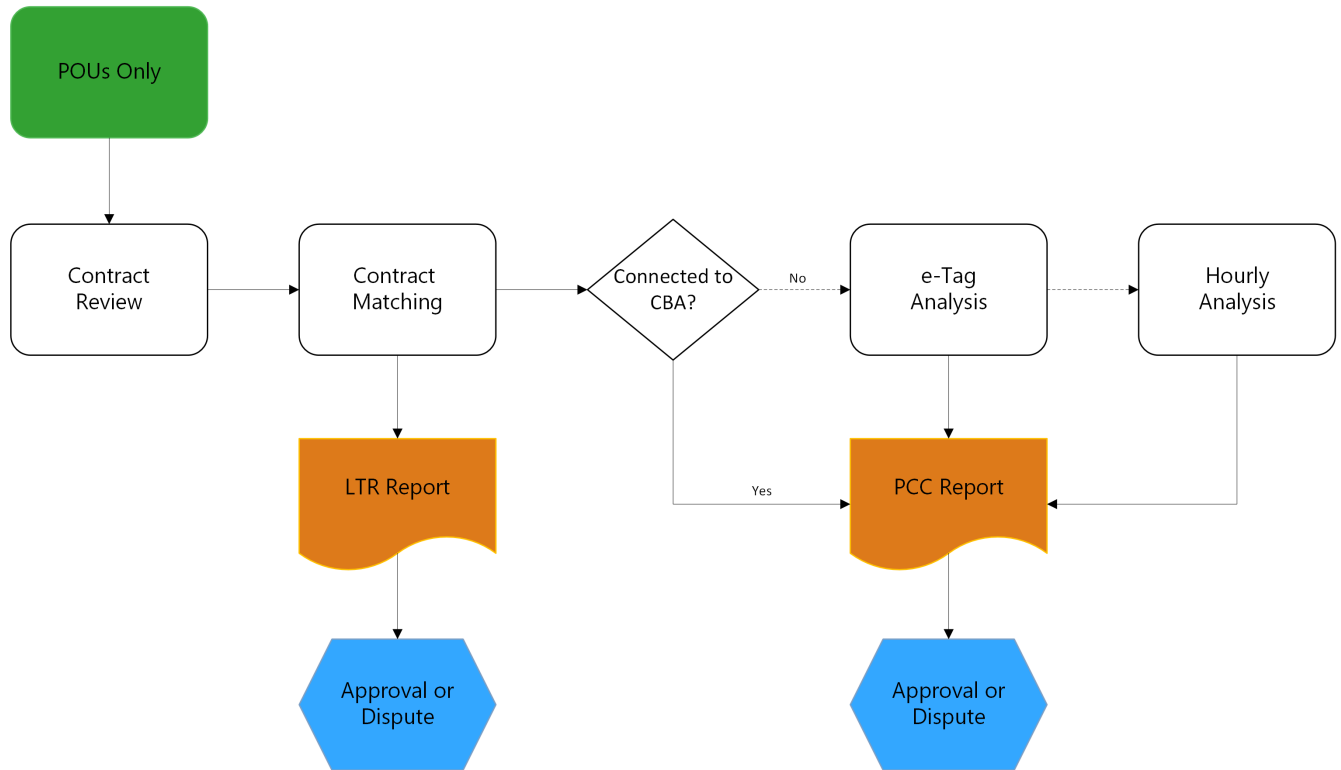
LTR Classification

- Review and classify contracts as long-term or short-term.
- Match all LTR claims to classified contracts.
- Verify classification of claims as long-term or short-term.

PCC Classification

- Review and classify PCCs within contracts.
- Match all PCC claims to classified contracts.
- E-Tag analysis, for applicable POU's.
- Hourly analysis, for applicable POU's.
- Verify PCC classifications.

Figure 3: Classification of Procurement Claims



Source: California Energy Commission

Contract Review and Matching for LTR Classification

POUs are required to submit documentation on electricity product procurement contracts and ownership agreements, including master agreements and amendments that may be relevant, for all RPS claims. CEC staff reviews this documentation and matches procurement claims to relevant contracts to ensure that any electricity products procured are correctly classified as long-term based RPS POU Regulations Section 3204 (d), such that the:

- Contract, ownership, or ownership agreement is 10 or more continuous years, measuring duration from delivery start date to the delivery end date.
- Contract procurement is from an RPS-certified facility or facilities.
- Contract procurement is continuous and specifies non-zero quantities for the duration of the contract term.
- Contract has reasonably consistent contracted-for quantities over the term of the contract (for contracts executed on or after July 1, 2020).
- Contract does not include no-cost, early termination clause(s) without penalty, fee, or other form of liquidated damages (for contracts executed on or after July 1, 2020).

- Contract has a defined output share or quantities of procurement or minimum pricing terms (for contracts executed on or after July 1, 2020).

LTR Report

After CEC staff has completed verification of LTR classifications for each POU by matching procurement claims to contracts, staff shares the preliminary results with the respective POU for review and confirmation. CEC staff additionally considers any requests for changes to the findings during this period and allows POUs to submit additional supporting documentation, as needed, to resolve discrepancies.

Contract Review and Matching for PCC Classification

As described above, POUs are required to submit documentation on electricity product procurement contracts and ownership agreements, including master agreements and amendments that may be relevant, for all RPS claims. CEC staff reviews this documentation and matches procurement claims to relevant contracts to ensure that any electricity products procured are correctly classified as PCC or as “count in full” based on:

- Contract or ownership execution date.
- Contract or ownership agreement amendment execution date, when applicable.
- Contract or ownership agreement end date.
- Contracted amount of electricity products.
- Scheduling and delivery terms, when applicable.
- Whether electricity products were procured as a bundled product.
- Whether there is sufficient supporting e-Tag documentation to verify the PCC.

