

BEFORE THE
CALIFORNIA ENERGY COMMISSION

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**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMMENT ON POWER SOURCE DISCLOSURE PROGRAM
PRERULEMAKING DRAFT REGULATIONS
DOCKET No. 2010-PSDR-01**

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Dated: May 31, 2011

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I. INTRODUCTION AND SUMMARY

The Southern California Public Power Authority (“SCPPA”)¹ respectfully submits this comment on the California Energy Commission (“CEC”) staff report entitled *Power Source Disclosure Program Prerulemaking Draft Regulations*, second draft, released in April 2011 (“Draft Regulations”).

In summary, SCPPA raises the following points for the CEC’s consideration:

- The power content label should provide for reporting of WREGIS Certificates (as defined in the Draft Regulations). The Draft Regulations currently provide for reporting of WREGIS Certificates in the filing to the CEC, but not in the power content label.
- To the extent practicable, the Draft Regulations should be consistent with the renewable energy program established in Senate Bill X1 2 (“RPS Program”). This will reduce recordkeeping and reporting costs and will also reduce the potential for confusion of consumers and stakeholders.
- The Draft Regulations should specify how firmed and shaped renewable energy is to be reported. Without guidance on this issue, it will be difficult for retail suppliers to accurately and consistently report their renewable energy purchases.

¹ SCPPA is a joint powers authority. The members are Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles Department of Water and Power, Imperial Irrigation District, Pasadena, Riverside, and Vernon. This comment is sponsored by Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Imperial Irrigation District, Pasadena, Riverside, and Vernon.

II. THE POWER CONTENT LABEL SHOULD ALLOW REPORTING OF RECS.

The Draft Regulations require retail suppliers to prepare a power content label for disclosure to consumers (section 1393 and Appendix A of the Draft Regulations) and a filing to the CEC (section 1394 of the Draft Regulations). The sections on the filing to the CEC include a specific provision for the reporting of:

- WREGIS Certificates purchased without the associated energy, under a separate “REC only” category; and
- energy purchased without the associated WREGIS Certificates, under a separate “null power” category. (Section 1394(a)(2)(A)(3).)

However, there is no equivalent provision in the sections of the Draft Regulations relating to the power content label. Section 1393(c)(1)(F) of the Draft Regulations provides for “power derived from a facility that sold WREGIS Certificates associated with the power to another entity” (i.e., null power) to be included in the power content label in the category “Unspecified sources of power”. But it is not clear from the Draft Regulations how, or whether, WREGIS Certificates purchased without the associated energy can be reported in the power content label.

The power content label is one of the key ways in which a retail supplier’s procurement of renewables is conveyed to the public. To avoid confusing the public, it is important that the renewables figures in the power content label match the renewables reported to the CEC under section 1394 of the Draft Regulations, as well as the retail supplier’s progress towards the renewables targets set in the RPS Program. Both the RPS Program and the filing to the CEC under the Draft Regulations provide for the use and reporting of REC-only transactions. The power content label should also provide for the reporting of WREGIS Certificate purchases.

The Draft Regulations should include provisions specifying how WREGIS Certificates purchased without the associated energy should be treated when calculating the percentage of

retail sales met by renewable energy in the power content label. For example, WREGIS Certificates purchased without the associated energy could be listed in a separate “REC-only” category on the label, as they are in the filing to the CEC, and treated as displacing unspecified sources of energy.

III. THE DRAFT REGULATIONS SHOULD BE CONSISTENT WITH THE RPS PROGRAM.

The RPS Program is the key driver of increased renewables procurement in California. It sets targets for renewable energy (including REC-only transactions) as a percentage of retail sales. The Draft Regulations require retail suppliers to publicly report renewable energy as a percentage of retail sales. But it is unclear whether renewable energy percentage calculations provided in the Draft Regulations are equivalent to those in the RPS Program. Even if the change suggested in section II above is implemented, such that WREGIS Certificates are reported in the power content label in the same way they are reported in filings to the CEC, the amount of renewable energy a retail supplier reports under the Draft Regulations may not match the amount of renewable energy that the retail supplier can count towards its targets under the RPS Program. In addition to being a source of confusion for consumers and interest groups wishing to track the amount of renewable energy a retail supplier has procured, this situation also unnecessarily increases utilities’ recordkeeping and reporting costs.

Some details of the implementation of the RPS Program remain to be determined by the California Public Utilities Commission (for example under the recently-initiated rulemaking in R.11-05-005), the CEC and the governing boards of publicly-owned utilities.

Nevertheless, the Draft Regulations should aim for maximum practicable consistency with the RPS Program, in relation to definitions, categories of renewable energy, and reporting requirements, to reduce costs and confusion. This may be achieved by revising the Draft

Regulations (and/or the CEC's Renewable Energy Program Overall Program Guidebook and Eligibility Guidebook) to reflect the RPS Program, once finalized. In the interim, it would be helpful to include a statement in the Draft Regulations that the intention is to reflect the requirements of the RPS Program.

IV. SPECIFY HOW FIRMED AND SHAPED RENEWABLE ENERGY IS TO BE REPORTED.

Although the Draft Regulations include section 1394(a)(2)(A)(3) on the treatment of REC-only transactions and null power, one issue which is not addressed is the treatment of renewable energy that is firmed and shaped. Firming and shaping is very common for renewable energy and may take different forms in different transactions. It may involve substituting variable renewable energy with firm power from unspecified sources, where the WREGIS Certificates from the renewable energy source are retained while the variable renewable energy is onsold. Currently the treatment of such a transaction under the Draft Regulations is unclear, for both the power content label and the filing to the CEC. Unless this gap in the Draft Regulations is addressed, it will be difficult for retail suppliers to report renewable energy purchases in a consistent way.

The Draft Regulations should clarify this issue. Ideally the resolution of this issue for the purposes of the Draft Regulations will be the same as the resolution of this issue in the RPS Program.

V. CONCLUSION

SCPPA urges the CEC to consider these comments when revising the Draft Regulations.

SCPPA appreciates the opportunity to submit these comments to the CEC.

Respectfully submitted,

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