

Comments of Calpine Corp. on the *Renewables Portfolio Standard Eligibility Draft Staff Guidebook*

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Calpine appreciates the opportunity to participate in the RPS Proceeding (02-REN-1038 and 03-RPS-1078) and comment on the *Renewables Portfolio Standard Eligibility Draft Staff Guidebook, Fourth Edition* (“Draft Guidebook”). Calpine has three concerns about the Draft Guidebook.

First, in section II.B.7, the Guidebook still does not address the treatment of RECs associated with distributed generation. The Draft Guidebook notes “The Energy Commission will not certify distributed generation facilities as RPS eligible unless the CPUC authorizes tradable RECs to be applied toward the RPS.”¹ The CPUC recently issued a proposed decision that authorizes the use of tradable RECs for RPS compliance.² In addition, the draft regulations for CARB’s Renewable Electricity Standard allow the use of tradable RECs for compliance.³ Consequently, it is important that the CEC tackle RECs associated with DG in the near future if not in this draft. Calpine’s preference is that the CEC address the eligibility of RECs associated with DG in the current draft. The CPUC and CARB then can decide independently whether and how to allow the RECs associated with DG to count for their respective programs.

Second and related, the current delivery requirements for out-of-state resources essentially require a showing of both a WREGIS certificate and a NERC E-tag verifying delivery to California within the same calendar year as the WREGIS certificate was generated. In the event that some form of unbundled REC trading is allowed including the potential to use unbundled RECs that were generated in previous years for compliance in a current year, there is currently no obvious way to create or buy a NERC E-tag from the same calendar year as a WREGIS certificate that was created in the past. Consequently, in the Draft Guidebook, Calpine urges the CEC either to waive the requirement to present a matching E-tag from the same calendar year or work together with WREGIS and other stakeholders to develop a means of transferring historically generated WREGIS certificates *and* E-tags.

Third, in the *Questions Concerning Possible Changes to the Renewables Portfolio Standard Eligibility Guidebook*,⁴ the CEC Staff asks “Should the Energy Commission consider further restricting the location of eligible biogas production facilities to participate in California’s RPS?” Calpine does not support restrictions on potential sources of biogas to be used towards RPS compliance. The RPS program should take advantage of the extensive natural gas infrastructure that facilitates the integration of the

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² <http://www.cpuc.ca.gov/EFILE/PD/122464.pdf>

³ <http://www.arb.ca.gov/regact/2010/res2010/res10a.pdf>

⁴ http://www.energy.ca.gov/portfolio/notices/2010-08-30_Staff_Workshop_Attachment_B.pdf

entire North American market. Limiting the locations of sources of biogas will raise RPS compliance costs just as limiting conventional natural gas supplies to domestic or Western U.S. sources likely would raise the cost of conventional gas-fired generation.