PCC Report

If inconsistencies are found during contract matching, CEC staff may ask the POU for additional documentation. If documentation does not substantiate the PCC claims identified by the POU, staff will reclassify procurement claims into the appropriate PCC, based on the information and documentation provided. In addition to a matching contract, some PCCs need additional documentation and verification, as described below, before the claims can be considered verified. For this reason, this step is the initial PCC classification, but verified classification, in some cases, requires more analysis.

Portfolio Balance Requirements

Public Utilities Code Sections 399.16 and 399.30(c)(3) require that POUs procure a “balanced portfolio of eligible renewable energy resources,” consisting of three PCCs, which are further defined in Section 3203 of the RPS POU Regulations. The PBR sets minimum and maximum percentages of electricity products that must be procured from specific PCCs.

POUs initially identify the PCC classification of each claim by retiring RECs into WREGIS subaccounts specific to each PCC and each year of a compliance period, as detailed in the RPS Eligibility Guidebook. CEC staff verifies that the claims for procurement of electricity products

are classified into the correct PCCs and subsequently calculates whether POUs have met the PBR.

The following provides an overview of the PCCs for procurement claims and the specific verification methods used by the CEC to verify the classification of procurement claims into either a PCC or another category, including “count in full.”

Definition of Portfolio Content Categories

Public Utilities Code Section 399.16 and Section 3202 of the RPS POU Regulations draw a distinction between ownership agreements and procurement contracts for electricity products executed before June 1, 2010, and ownership agreements and procurement contracts executed on or after this date as follows:

- 1) Electricity products procured under contracts or ownership agreements executed before June 1, 2010, that satisfy the conditions of Public Utilities Code Section 399.16(d) are referred to as “count-in-full procurement” in accordance with Section 3202(a)(2) of the RPS POU Regulations and are identified as PCC 0.
- 2) Electricity products procured under contracts or ownership agreements executed on or after June 1, 2010, must satisfy one of the three portfolio content categories specified in Public Utilities Code Section 399.16(b) in accordance with Section 3202(a)(1) of the RPS POU Regulations, and are identified as PCCs 1, 2, and 3 (PCC 1, PCC 2, and PCC 3).

The following describes these four portfolio content categories, which are sometimes referred to as “buckets.”

Pre-June 2010, Count in Full RECs (PCC 0)

Electricity products procured under contracts or ownership agreements executed before June 1, 2010, from a facility certified under the RPS Eligibility Guidebook in place when the contract was executed are considered “count in full.” Such products are excluded from the PBR calculation, in accordance with Section 3202(a)(2) of the RPS POU Regulations.

For electricity products generated by a facility that is not interconnected to a CBA to qualify as “count in full,” the electricity product must have been procured bundled and the procurement contract must have included delivery terms. Electricity products qualifying as “count in full” are categorized as PCC 0 when retired in WREGIS, to distinguish them from PCC 1, PCC 2, or PCC 3.

Other Pre-June 2010 RECs

Electricity products procured under contracts or ownership agreements executed before June 1, 2010, from a facility that did not meet the requirements to be RPS-certified according to the RPS Eligibility Guidebook in place at the time the contract or ownership agreement was executed are still classified into a PCC but are not included in the calculation of the PBR. Electricity products qualifying as either pre-June 1, 2010, PCC 1 or pre-June 1, 2010, PCC 3 are classified as either PCC 1 or PCC 3 when retired in WREGIS and are labeled during

verification as “pre-June 2010” based on the associated contract or ownership agreement execution date.

PCC 1

PCC 1 RECs must be procured bundled¹⁸ from:

- A facility that has its first point of interconnection with a California balancing authority (CBA).
- A distribution facility used to serve end users within a CBA.
- Or the electricity product must be scheduled into a CBA on an hourly or subhourly basis without substituting electricity from another source in accordance with Section 3203(a) of the RPS POU Regulations.

PCC 2

PCC 2 RECs must be procured bundled and scheduled into a CBA and firmed and shaped¹⁹ with incremental electricity in accordance with Section 3203(b) of the RPS POU Regulations.

PCC 3

PCC 3 RECs are all electricity products that do not meet the criteria of PCC 1 or PCC 2, including the procurement of unbundled RECs, in accordance with Section 3203(c) of the RPS POU Regulations.

e-Tag and Hourly Analyses for Facilities Not Interconnected to a California Balancing Authority

e-Tag Analysis

For procurement claims of PCC 1 and PCC 2 electricity products from RPS-certified facilities that do not have a first point of interconnection to a CBA, CEC staff verifies that procurement satisfies the scheduling requirements of the RPS POU Regulations.

To demonstrate that an electricity product procured from a facility that is not interconnected to a CBA meets the requirements for PCC 1 or PCC 2, the POU is required to submit e-Tag data. There are two methods for submitting e-Tag data for verifying scheduled claims: e-Tags tracked in WREGIS and e-Tags not tracked in WREGIS. For e-Tags tracked in WREGIS, WREGIS provides e-Tag data on the CA e-Tag Report,²⁰ which includes the information necessary to verify that the claim meets the scheduling requirement. A POU can report the e-

¹⁸ *Bundled* is defined by Section 3201 of the RPS POU Regulations as an electricity product that includes both the electricity and the associated renewable energy credits from an eligible renewable energy resource.

