

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov

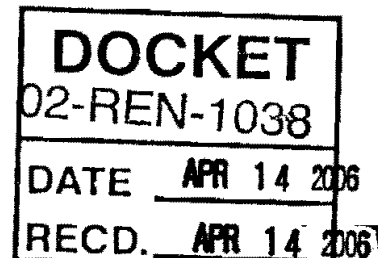


**Implementation of Renewables
Portfolio Standard Legislation (Public
Utilities Code Sections 381, 383.5,
399.11 through 399.15, and 445; [SB
1038], [SB 1078])**

and

**Implementation of Renewables
Investment Plan Legislation (Public
Utilities Code Sections 381, 383.5, and
and 445; [SB 1038])ⁱ**

) **Docket No. 03-RPS-1078**
) **RPS Proceeding**



) **Docket No. 02-REN-1038**
) **Renewable Energy Program**
) **Notice of Business Meeting**

Notice of Business Meeting to Consider Adopting Proposed Changes to the Renewables Portfolio Standard Guidelines

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

WEDNESDAY, APRIL 26, 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/webcast/

As part of the April 26, 2006, Business Meeting, the California Energy Commission will consider adoption of the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook)*, *New Renewable Facilities Program Guidebook (NRFP Guidebook)*, and the *Overall Program Guidebook for the Renewable Energy Program*.

Background

These draft April 2006 *Guidebooks* reflect two sets of changes: 1) changes to the draft *Guidebooks* that were published in November 2005 (changes to the August 2004 *RPS Guidebook*, the May 2004 *NRFP Guidebook* and the May 2004 *Overall Program Guidebook*), and 2) changes to the November 2005 draft *Guidebooks*.

The *RPS Guidebook* describes the eligibility requirements and process for certifying renewable resources as eligible for California's RPS and Supplemental Energy Payments (SEPs) and describes how the Energy Commission will design and implement an accounting system to verify compliance with the RPS. Proposed changes to the *RPS Guidebook* include modifications and updates to address: the tracking system, incremental geothermal certification, requirements of Assembly Bill 200 (Leslie, Chapter 50, Statutes of 2005), delivery requirements, RPS decisions issued by the California Public Utilities Commission (CPUC), accounting for baseline and incremental procurement, and eligibility for biomass and mothballed facilities.

The *NRFP Guidebook* describes how the Energy Commission will allocate and award SEPs to cover the above-market costs of renewable energy. Proposed changes to the *NRFP Guidebook* include revisions to address the SEP process, data reporting requirements, and prevailing wage.

The *Overall Program Guidebook* describes specific aspects of how the Energy Commission's Renewable Energy Program is administered. Proposed changes to the *Overall Program Guidebook* revise and update various definitions, including the definitions for "awardee," "biomass," "commercial operation," "funding award," "retail seller," "investor-owned utility," "electric service providers," and "community choice aggregator."

A summary of the proposed changes to these *Guidebooks* is provided in Attachment A to this notice. The *Guidebooks* are available on the Energy Commission's Web site at:

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

Draft *Guidebooks* with proposed changes beyond the changes published in November 2005 shown in underline and strikeout are available upon request. Hard copies of the draft *Guidebooks* may be obtained by contacting Janet Preis at (916) 654-4524, jpreis@energy.state.ca.us.

Process

In November 2005, the Energy Commission staff proposed changes to the *RPS Guidebook* (August 2004), the *NRFP Guidebook* (May 2004), and the *Overall Program Guidebook* (May 2004) to reflect statutory, market, and regulatory developments and to respond to lessons learned through implementing the program. The Energy Commission solicited comments on the November 2005 draft *Guidebooks* and held a

Renewables Committee (Committee) workshop on December 7, 2005, to receive verbal comments. After careful consideration of written and verbal comments and additional technical and policy analysis, the Committee is proposing revisions to the November 2005 draft *Guidebooks*. As noticed on April 7, 2006, the Committee will hold a public workshop on April 17, 2006, on the proposed changes to the *Guidebooks*.

After considering public comments, the Energy Commission will consider adopting these draft *Guidebooks* at the April 26, 2006, Business Meeting. Public Resources Code Section 25747 authorizes the Energy Commission to approve substantive changes to the *Guidebooks* upon providing 10 days public notice. Changes take effect once approved at a publicly noticed meeting.

Written Comments

The Committee encourages members of the public to submit written comments on the proposed draft *Guidebooks* in advance of the Business Meeting. Please provide an original and 21 copies of comments filed by mail or in person 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:

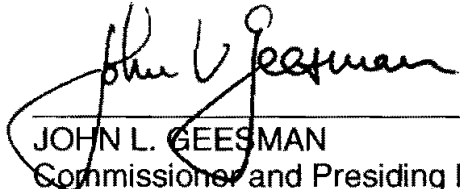
California Energy Commission
Re: Docket No. 03-RPS-1078 and Docket No. 02-REN-1038
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504
E-Mail: docket@energy.state.ca.us

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 April 24, 2006, but will accept written comments up to the day of the Business Meeting.

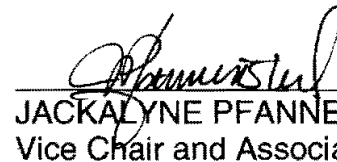
Public Participation

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 regarding 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 [hrait@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: April 14, 2006
Dated: April 14, 2006
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 SB 183 (Sher, Statutes 2003, Chapter 666).

Note: California Energy Commission's formal name is State of California Energy Resources Conservation and Development Commission.

ATTACHMENT A

Summary of Proposed *Guidebook* Changes

The following summarizes the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook*, the *New Renewable Facilities Program Guidebook*, and the *Overall Program Guidebook for the Renewable Energy Program*. To review the proposed changes in their entirety, please visit the Energy Commission's Web site at [www.energy.ca.gov/portfolio/documents/index.html].

