

DOCKET

03-RPS-1078

DATE SEP 10 2010

RECD. SEP 10 2010

**STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION**

In the matter of:

Implementation of Renewables Portfolio Standard
Legislation

and

Implementation of Renewables Investment Plan
Legislation

Docket No. 03-RPS-1078

Docket No. 02-REN-1038

**COMMENTS OF THE SOLAR ALLIANCE ON
RENEWABLES PORTFOLIO STANDARD ELIGIBILITY GUIDEBOOK
AND THE OVERALL PROGRAM GUIDEBOOK FOR THE RENEWABLE ENERGY
PROGRAM**

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP
Jeanne B. Armstrong
505 Sansome Street, Suite 900
San Francisco, CA 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321
Email: jarmstrong@goodinmacbride.com

September 10, 2010

Attorneys for the Solar Alliance

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AND THE OVERALL PROGRAM GUIDEBOOK FOR THE RENEWABLE ENERGY
PROGRAM**

The Solar Alliance¹ appreciates the opportunity to comment on the Renewables Portfolio Standard Eligibility Guidebook and the Overall Program Guidebook for the Renewable Energy Program. The RPS Guidebook describes the eligibility requirements and process for certifying renewable resources as eligible for California’s RPS and describes how the Energy Commission verifies compliance with the RPS. The Overall Guidebook describes specific aspects of how the Renewable Energy Program is administered. The Solar Alliance comments are limited to two specific changes to the RPS Guidebook.

I. COMMENTS

The RPS Guidebook should be revised to certify distributed generation facilities as RPS eligible. Currently the Guidebook provides that:

¹ The comments contained in this filing represent the position of the Solar Alliance as an organization, but not necessarily the views of any particular member with respect to any issue.

Other than the exception noted below, the Energy Commission will certify distributed generation facilities as RPS eligible *only if and when the CPUC authorizes applying tradable RECs toward RPS obligations.*²

In Decision 10-03-021 the CPUC “authorize[d] the procurement and use of tradable renewable energy credit (TRECs) for compliance with the California renewables portfolio standard (RPS) program.”³ While that Decision was subsequently stayed pending resolution of two petitions for modification of the decision, it is critical to note that neither of the petitions sought modification to the CPUC’s overarching determination regarding the use of TRECs for RPS compliance.⁴ Thus, irrespective of the ultimate outcome on the issues on which modification was sought, the CPUC’s determination to allow TRECs to be used for RPS compliance will not be altered.

Moreover, the CPUC has now issued a proposed decision on the petitions to modify Decision 10-03-021. The CPUC is scheduled to vote on that proposed decision at its next regularly scheduled meeting of October 14, 2010. At such time as the CPUC adopts the decision on the petitions for modification, the stay of Decision 10-03-021 will be lifted and all of its provisions, including the authorization of TRECs for RPS compliance, will once again be in effect.⁵

Given that the CPUC has determined that TRECs can be used for RPS compliance, a determination which will not be changed even upon resolution of the outstanding petitions for modification, coupled with the fact that the CPUC is on schedule to lift the stay on the decision rendering such determination in approximately a month, the provision in the CEC RPS

² RPS Guidebook at p.10 (emphasis added); *see also* p.29.

³ Decision 10-03-021

⁴ *See* Draft Proposed Decision Modifying Decision 10-03-021 (August 25, 2010), p. 9 (“No party seeks changes to the authorization to use of TRECs for RPS compliance. “)

⁵ *Id.*, p.35, Ordering Paragraph No. 4 (“The stay of Decision (D.)10-03-021 imposed by D.10-05-018 is dissolved, as of the effective date of this decision.”)

Guidebook which ties Energy Commission certification of distributed generation facilities as RPS eligible to CPUC authorizing the application of tradable RECs toward RPS obligations should be eliminated. The Guidebook should then be revised to certify distributed generation facilities as RPS eligible.