¹⁹ *Firmed and shaped* refers to transactions where the bundled procurement from a renewable resource is matched with an equivalent amount of incremental energy from another facility, which is scheduled into a CBA.

²⁰ WREGIS updated its “Matched e-Tag Summary Report” to a format designed by CEC staff. The new CA e-Tag Report became available on October 26, 2015 and is the required report for submitting e-Tag data from WREGIS.

Tag data by submitting the CA e-Tag Report in WREGIS,²¹ or the POU can report the same information directly to the CEC RPS Online System using the e-Tag Report Form (Schedule 3 Form).²² This information includes the delivery start and stop date, generator (source point), point of delivery (load or sink point), and total MWh on the e-Tag, as well as the amount matched to the specific WREGIS and RPS IDs or WREGIS certificate serial number of the claimed procurement.

CEC staff analyzes the e-Tag information provided to confirm that:

- The source or “point of receipt” was located outside a CBA and within the WECC.
- The final sink/load center or “point of delivery” was located in a CBA.
- The amount of electricity scheduled was sufficient to cover the RPS claim amount.
- The scheduled amount of electricity on the e-Tag is not also assigned to another LSE.

CEC staff may request POUs to provide randomly selected e-Tags, based on the number of claims reported for the compliance period, to audit the e-Tag information provided. If staff identifies reporting issues, staff may work with POUs to resolve the issues through e-Tag form corrections and the submittal of additional e-Tags or additional supporting documentation.

Hourly Analysis for PCC 1 Claims

For procurement claims of PCC 1 electricity products from facilities without a first point of interconnection to a CBA, the generation must be scheduled into a CBA using standard hourly or subhourly scheduling (not dynamic transfer). Hourly data must be submitted in the CEC RPS Online System using the Hourly Report Form (Schedule 4 Form). **Error! Bookmark not defined.** To demonstrate that this requirement is satisfied, POUs are required to submit the hourly meter data and hourly scheduled amount for each hour that is claimed as PCC 1 procurement, in addition to the CA e-Tag Report.

The amount eligible for PCC 1 is verified by taking the lesser amount of the hourly meter or schedule amount, comparing that to the associated submitted e-Tag data, and cross-checking all the data submitted by the POU for any conflicting issues. The eligible hourly PCC 1 amounts are then summed for the entire calendar year and compared with the POU’s total PCC 1 procurement claims from the same generator (WREGIS ID) and vintage year. If the

21 WREGIS provides information to verify scheduled delivery of energy into a CBA from out-of-state facilities. This service, which uses data from e-Tags to report scheduling information, became available in WREGIS in early 2009. However, WREGIS stakeholders identified a technical issue that precludes POUs from accessing the e-Tag in WREGIS if third-party importers schedule delivery into a CBA. Since these technical issues are beyond the control of the POU, CEC staff allows submission of e-Tag information using an alternative method. For additional information, refer to the *Renewables Portfolio Standard Eligibility Guidebook*.

22 The e-Tag Report Form (Schedule 3 Form), Hourly Report Form, and Instructions can be found and downloaded from the [RPS Verification and Compliance](#) page under the Annual Reporting for Load-Serving Entities dropdown tab:

<https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard>.

procurement claims are equal to or less than the eligible PCC 1 amount, the entire claim may qualify as PCC 1. However, if the procurement claim exceeds the eligible PCC 1 amount, then the procurement claim amount in excess of the eligible PCC 1 amount will be reclassified as either PCC 2 or PCC 3.

e-Tag Analysis for PCC 2 Claims

To verify that enough electricity scheduled into a CBA was matched with the PCC 2 procurement claims using the submitted data, CEC staff sums the total annual amount of MWh as reported for each POU through e-Tags and then compares that amount to the total annual PCC 2 procurement claim reported by each POU. This analysis ensures that enough scheduled substitute electricity was matched with the POU's PCC 2 procurement claims.

PCC Classification Results

After CEC staff completes verification of PCC classifications for each POU, staff will share the preliminary results with the respective POU for review and confirmation. CEC staff additionally considers any requests for changes to the findings during this period and allows POU's to submit additional supporting documentation, as needed, to resolve discrepancies. As discussed further below, following POU approval, staff will begin summarizing the respective POU's verified claims for use in the compliance reports, as required by Section 3207(d) of the RPS POU Regulations.

Exemptions and Adjustments

Qualifying Hydroelectric Generation from a POU Meeting Criteria Listed in Public Utilities Code Section 399.30(j)

Consistent with Section 3204(b)(3) of the RPS POU Regulations, a POU that meets Public Utilities Code Section 399.30(j) and has averaged at least 67 percent of electricity demand from qualifying hydroelectric generation over the past 20 years may satisfy its RPS procurement requirements with qualifying hydroelectric generation.

If a POU can show it meets the criteria for Section 3204(b)(3) of the RPS POU Regulations, its procurement target is determined annually, rather than on a compliance period basis. Further, it is exempt from the PBR.

CEC staff evaluates documentation submitted via the RPS Online System showing the POU received at least an average of 67 percent of its electricity demand in the 20 years preceding each compliance period from qualifying hydroelectric generation. Once confirmed, the POU's new procurement target is equal to the lesser of:

1. The portion of the POU's electricity demand unsatisfied by the POU's qualifying hydroelectric generation.
2. The soft target corresponding to the year during which the POU's qualifying hydroelectric generation was insufficient to meet its annual electricity demand.

