



Marcel Hawiger
Staff Attorney
711 Van Ness Avenue Suite 350
San Francisco, CA 94102
Tel: (415) 929-8876
Fax: (415) 929-1132
marcel@turn.org

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March 20, 2008

California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

RE: **Docket No. 02-REN-1038 and**
Docket No. 03-RPS-1078
Comments on Draft Joint Agency Staff Report on
Tracking System Operational Determination

Dear Sir or Madam:

TURN submits these comments concerning the recently-issued Draft Joint Agency Staff Report on Tracking System Operational Determination (March 2008). TURN apologizes that these comments are being submitted one-day later than requested in the Notice of Committee Workshop mailed on March 7, 2008.

The Draft Report provides a status report on the development of the tracking and verification system that the Energy Commission is required to establish pursuant to Public Utilities Code 399.13(c), and assesses whether the WREGIS system and other processes meet the conditions enumerated in PU Code 399.16(a) which must be met before the Public Utilities Commission can authorize the use of renewable energy credits (RECs).

The Draft Report notes in several places that further work will be required to ensure that the tracking system meets all the statutory criteria for providing independent verification of renewable power generation. Based on the

language of the Draft Report itself, TURN understands that the verification and tracking system as presently functioning does *not* meet the conditions of 399.16(a).

TURN expects that there will be a process for providing additional comments after the necessary system modifications are implemented. TURN thus highlights only very briefly the primary issues which present concerns with respect to meeting the statutory conditions for authorizing the use of renewable energy credits.

One of the biggest concerns is the ability to *independently verify* that out-of-state generation is delivered to California without being claimed for compliance in any other state. The Draft Report tersely notes that "the Energy Commission verifies, to the extent possible, that the generation from renewable facilities claimed by the California IOUs for RPS compliance was not claimed by retail providers in other states by collaborating with the state agencies in Oregon and Washington."¹ (Draft Report, p. 17)

It is not clear from this statement whether the present system can provide independent verification of delivery without double counting, and what additional changes will be necessary to meet this requirement. Five other states, besides Oregon and Washington, in the WECC have adopted RPS requirements. The Energy Commission must ensure that the energy claimed for RPS compliance in California is not claimed in any other state. TURN presumes that the verification process would depend on whether other states use WREGIS for RPS compliance. If a state does not use the WREGIS system, then verification will present additional hurdles and might require a comparison of WREGIS data with the separate reporting mechanisms used by other states. Joint Staff should provide much greater explanation of this 'verification' process.

A second and related concern is the apparent difference in the definition of a WREGIS Certificate as compared to the statutory definition of a REC in PU Code 399.12(h). If the WREGIS certificate definition does *not* include all the "environmental attributes" associated with the renewable

¹ TURN is unsure whether the reference to "IOUs" is deliberate, and if so, why the verification only applies to "IOUs" rather than all retail sellers.

California Energy Commission

March 20, 2008

p. 3

energy, then a generator (or marketer) could sell portions of the REC to another state or buyer even though the REC might have been used for compliance in California.

The Draft Report notes that all entities are supposed to register with WREGIS by May 1, 2008; however, certain parties apparently have concerns regarding the Terms of Use agreement. (Draft Report, p. 9) TURN recommends that the Energy Commission continue its current interim tracking process, and that the two agencies monitor performance of the WREGIS system prior to making any determinations concerning compliance with the requirements of Sections 399.13 and 399.16.

Sincerely,



Marcel Hawiger
Staff Attorney

Cc: Jackalyne Pfannenstiel, Chair, CEC
Karen Douglas, Commissioner, CEC
Rasa Keanini, CEC
Kate Zocchetti, CEC
Sara Kamins, CPUC

