

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov

DOCKET	
02-REN-1038	
DATE	JAN 6 2006
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ARNOLD SCHWARZENEGGER, Governor



Implementation of Renewables)	Docket No. 03-RPS-1078
Portfolio Standard Legislation (Public)	RPS Proceeding
Utilities Code Sections 381, 383.5,)	
399.11 through 399.15, and 445; [SB)	
1038], [SB 1078]))	
)	
and)	
)	
Implementation of Renewables)	Docket No. 02-REN-1038
Investment Plan Legislation (Public)	Renewable Energy Program
Utilities Code Sections 381, 383.5, and)	
445; [SB 1038]) ¹)	Notice of Business Meeting

Notice of Business Meeting to Consider Adoption of the Renewables Portfolio Standard Procurement Verification Report

The California Energy Commission will hold a regularly scheduled Business Meeting on:

WEDNESDAY, JANUARY 18, 2006
10 a.m.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Hearing Room A
Sacramento, California
(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.
For details, please go to:
www.energy.ca.gov/realaudio/

As part of the January 18, 2006, Business Meeting, the California Energy Commission will consider adoption of the Committee Draft *Renewables Portfolio Standard Procurement Verification Report*.

RPS Verification Report

The Committee recommends that the Energy Commission adopt the *Verification Report*. The *Verification Report* serves to transmit the Energy Commission's Renewables Portfolio Standard (RPS) procurement verification findings for the previous calendar year to the California Public Utilities Commission (CPUC). The report serves to inform the CPUC in implementing its roles to set California's RPS targets and determine compliance with the state's RPS. This first *Verification Report* accomplishes the following for calendar year 2004:

- Verifies the amount of energy procured by each investor-owned utility (IOU) from each RPS-eligible facility certified by the Energy Commission.
- Verifies that renewable facilities located out-of-state satisfy the Energy Commission's RPS energy delivery requirements.
- Identifies baseline, incremental and annual procurement for purposes of RPS compliance.
- Quantifies the amount of energy that qualifies as incremental geothermal.
- Compares the CPUC's annual procurement targets for each IOU with the Energy Commission's findings for how much procurement qualifies towards the targets.
- Compares the IOU's compliance filings to the CPUC with the Energy Commission's findings.

Highlights of the Committee's changes to the November 2005 Staff Draft *Verification Report* are provided in the Attachment to this notice. The January 2006, Committee Draft *Verification Report* is available on the Energy Commission's Web site at:

[www.energy.ca.gov/portfolio/documents/index.html].

Hard copies of the Committee Draft *Verification Report* may be obtained by contacting Janet Preis at (916) 654-4524, jpreis@energy.state.ca.us.

Written Comments

The Energy Commission encourages members of the public to submit written comments on the proposed Committee Draft *Verification Report* in advance of the Business Meeting. An original and 21 copies of comments filed by mail or in person should be provided to the Energy Commission's Docket Unit. Alternately, parties may file a single copy electronically with the Docket Unit and follow up with an original copy by mail. The Committee encourages comments to be submitted by e-mail to allow for their posting on the RPS proceeding Web page. If you are providing written comments at the Business Meeting, please make an additional 50 copies available at the beginning of the meeting.

Please send or deliver written materials to:

California Energy Commission
Re: Docket No. 03-RPS-1078 and Docket No. 02-REN-1038
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504
E-Mail: docket@energy.state.ca.us

All written materials filed with the Docket Unit will become part of the public record in these proceedings. The Committee strongly encourages parties to file written comments by close of business January 15, 2006, but will accept written comments up to the day of the Business Meeting.

Public Participation

The Energy Commission's Public Adviser, Margret J. Kim, provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at pao@energy.state.ca.us. If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

If you have technical questions on the subject matter of this notice, please contact Heather Raitt of the Renewable Energy Program, by phone at (916) 654-4735, or by e-mail at hraitt@energy.state.ca.us. News media inquiries should be directed to Claudia Chandler, Assistant Executive Director, at (916) 654-4989.