This new procurement target is calculated for each calendar year in the compliance period that the POU meets the criteria for Section 3204(b)(3) of the RPS POU Regulations.

Large Hydroelectric Facility Owned by a POU, the Federal Government as Part of the Central Valley Project, or a Joint Powers Authority

Consistent with Section 3204(b)(8) of the RPS POU Regulations, between January 1, 2019, and December 31, 2030, a POU receiving more than 40 percent of annual retail sales from large hydroelectric generation in a compliance year may reduce the eligible renewable energy it must procure to satisfy its RPS target.

CEC staff evaluates documentation submitted via the RPS Online System showing the POU received greater than 40 percent of its annual retail sales from large hydroelectric generation during any given year of a compliance period from January 1, 2019, through December 31, 2030. Consistent with Section 3204(b)(8)(D) of the RPS POU Regulations, the calculation for the POU's new procurement target is equal to the lesser of the following for the relevant year of the compliance period:

- The portion of the POU's retail sales unsatisfied by the POU's large hydroelectric generation.
- The soft target for the intervening year of the relevant compliance period.

Green Pricing Program Provisions

As mentioned in Chapter 2 in the subsection titled "Double-Counting Analysis in Coordination With Programs," under Public Utilities Code Section 399.30(c)(4), beginning January 1, 2014, a POU may exclude certain electricity from its total retail sales used to calculate its RPS procurement requirements. The exclusion applies to eligible renewable generation credited to a participating customer pursuant to a voluntary green pricing or shared renewable generation program.

To apply for this reduction, any procurement credited to a participating customer pursuant to a voluntary green pricing or shared renewable generation program must be tracked and retired in WREGIS separate from any generation retired for the RPS. CEC staff verifies documentation, including WREGIS reports and data provided by other agencies, to verify that any procurement assigned to a green pricing or shared renewable generation program is not also being used for RPS procurement or in other voluntary programs. CEC staff also verifies that any RECs reported for the Green Pricing Program reduction in retail sales meet the provisions for PCC 1 claims, as required by Public Utilities Code Section 399.30(c)(4).

CEC staff may request additional information, such as program documentation and sample contracts to confirm the validity of a POU claim for a reduction in retail sales.

POU With Qualifying Coal-Fired Generation Procurement

Consistent with 3204(b)(10) of the RPS POU Regulations, for the compliance period beginning January 1, 2021, through December 31, 2024, a POU with qualifying procurement from coal-fired generation meeting Public Utilities Code Section 399.30(l)(1)(A) may reduce the amount of eligible renewable energy resources it must procure to satisfy the procurement target.

CEC staff evaluates documentation submitted via the RPS Online System, including total qualifying procurement of coal-fired generation during the compliance period, the related

contract or ownership agreement, and the POU's renewable energy procurement plan, if not previously provided to the CEC pursuant to Section 3207 (I) of the RPS POU Regulations. Consistent with Section 3204(b)(10)(C) of the RPS POU Regulations, the POU may reduce its procurement target for the compliance period to the greater of the following two quantities:

1. The quantity that would allow the POU's total procurement of electricity products from eligible renewable energy resources during the compliance period, when combined with its qualifying procurement of coal-fired generation during the compliance period, to not exceed the POU's retail sales during the compliance period.
2. The quantity that would allow the POU's total procurement of electricity products from eligible renewable energy resources during the compliance period to average 33 percent of the POU's retail sales for the compliance period.

Completion of the Exemptions and Adjustments Analyses

Upon completion of the exemptions and adjustment analyses, CEC staff makes the appropriate adjustments to the POU's procurement target calculations as described in the next chapter's subsection "POUs With Special Exemptions."

CHAPTER 4:

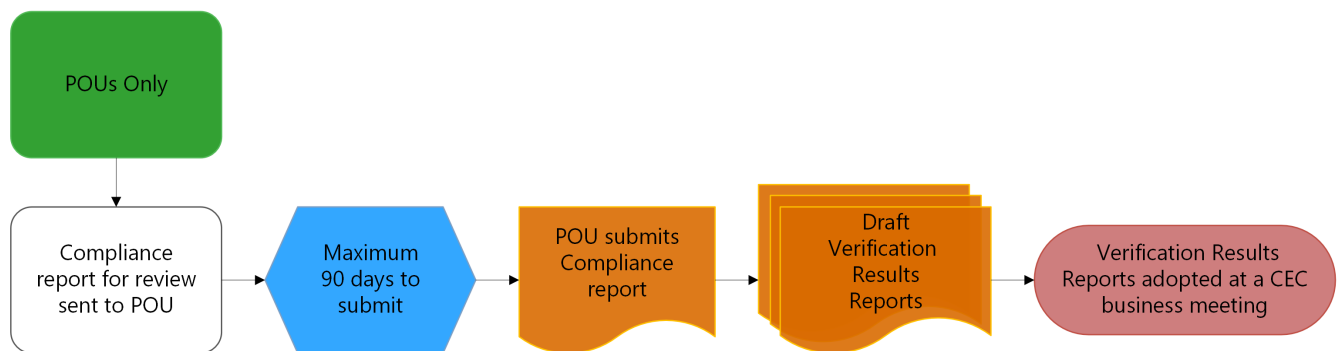
Procurement Requirement Calculations

The RPS includes three major procurement requirements for POUs for each compliance period: (1) the procurement target (also called the procurement quantity requirement), (2) the PBR, and (3) the LTR.

