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solutions

**DOCKET**

**02-REN-1038**

DATE FEB 16 2010

RECD. FEB 16 2010

February 16, 2010

California Energy Commission  
Re: Docket No. 02-REN-1038  
and Docket No. 03-RPS-1078  
Docket Unit, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504

**RE: California Energy Commission Draft 2006 RPS Verification Report;  
Comments of the Center for Resource Solutions Regarding Renewables  
Portfolio Standard Procurement**

Dear Commissioners,

Center for Resource Solutions ("CRS") appreciates the opportunity to provide comments on this Renewables Portfolio Standard 2006 Procurement Verification Draft Staff Report ("Draft 2006 RPS Verification Report").<sup>1</sup> On April 3<sup>rd</sup>, 2009, CRS submitted comments relating to the treatment of RECs from Mountain View I and II wind facilities ("Mountain View") and Southern California Edison's ("SCE") RPS obligations. CRS supports the treatment of these critical issues put forth in the Draft 2006 RPS Verification Report, wherein generation from Mountain View is ineligible for compliance with the California RPS by SCE. Such a determination by the California Energy Commission ("CEC" or the "Commission") and the California Public Utility Commission ("CPUC") will ensure the integrity of thousands of contracts and marketing claims, and provide stability in the voluntary renewable energy market, as well as clear guidance for the compliance markets.

There are no conditions under which SCE should be allowed to claim its procurement of energy from Mountain View to meet its RPS obligation. SCE did not have title to the renewable attributes. The contract language, legislative intent of the RPS, the regulatory interpretations and the standard industry practice all support the conclusion that SCE can not claim the unbundled electricity purchased from Mountain View toward RPS compliance. If SCE is allowed to claim these MWh to meet its RPS obligation, the effect will be to invalidate more than 1,061,885 MWh of transactions of Mountain View RECs in the voluntary market, in turn creating contractual liabilities and harming the reputations of

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<sup>1</sup> Barkalow, Gina, Theresa Daniels, Lorraine Gonzales. 2010. *Renewables Portfolio Standard 2006 Procurement Verification Draft Staff Report*. California Energy Commission. CEC-300-2009-006-SD

each company involved, invalidating purchases made by more than 56,000 California customers, and severely damaging the entire voluntary market and the credibility of regulatory enforcement of the RPS.

CRS appreciates the Commission's coordination with Green-e Energy, a program of CRS, to verify that MWh procured for the California RPS were not also claimed by the voluntary market. The renewable attributes of Mountain View's generation were specifically allocated to Mountain View's owners, who then sold the RECs into the voluntary market. As a result, electricity from the Mountain View facilities claimed by SCE for RPS compliance are technically "unbundled" energy-only products. RPS claims based on output from the Mountain View facilities under the 2001 Department of Water Resources contract are false because the procurement did not include the RECs, and it would constitute double counting of the RECs as they have already been legitimately claimed by the actual purchasers of the RECs.

In short, CRS stresses the same concerns and recommendations voiced in our April 3, 2009 comments. Namely, CRS recommends that the Commission and the CPUC adopt specific provisions of the Draft 2006 RPS Verification Report, ensuring that:

- The integrity of the REC transactions between Mountain View I and II (including all current and prior owners) and 3Degrees and any other party with contractual rights to the renewable attributes or renewable energy certificates are upheld;
- Southern California Edison is held to its obligation under the California RPS;
- Southern California Edison is not allowed to claim any generation from the Mountain View facilities purchased under the Department of Water Resources contract toward its RPS obligations, as SCE did not purchase any renewable attributes under that contract.

We also agree that Southern California Edison should not be allowed to use unbundled RECs to meet its RPS requirements in this instance as this would create inequalities and unfair treatment of utilities in the market. Southern California Edison should be held to the same requirements as all other utilities for the reporting year. We urge the CPUC to come to a decision on the use of tradable RECs in future reporting years to clarify this issue going forward. Thank you for your consideration.

Sincerely,



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