



Presidio of San Francisco T: 866.476.9378
 38 Keyes Avenue, Suite 300 F: 415.680.1561
 San Francisco, CA 94129 3degreesinc.com

January 28, 2011

California Energy Commission
 Re: Docket No. 02-REN-1038
 and Docket No. 03-RPS-1078
 Docket Unit, MS-45
 1516 Ninth Street
 Sacramento, CA 95814-5504

03-RPS-1078
DOCKET
 02-REN-1038
 DATE Jan 28, 2011
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RE: 3Degrees' Comments on 2007 RPS Verification

Dear Commissioner Weisenmiller and Commissioner Boyd,

3Degrees Group, Inc. ("3Degrees") appreciates the opportunity to provide comments on the California Energy Commission's ("CEC") review of 2007 Renewables Portfolio Standard ("RPS") procurement verification data. As a leading trading firm and retailer of renewable energy credits, 3Degrees serves hundreds of businesses along with investor and publicly-owned utilities operating in compliance and voluntary markets in California and across the United States. 3Degrees' comments pertain specifically to the policy issues surrounding unbundled energy procurement from Mountain View I and II ("Mountain View") wind facilities, as discussed in 1) the Notice of Staff Workshop on 2007 RPS Procurement Verification Data Review ("Notice") and 2) the Renewables Portfolio Standard 2006 Procurement Verification Report ("Report") addressed in these same dockets.

3Degrees supports the CEC's policy that contracts which procure electricity that has been unbundled from the associated renewable attributes, or RECs, are ineligible for California renewable portfolio standard ("RPS") procurement. Only the party which owns the REC is entitled to claim the environmental benefits of the underlying electrical generation. The prevention of double-counting is paramount to maintaining the environmental and contractual integrity of voluntary and RPS markets, and is a critical part of increasing the demand for renewable energy.

If Mountain View electrical generation without the associated RECs is permitted to be counted for RPS procurement, then the end-consumers who purchased and made claims on the Mountain View RECs would be deprived of their ability to claim the environmental benefits of the Mountain View electrical generation. Additionally, the parties who sold the RECs from the Mountain View wind facilities would face the prospect of litigation and contractual uncertainty because they have sold the right to claim the environmental benefits of the Mountain View electrical generation. The end-consumers and parties who sold the Mountain View RECs were operating in accordance with the exclusive rights for which they had contracted, and should not be exposed to the uncertainty and loss which would result from allowing the Mountain View electrical generation to be used for RPS procurement.¹

¹ For a more detailed analysis of the harms to the voluntary market which would result from allowing the Mountain View RECs to be used for RPS procurement, please see 3Degrees' Comments submitted to the CEC as part of the March 26, 2009 staff workshop on 2006 RPS procurement verification data review.
[http://www.energy.ca.gov/renewables/02-REN-1038/documents/2009-03-26_workshop/comments/3Degrees Comments Regarding RPS Mountain View I%20and II Facilities.pdf](http://www.energy.ca.gov/renewables/02-REN-1038/documents/2009-03-26_workshop/comments/3Degrees%20Comments%20Regarding%20RPS%20Mountain%20View%20I%20and%20II%20Facilities.pdf)