This chapter provides definitions and describes the methods used to determine POU compliance with the RPS procurement requirements beginning in CP 4. This chapter also describes the verification process for retail sales, the exemptions to the procurement requirements for qualifying POUs, historic carryover, the calculation of excess procurement, and a process for the withdrawal of surplus RECs.

Figure 4 illustrates the procurement requirement calculations processes below.

Figure 4: Procurement Requirement Calculations



Source: California Energy Commission

Procurement Targets

Public Utilities Code Section 399.30(b) establishes multiyear compliance periods for the RPS, and Section 399.30(c) requires that POUs procure electricity products from eligible renewable energy resources equal to 44 percent by December 31, 2024; 52 percent by December 31, 2027; and 60 percent by December 31, 2030. The RPS procurement targets for each year within CPs 1 through 6 are specified in Section 3204(a) of the RPS POU Regulations and shown in Table 1 below. These "soft targets" are the percentage of retail sales for one year within a compliance period that are used to calculate the RPS procurement target for that compliance period.

Table 1: Procurement Target Calculations by Compliance Period

Compliance Period	Procurement Target
Compliance Period 4 (2021-2024)	2021 retail sales * 35.75% + 2022 retail sales * 38.50% + 2023 retail sales * 41.25% + 2024 retail sales * 44%
Compliance Period 5 (2025-2027)	2025 retail sales * 46% + 2026 retail sales * 50% + 2027 retail sales * 52%
Compliance Period 6 (2028-2030)	2028 retail sales * 54.67% + 2029 retail sales * 57.33% + 2030 retail sales * 60%

Source: California Energy Commission (based on information contained in the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities, July 2021²³ and Public Utilities Code Section 399.30(c)*).

Each POU’s specific procurement target for each compliance period is calculated by multiplying the POU’s annual retail sales for each year by the annual soft target for that year, rounding each year’s value down to the closest MWh, and summing the values for all years within the compliance period.

Retail Sales

For POU’s, retail sales are defined in Section 3201(ii) of the RPS POU Regulations as “sales of electricity by a POU to end-use customers and their tenants, measured in MWh. This does not include energy consumption by a POU, electricity used by a POU for water pumping, or electricity produced for onsite consumption (self-generation).” CEC staff may request additional documentation to support the determination of retail sales, and POU’s may submit corrected retail sales amounts.

POU With Different Retail Sales Calculations

Section 3204(b)(1) of the RPS POU Regulations provides that, for a qualifying POU, the percentage of total retail sales upon which the RPS procurement target is calculated is based on the POU’s average annual retail sales over the seven years preceding the end of each year within that compliance period. To qualify, a POU must:

1. Be a joint powers authority of districts established under state law on or before January 1, 2005.
2. Furnish electric services other than to residential customers.

²³ <https://efiling.energy.ca.gov/GetDocument.aspx?tn=238814&DocumentContentId=72218>; See 20 CCR § 3204(a).

3. Be formed under the Irrigation District Law (Division 11, commencing with Section 20500 of the Water Code).

PBR Calculations

As specified in the RPS POU Regulations Section 3204(c), the PBR are minimum and maximum percentages of specific PCC products that POUs are required to procure through contracts or ownership agreements executed on or after June 1, 2010, to apply toward the RPS procurement requirements. RPS POU Regulations Section 3204(c) specifies the following PBR for PCC 1 and PCC 3:

Table 2: PBR by Compliance Period

Compliance Period	PCC 1 Minimum	PCC 3 Maximum
Compliance Periods beginning 2017	75%	10%

Source: The Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities. July 2021.

The minimum percentage of PCC 1 RECs procured under contracts or ownership agreements executed on or after June 1, 2010, that must be applied toward the RPS procurement target for each compliance period is calculated as:

$$(\text{PCC 1 Minimum}) \times [(\text{Lesser of: Target or Total RECs applied}) - (\text{Count in Full, Pre-June 2010 RECs Applied to Target, and Historic Carryover})]$$

The maximum percentage of PCC 3 RECs procured under contracts or ownership agreements executed on or after June 1, 2010, that are allowed to be applied toward the RPS procurement target for each compliance period is calculated as:

$$(\text{PCC 3 Maximum}) \times [(\text{Lesser of: Target or Total RECs applied}) - (\text{Count in Full, Pre-June 2010 RECs Applied to Target, and Historic Carryover})]$$

LTR Calculation

Beginning in CP 4 (2021–2024), all POUs are required to procure 65 percent of their procurement from contracts that are 10 or more years in duration and meet the requirements of RPS POU Regulations Section 3204(d)(2). The LTR is calculated as:

$$65\% \times (\text{Lesser of: Target or Total RECs applied})$$

Additional Verification Processes

POU With Special Exemptions and Adjustments

The RPS POU Regulations describe several specific exemptions and adjustments to the RPS procurement requirements. CEC staff factors in any allowed exemptions and adjustments when completing the analysis of procurement requirements. In many cases, a POU that wishes to apply an exemption or adjustment must notify the CEC of its intent to apply the allowed adjustment in its annual reporting and must provide supporting documentation to support the application. CEC staff will verify the application of any special provisions applied to meet procurement requirements and adjust calculations as needed.

Under the RPS POU Regulations, if a qualifying POU can show that it meets the criteria for one of the allowed exemptions, the procurement target will be adjusted or, in some cases, will be determined annually, instead of on a compliance period basis. In some cases, a POU will be exempt from the PBR and the LTR. POU's that serve customers that are within California but not interconnected to a CBA, do not classify their procurement of electricity products into the PCCs; instead, they categorize them as either "count in full," "bundled," or "unbundled."