Moreover, in the course of doing such, the language contained in the Guidebook regarding the RPS eligibility of generation that occurs before a facility is RPS-certified must be clarified as such applies to generation from DG facilities. Currently, the language (as revised in the draft) states that:

For generation that occurs after January 1, 2008, procurement may count toward a retail seller's RPS obligation if the generating facility was RPS-certified at the time of procurement or applied for RPS certification or pre-certification at the time of procurement. Any generation that occurs before a facility is RPS-certified will be considered RPS-eligible only if the generation occurs during or after the month and year that the Energy Commission receives an application for certification (CEC-RPS-1A) or pre-certification (CEC-RPS-1B), and with some exceptions, the generation has been tracked in WREGIS.⁶

Unless clarified, this language could preclude post January 1, 2008 generation from DG facilities from counting toward a retail seller's RPS obligation. As previously stated, to date DG facilities have not been RPS eligible. DG facilities have been precluded from submitting applications or pre-applications for certification. Once the CEC revises the Guidebook to render DG facilities RPS eligible, this roadblock will no doubt be removed, but in the interim distributed generators will have lost almost three years of value from their TRECs. Accordingly, the Solar Alliance requests that the Guidebook be revised to account for this anomaly and allow the generation from DG facilities that occurred after January 1, 2008 to count toward a retail seller's RPS obligation provided that the generation has been tracked in WREGIS.

⁶ RPS Guidebook, at p. 42.

In a related matter, in Decision 07-01-018, the CPUC determined that renewable DG facility owners should retain ownership of the 100 percent of the RECs associated with the output from their facilities. Accordingly, in revising the Guidebook to certify distributed generation facilities as RPS eligible, the additional clarification should be made that such eligibility extends to RECs associated with the full output of a DG facility.

Finally, the RPS Guidebook notes that if the CPUC authorizes the use of tradable RECs (which as illustrated above it already has), then “it may revisit the metering requirements for DG systems consistent with the measurement requirements adopted for grid connected renewable facilities and the Energy Commission’s tracking system.”⁷ In this regard, The Solar Alliance notes that in order for DG facilities to participate in the TREC market, they must meet the rules for participation set by WREGIS, through which TREC trades will occur. Several of the rules have implications for the availability of RECs from DG installations for RPS compliance, including the fact that WREGIS rules state that RECs cannot be recognized in WREGIS unless the energy associated with the RECs is metered to an accuracy of +/-2% -- a difficult standard to obtain.

In recognition of the difficulty in obtaining such standard, the California Solar Initiative program is allowing small solar generators (50 kW and smaller) to meter using 5% accurate inverter-integrated meters, which will be required to be tested to a metering accuracy specification developed by the CPUC and the California Solar Initiative Program Administrators. The Solar Alliance thus recommends that that the CEC Renewables Guidebook be modified to allow renewable generators of 50 kW or smaller to meet the minimum metering requirements for

⁷ RPS Guidebook at p. 29.

tradable renewable energy credit certification using 5% accurate inverter-integrated meters, so long as these meters have been tested and certified to the CSI Program's 5% metering accuracy test specification.

II. RECOMMENDATIONS AND CONCLUSION

The Solar Alliance appreciates the opportunity to present its comments on the RPS Guidebook and hopes the Committee Staff has found them helpful to the development of the RPS Guidebook. Thus, the Solar Alliance respectfully urges the Commission Staff, as it prepares the final revisions to the RPS Guidebook for Commission vote, to make the following modifications:

- Expressly state that the total production from distributed generation facilities is RPS eligible;
- Clarify that generation from DG facilities that occurred after January 1, 2008 will count toward a retail seller's RPS obligation provided that the generation has been tracked in WREGIS.
- Allow renewable generators of 50 kW or smaller to meet the minimum metering requirements for tradable renewable energy credit certification using 5% accurate inverter-integrated meters.

Respectfully submitted this September 10, 2010, at San Francisco, California.

GOODIN, MACBRIDE, SQUERI,
DAY & LAMPREY, LLP
Jeanne B. Armstrong
505 Sansome Street, Suite 900
San Francisco, California 94111
Telephone: (415) 392-7900
Facsimile:(415) 398-4321
E-mail: jarmstrong@goodinmacbride.com

By /s/ Jeanne B. Armstrong
 Jeanne B. Armstrong

Attorneys for the Solar Alliance

3326/003/X122153.v1