Renewables Portfolio Standard Eligibility Guidebook

The *Guidebook* is modified to:

- Implement Incremental Geothermal Certification
 - Additional specifications are provided on what information applicants must include in their requests for RPS certification.
 - A certification process is identified for cases in which the Energy Commission certifies a portion of the generating capacity of a geothermal facility that qualifies as incremental geothermal.
 - The methodology is identified that the Energy Commission will apply to determine how much energy is counted toward baseline and toward the incremental procurement target (IPT) for partially incremental geothermal facilities that were commercially operational before September 26, 1996.
- Implement Assembly Bill 200¹
 - For an electrical corporation with 60,000 or fewer customer accounts in California that serves retail end-use customers outside California, the Energy Commission will verify that the electricity generated by the facility is eligible to meet the annual procurement targets as determined by the Energy Commission as a specified percentage of total kilowatt-hours sold to the facility's retail end-use customers in California in a calendar year.
 - Clarify that out-of-state delivery requirements do not apply to these electrical corporations (for example PacifiCorp and Sierra Pacific Power).
- Clarify delivery and certification requirements for out-of-state RPS-eligible facilities.
- Reflect CPUC decisions on RPS implementation to update the:
 - Definitions for the annual procurement target, incremental procurement target, and baseline.
 - Participation of distributed generation in the RPS.
 - Definition of Renewable Energy Certificates/Credits.

¹ Assembly Bill 200 (Leslie), Statutes of 2005, Chapter 50, as codified in Public Utilities Code Section 399.17.

- Requirements for delivery location.
- Clarify accounting for baseline and incremental procurement
- Clarify specific RPS-eligibility criteria regarding:
 - The eligibility of commercial operations and eligibility of RPS-eligible facilities that shut down and later restart operations.
 - Biomass facilities seeking supplemental energy payments. Clarify that such facilities are subject to the state's timber harvest plan requirements pursuant to the Z'berg-Nejedly Practice Act of 1973.
 - The process for becoming pre-certified as RPS-eligible or RPS and SEP-eligible.
 - The certification or pre-certification of facilities for which the capacity is subject to specific eligibility limitations.
- Clarify the Interim Tracking System as follows:
 - Describe the Energy Commission's process for verifying RPS procurement and delivering its findings to the CPUC.
 - Develop reporting forms for generators to report their annual generation divided by month.
 - Clarify that retail sellers are responsible for providing the generation (via the RPS-Track form) for the qualifying small power production facilities (QFs) they certify. QFs certified by the retail seller do not need to report their generation separately or submit third-party verification of production.
 - Modify the RPS-Track form to require the retail sellers to identify if their procurement should count towards the baseline or the incremental procurement target, to require inclusion of the North American Electricity Reliability Council identification number for out-of-state facilities, and to implement Assembly Bill 200.
- Make other conforming and clarifying changes.

New Renewable Facilities Program Guidebook

The *Guidebook* is modified to:

- Revise the Short List Data Request to report bid-specific data for all bids received in a solicitation. The revised forms are titled, "Data on Bids Below the MPR" (CEC-SEP-1) and "Data on Bids Above the MPR" (CEC-SEP-2) and replace the Short List Data Request. The utilities must submit bid-specific data on all bids received in response to their solicitation (CEC-SEP-1 and CEC-SEP-2) within 30 days of the CPUC's adoption of the MPR.
- State that the Energy Commission may seek updates to the utilities' "Data on Bids Below the MPR" (CEC-SEP-1) and "Data on Bids Above the MPR" (CEC-SEP-2), as needed.

- Revise the Utility Data to Supplement SEP Application (CEC-SEP-3, submitted by the Utility) and the SEP Application (CEC-SEP-4, submitted by the Seller).
- Clarify that projects seeking SEPs are subject to the state's prevailing wage law with respect to construction, alteration, demolition, installation, and repair.
- Add a worksheet to calculate the levelized MPR, levelized bid price, and levelized above market costs, as appropriate.
- Clarify what information is needed before the Energy Commission will make a determination on the availability of SEP funds.
- Clarify that the Funding Confirmation Letter is subject to cancellation under the same process as described for the SEP Award Agreement.
- State that the Energy Commission may include specific milestones in the Funding Confirmation Letter or SEP Award Agreement as identified by the Seller in its SEP application and may terminate the Funding Confirmation Letter and SEP Award Agreement if the project misses one of its milestones.
- State that the Energy Commission will make public the lump sum of the SEPs (not the cents per KWh amount) in the Funding Confirmation Letter.
- State that the Funding Confirmation Award will be made public upon adoption.
- Allow an SEP application to be submitted to the Energy Commission before or after the utility files its Advice Letter to the CPUC. If the contract is pending approval by the CPUC (or if the Advice Letter has not yet been submitted to the CPUC), the Energy Commission may make the Funding Confirmation Letter conditional upon CPUC contract approval.
- Regarding data submitted as part of an SEP Application, clarify that the Energy Commission will consider applications to designate the data confidential and not publicly disclosable for a specified time period pursuant to the Energy Commission's regulations on confidential designation, California Code of Regulations, Title 20, Section 2501 et seq.
- Add references to the availability of production incentive payments for existing renewable facilities.
- Make other conforming and clarifying changes.

Overall Program Guidebook

The *Guidebook* is modified to:

- Clarify the eligibility definition of commercial operations and eligibility of RPS-eligible facilities that shut down and later restart operations.
- Clarify that sludge waste derived from organic matter is eligible as biomass.
- Add a definition for "retail seller."

- Revise and update various definitions, including the definitions for “awardee,” “commercial operations,” “community choice aggregator,” “electric service provider,” “electrical corporation,” “funding award,” and “investor owned utility.”