Historic Carryover

A POU that procured electricity from qualifying renewable energy resources from January 1, 2004, through December 31, 2010, in excess of its 2004 - 2010 RPS procurement targets and not applied to another state RPS program, voluntary program, may apply that excess amount to its procurement requirements. Such excess may be applied to CP 1 or any subsequent compliance period, in accordance with Section 3206(a)(5) of the RPS POU Regulations. While this historic carryover procurement may count toward a POU's RPS procurement target, the historic carryover procurement is not categorized into a PCC and is not included in the calculation of the PBR.

Review of Applied or Claimed Excess Procurement

Section 3206 of the RPS POU Regulations specifies optional compliance measures that can be adopted and applied by a POU, including excess procurement. The excess procurement optional compliance measure provides that RPS-eligible RECs retired by a POU that are more than the POU's procurement target for a specific compliance period can be used to meet the procurement requirements for any future compliance period. Section 3206(a)(1) specifies criteria for excess procurement and describes the restrictions on excess procurement associated with PCC 2 and PCC 3 electricity products.

Only PCC 0, PCC 1, and bundled RECs are eligible for excess procurement. Excess procurement is calculated by summing the total number of eligible RECs retired for the compliance period and subtracting:

1. The RECs applied toward the RPS procurement target.
2. Any remaining retired PCC 2 or PCC 3 or unbundled RECs that are procured under a contract or ownership agreement executed on or after June 1, 2010.

3. Any remaining retired PCC 2 or PCC 3 or unbundled RECs that were procured under a contract or ownership agreement that was executed before June 1, 2010, from a facility that did not meet the requirements to be certified for the RPS when the contract was executed.

Withdrawing Surplus RECs for Future Use

In March 2016, the CEC adopted Resolution 16-0309-4A, which established a process for the CEC's Executive Director to allow POU's with surplus RECs, in specific circumstances, to withdraw the RECs from one compliance period and use them in the next compliance period. This process was incorporated into Chapter 7.4 of the subsequent RPS Eligibility Guidebook.

Compliance Report Filing

The POU will have 90 days to submit the compliance report after CEC staff releases draft verification results for each POU for the compliance period,²⁴ as provided by Section 3207(d) of the RPS POU Regulations. While 90 days is permitted, the sooner a POU submits the compliance report, the sooner the verification process can be completed. The compliance report must include:

- The POU's procurement target for the compliance period.
- The amount of verified procurement retired that the POU applies towards the RPS procurement requirements by PCC and LTR classifications, if applicable.
- The amount of excess procurement accrued in previous compliance periods or historic carryover or both that the POU applies toward the RPS procurement requirements by PCC and LTR classifications, if applicable.
- The amount of excess procurement accrued during the compliance period that may be applied in future compliance periods by PCC and LTR classifications, if applicable.
- If necessary, application of optional compliance measures such as delay of timely compliance, cost limitations, or portfolio balance requirement reduction or a combination for the compliance period. The report must also include all the required documentation justifying the POU's application of optional compliance measures including, but not limited to, the POU's adopted renewable energy resource procurement plan(s) and enforcement program(s) in effect during the compliance period.

Final POU Verification Results Reports

The results of all analyses, including the information submitted in the compliance report, are compiled for each POU in a preliminary verification results report (VRR) and published to the

²⁴ The draft verification results is a compiled summary of a POU's verified claims meant to assist in POU's completion of the compliance report. Along with each POU's draft verification results for the compliance period, CEC staff will notify each POU of their obligation to provide a compliance report through the RPS Online System within 90 days.

Compliance Period docket.²⁵ All VRRs are adopted by the CEC at regularly scheduled business meetings and subsequently used for compliance and enforcement.

Each POU's VRR for a given compliance period includes:

- The amount of eligible renewable energy procured by the POU.
- The LTR and PCC classifications of eligible renewable energy.
- The results of the POU's procurement target calculations, including exceptions and allowances, as applicable.
- The OCMs being applied by the POU, if applicable.
- The POU's additional procurement exceeding requirements, which may be applied to a future compliance period.

When adopting each VRR, the CEC finds the procurement claim amounts listed in the report are eligible for the RPS, are consistent with RPS certification and procurement rules and requirements specified in the RPS Eligibility Guidebook and RPS POU Regulations, and should count toward meeting the POU's RPS procurement requirements.

²⁵ California Energy Commission. "[Renewables Portfolio Standard — RPS | California Energy Commission](https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard)," <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard>.

CHAPTER 5:

POU Compliance Determinations

Compliance Process

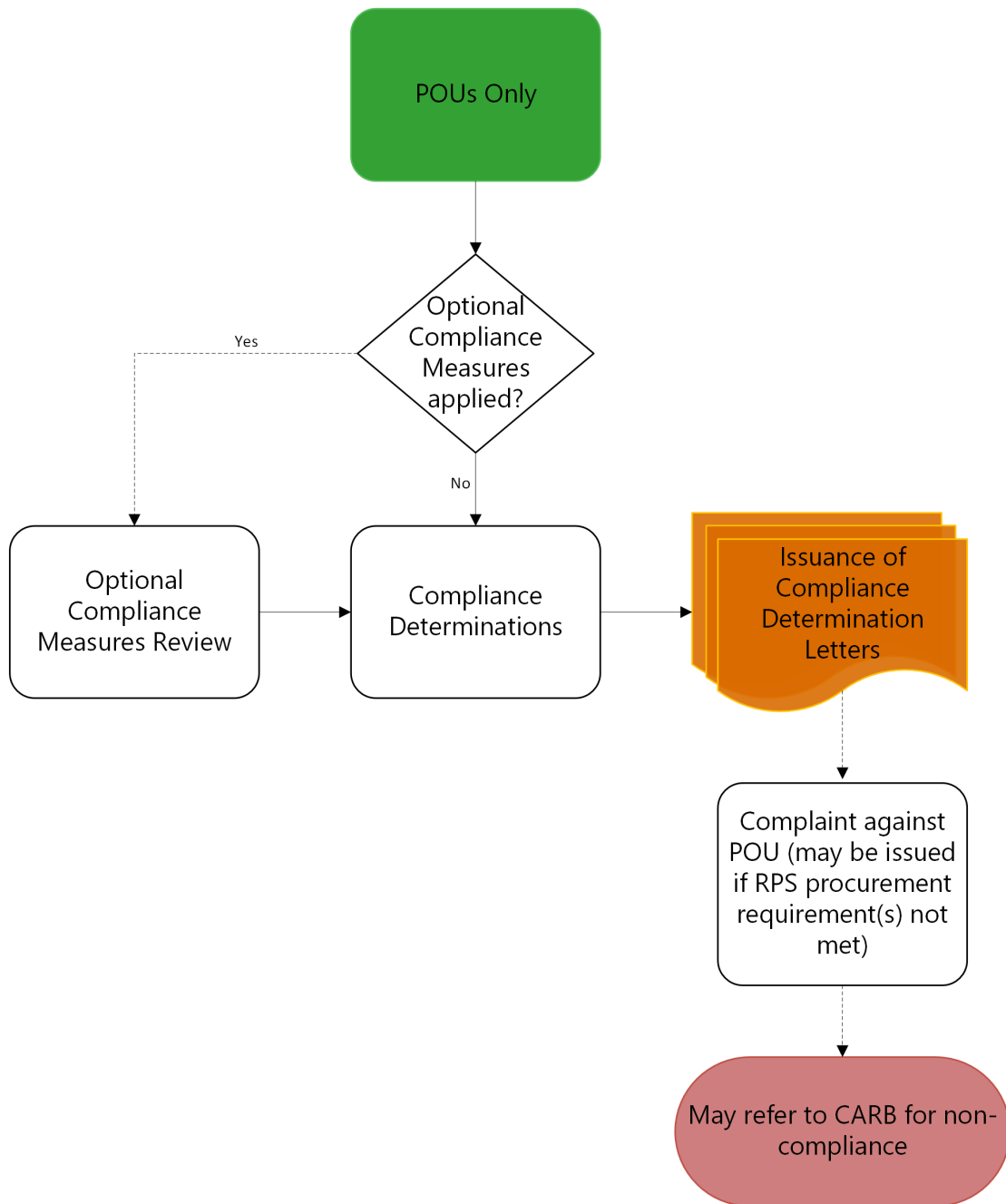
One of the CEC's duties is to determine POU compliance with the RPS. This process is illustrated in **Figure 5**. The RPS POU Regulations establish the rules and procedures by which the CEC will assess a POU's procurement actions and determine whether those actions meet the RPS procurement requirements. As mentioned in Chapter 4, each POU verification report will contain the results of the POU's claims eligibility verification analysis, LTR and PCC analyses, procurement target requirement calculations, the POU's procurement for the compliance period, and additional information. After each POU VRR is adopted at a CEC business meeting, staff begin determining if a POU is in compliance with the RPS statutes and RPS POU Regulations.

For POU's that did not meet the procurement target or PBR for a given compliance period and have a board approved Renewable Energy Resources Procurement Plan that provides for use of OCMs in place pursuant to Public Utilities Code 399.30(a), the CEC will evaluate OCMs as applied by each POU and reported in the POU's compliance report. The available OCMs are detailed in the RPS POU Regulations Section 3206 and include:

1. Cost limitations for procurement expenditures.
2. Conditions that allow for delaying timely compliance.
3. Portfolio balance requirement reduction for the reduction of the PCC 1 portfolio balance requirement.

The CEC's Executive Director will make a compliance determination informed by the verification results presented in each POU's verification report and, if applicable, the application of optional compliance measures by the POU. The Executive Director will issue a letter to each POU documenting its RPS compliance determination. If the Executive Director determines a POU is not in compliance with the RPS requirements, the Executive Director may direct CEC staff to draft and issue a complaint against the POU to be heard by the CEC in accordance with Sections 3208 and 1240 of the RPS POU Regulations. If a complaint is issued and the POU is found noncompliant, CEC staff will forward a notice of violation to the CARB for determination of a penalty.