JOHN L. GEESMAN
Commissioner and Presiding Member
Renewables Committee

JACKALYNE PFANNENSTIEL
Vice Chair and Associate Member
Renewables Committee

Date Mailed:
Mail Lists: 5507 RPS, 5504 New

¹ Public Utilities Code Sections 383.5 and 445 were amended and recast as Public Resources Code Sections 25740 through 25751 pursuant to Senate Bill 183 (Sher, Statutes 2003, Chapter 666)

ATTACHMENT

Highlights of Committee Revisions to the November 2005 Staff Draft Report

The following summarizes the changes the Committee made to the November 2005 Staff Draft *Verification Report*. The changes are listed below and fall under the following general categories: clarifications, changes relating to incremental geothermal, changes reflecting new and revised data, and other corrections and edits. To review the Committee Draft or Staff Draft *Verification Report* in its entirety, please visit the Energy Commission's Web site at [www.energy.ca.gov/portfolio/documents/index.html].

Clarifications made in the report:

- The Committee clarifies that the report does not propose changing California Public Utilities Commission's (CPUC's) banking or other flexible compliance rules. Banking is not included in this report except for banked 2003 excess procurement allocated to SDG&E's 2004 Incremental Procurement Target.
- The Committee clarifies, consistent with CPUC rules, that the baseline for the years following 2001 is equivalent to the deliveries required in the previous year's Incremental Procurement Target/Annual Procurement Target.
- The Committee revises the methodology that staff used in accounting for procurement that is eligible for the Incremental Procurement Target for deliveries that begin midyear. Staff had proposed that the first 12 months of procurement from a facility would count towards the IPT for the year the facility begins operation. The Committee decided that procurement in the calendar year when a facility starts operating counts towards the Incremental Procurement Target for that year. Procurement in the second year of operation beyond the level in the initial year counts toward the IPT for that year.

Changes regarding the methodology for estimating procurement of "incremental geothermal":

- The Committee clarifies that the term "incremental geothermal" used in the report is not interchangeable with "incremental procurement" established by the CPUC that qualifies towards the investor owned utilities' (IOU) Incremental Procurement Targets, but rather refers to a technology type that meets specific criteria described in the RPS Eligibility Guidebook and SB 1078.
- The Committee modified the methodology for estimating the amount of generation that qualifies as incremental geothermal in the event that part of the capacity of a facility is certified as incremental geothermal and the remainder is classified simply as geothermal. Staff proposed dividing the incremental geothermal capacity with nameplate capacity to calculate percent incremental geothermal capacity. This percentage was then applied to the total electricity generated from the facility to estimate the amount that qualified as incremental geothermal. The Committee

modified the methodology to derive the percent incremental geothermal capacity from the *operating capacity* instead of nameplate capacity to reflect the declining steam field production at the Geysers.

- The Committee report establishes a methodology for estimating the operating capacity of the Geysers facilities. The methodology is based on capacity data during “system peak” dates and hours specified by the Energy Commission. The data are filed by the Geysers Power Company to the Energy Commission in compliance with the *Power Plant Owner Report Forms* (Form 1304).

Changes reflecting new and revised procurement data:

- The Committee draft provides updated results to reflect supplemental data from Pacific Gas and Electric Company (PG&E) that was not specified in its CEC-RPS-Track filing. PG&E identified procurement that had been incorrectly counted towards its Incremental Procurement Target for cases in which the facility was under contract in 2001 or earlier but was not delivering in 2001. This could not be discerned from the original data set. In another case, PG&E disaggregated data to show procurement that should be counted towards its Incremental Procurement Target.
- The Committee draft provides updated results to reflect revised CEC-RPS-Track filings submitted by Southern California Electric Company (SCE). SCE revised its 2001 and 2003 CEC-RPS-Track filings to synchronize the data with its 2004 filing that was based on revenue quality meter reads. SCE also identified procurement from two small facilities that needed to be added to its Incremental Procurement Target and identified procurement from two municipal solid waste facilities that needed to be struck from their baseline.

Other corrections and edits:

- The Committee corrects the analysis of SDG&E’s procurement to show that excess incremental procurement in 2003 applies towards its 2004 IPT.
- The Committee removes an assumption in the staff report which states, “If a contract ended and the generator executed a contract with a different IOU, the second IOU could count procurement in the first 12 months towards its IPT, and the generation would no longer count towards the first IOU’s baseline, assuming there were no sales to the first IOU’s.” The assumption was not necessary in the analysis and raises an accounting issue for the CPUC to address.
- The Committee makes other conforming and clarifying changes.