Figure 5: POU Compliance Determinations



Source: California Energy Commission

GLOSSARY

- Balancing authority — as defined in Public Utilities Code Section 399.12, subdivision (b), to mean the responsible entity that integrates LSE resource plans ahead of time, maintains load- interchange-generation balance within a balancing authority area, and supports interconnection frequency in real time.
- Balancing authority area — as defined in Public Utilities Code Section 399.12, subdivision (c), for the RPS, to mean the collection of generation, transmission, and loads within the metered boundaries of the area within which the balancing authority maintains the electrical load-resource balance.
- CARB — California Air Resources Board.
- CBA — California balancing authority means a balancing authority primarily located in California with more than 50 percent of its end-use electric load physically located within the political boundaries of California. This includes balancing authority areas operated by the California Independent System Operator Corporation, Los Angeles Department of Water and Power, Balancing Authority of Northern California, Imperial Irrigation District, and Turlock Irrigation District.
- CPUC — The California Public Utilities Commission is an agency that regulates utilities in California, including electric power, telecommunications, natural gas, and water companies. CEC staff and CPUC staff have special status to work collaboratively and participate in confidential deliberations concerning decision-making on implementing the Renewables Portfolio Standard.
- e-Tag — Consistent with RPS POU Regulations Section 3201(t), an electronic record that contains the details of a transaction to transfer energy from a source point to a sink where the energy is scheduled for transmission across one or more balancing authority area boundaries. For this definition, "source point" refers to the generation source of the energy, and "sink" refers to the balancing authority in which the electric load is located. Previously referred to as a "NERC e-Tag."
- LSE — A load-serving entity is an entity that provides electric service to end users and wholesale customers. These entities include investor-owned utilities, local publicly owned electric utilities, community choice aggregators, and electric service providers.
- LTR — The Long-Term Procurement Requirement was established by SB 350. Beginning January 1, 2021, at least 65 percent of the procurement counted toward a POU's RPS procurement requirement

each compliance period must come from contracts of 10 years or more in duration, or through ownership or ownership agreements for eligible renewable energy resources, as required by Public Utilities Code Section 399.13(b).

- MMBtu — One million British thermal units (BTU) is a measure of the energy content in fuel, and is used in the power, steam generation, heating and air conditioning industries.
- MW — Megawatt — 1,000 kilowatts. One megawatt is about the amount of power required to meet the peak demand of a large hotel.
- MWh — A megawatt-hour is a unit of measure describing the amount of electricity consumed over time. It means 1 megawatt of electricity supplied for one hour.
- PBR Portfolio Balance Requirement — Public Utilities Code Sections 399.16 and 399.30(c)(3) require that POU's procure a "balanced portfolio of eligible renewable energy resources" consisting of three PCCs, which are further defined in Section 3203 of the RPS POU Regulations. The PBR sets a minimum level of electricity products that must be procured within a specific PCC and maximum level of electricity products that can be procured within another PCC.
- PCC — Portfolio Content Category refers to one of three categories of electricity products procured from an eligible renewable energy resource, as specified in RPS POU Regulations Section 3203.
- POU — A local publicly owned electric utility, as defined in Public Utilities Code Section 224.3, is a municipality or municipal corporation operating as a "public utility" furnishing electric service as provided in Section 10001 of the Public Utilities Code, a municipal utility district furnishing electric service formed under Division 6 (commencing with Section 11501 of the Public Utilities Code), a public utility district furnishing electric services formed under the Public Utility District Act set forth in Division 7 (commencing with Section 15501 of the Public Utilities Code), an irrigation district furnishing electric services formed following the Irrigation District Law set forth in Division 11 (commencing with Section 20500) of the Water Code, or a joint powers authority that includes one or more of these agencies and that owns generation or transmission facilities, or furnishes electric services over its owners' or its members' electric distribution system.
- REC — A renewable energy credit, as defined in Public Utilities Code Section 399.12(h), is a certificate of proof, issued through the accounting system established by the CEC under Section 399.25, that one unit

of electricity was generated and delivered by an eligible renewable energy resource.

- Retail seller — A retail seller, as defined in Public Utilities Code Section 399.12(j), is an entity engaged in the retail sale of electricity to end-use customers located within the state. Retail sellers include electrical corporations (as defined in Public Utilities Code Section 218), community choice aggregators (as defined in Public Utilities Code Section 331.1), and electric service providers (as defined in Public Utilities Code Section 218.3). Retail sellers do not include local publicly owned electric utilities, entities employing cogeneration technology or producing power consistent with Public Utilities Code Section 218(b), or the Department of Water Resources acting within its capacity under Division 27 of the Water Code (commencing with Section 80000).
- RPS — California’s Renewables Portfolio Standard, as established in Public Utilities Code Section 399.11, et seq. and defined in Public Utilities Code Section 399.12(i), is a program that establishes the specified percentage of electricity generated by eligible renewable energy resources that a retail seller or local publicly owned electric utility is required to procure under Public Utilities Code Section 399.11 et seq.
- SB — Senate Bill – legislation that originates in the California State Senate.
- SCR — The summary claims report categorizes claims verified as eligible, ineligible, or withdrawn. CEC staff works closely with LSEs throughout the verification process to keep them informed of issues with their procurement claims and attempt to resolve any identified issues in a timely manner.
- VRR — Verification results report.
- Vintage — The month and year that a megawatt hour of energy was generated.
- WECC — The Western Electricity Coordinating Council is the electricity coordinating council, as defined in Public Utilities Code Section 399.12(k). WECC is one of several regional electric reliability councils with delegated authority under the North American Electric Reliability Corporation and the regional entity responsible for coordinating and promoting bulk electric system reliability in the Western Interconnection serving all or part of the 14 western states and portions of Mexico (in northern Baja California) and Canada (in British Columbia and Alberta). The western states include Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming.

- WREGIS
- The Western Renewable Energy Generation Information System is an independent, renewable energy tracking system implemented for the region covered by the WECC and operated by WECC employees. WREGIS electronically tracks RECs (renewable energy credits or WREGIS Certificates) representing renewable energy generation and, beginning with 2008 data, is used for RPS reporting and verification by the CEC.