



California RPS for Publicly Owned Electric Utilities: Energy Commission Regulations

DOCKET

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Housekeeping



- Handouts on desk at room entrance
- Restrooms located on 1st floor
- Snack bar on 2nd floor
- Several restaurants within walking distance
- Emergency evacuation procedures
- WebEx
 - For interactive participation

Housekeeping



- This presentation will be available on Energy Commission's website.
- Comments in person: Fill out blue card and hand it in; we will call you to the podium.
- Comments via WebEx: Use the "raise hand" feature; we will un-mute you and allow you to comment when it is your turn.
- Comments via phone: We will un-mute all phone lines for open 'mic' questions – please only un-mute your phone to ask a question.
- Written comments: Submit according to directions in Workshop Notice.



Purpose of Workshop

- Introduce preliminary schedule for adoption of regulations under new 33% by 2020 RPS statute.
- Introduce proposed scope of regulations and issues identified to date.
- Solicit initial comments from stakeholders regarding prioritization of topics issues and options for addressing issues.

Legislative Background



- RPS signed into law in 2002 (and subsequently to):
 - Assign roles to the Energy Commission and CPUC, and require retail sellers to procure 20% renewable energy by 2010.
 - Publicly owned utilities set their own RPS goals recognizing the intent of the legislature to attain a target of 20% of California retail sales of electricity from renewable energy by 2010.

Legislative Background



- RPS revised by SB X1 2
 - Requires 33% of sales from eligible renewables by 2020.
 - Establishes 3-year compliance periods.
 - Establishes portfolio content categories.
 - Requires POU participation.
 - Energy Commission must adopt regulations specifying procedures for implementation for POUs.

Energy Commission Roles



- Certify renewable facilities as eligible for the RPS.
- Design and implement an accounting system to track and verify RPS compliance.
- Adopt regulations specifying procedures for the RPS for POUs.

POUs Exempted from RPS Regulations



- POUs considered to already be in compliance under law:
 - Receives all of its electricity pursuant to a preference right pursuant to Section 4 of the Trinity River Division Act (Section 399.30 (h) of the Public Utilities Code).
 - POU in a city and county that receives more than 67% of its electricity from in-state hydro generation that it owns and operates, and that does not meet definition of 'renewable electrical generation facility', must procure eligible renewable energy resources, including RECs, to meet only the electricity demands unmet by its hydro generation in any given year, in order to satisfy renewable procurement requirements (Section 399.30 (k) of the Public Utilities Code).

Energy Commission Preliminary Schedule



Event	Due Date
Energy Commission Workshop on RPS POU Regulations	June 17, 2011
Comment period	July 1, 2011
Meetings with focus groups of POUs	July 2011
Energy Commission Workshop on RPS Eligibility Guidebook	Third Quarter 2011 (August)
RPS POU Regulation comment opportunity/ workshop	August/ September 2011
Public Release of draft Regulations and Notice	November 2011
Energy Commission Workshop on posted Regulations	November 2011
Comment period	November – December 2011
Energy Commission adoption of RPS Eligibility Guidebook at Business Meeting	End of 2011
Publication of Notice Of Proposed Regulations by Office of Administrative Law (OAL)	January 2012
OAL 45-day public comment period	January-March 2012
Energy Commission Public Hearing	March 2012
Additional 15-day comment period (if necessary)	April - May 2012
Energy Commission adoption at Business Meeting	June 2012

CPUC Proceeding



- CPUC issued Rulemaking 11-05-005 to implement SBX1-2 on May 5, 2011.
- CPUC held pre-hearing conference on June 13.
- CPUC established the first set of priorities for resolution of outstanding issues under R.11-05-005:
 - Expanded FIT
 - Defining electricity product content categories
 - Interaction between near-term compliance and new compliance targets, including seams issues during the transition period.
- POUs are encouraged to participate in the CPUC's RPS rulemaking.

33% RPS Primary Topics



1. POU RPS Procurement plans
2. Eligibility
3. TRECs
4. Portfolio Content Categories
5. Reporting
6. Compliance and Implementation

Topic 1: POU Procurement Plans



- Statute states:
 - Each POU shall adopt and implement a procurement plan that requires:
 - A minimum quantity of electricity products from eligible renewables (including RECs) as a specified percentage of retail sales for each compliance period.

Topic 1: POU Procurement Plans



- Statute states:
 - Each governing board shall implement procurement targets and ensure the following:
 - Quantities of eligible renewables to be procured between January 1, 2011 and December 31, 2013, are equal to an average of 20 percent of retail sales.
 - Procurement achieves 25% of retail sales from eligible renewables by December 31, 2016.
 - Procurement achieves 33% of retail sales from eligible renewables by December 31, 2020.

Topic 1: Procurement Plans – IOU Example



- Statutory requirements for procurement plans from electrical corporations (IOUs) include:
 - Assessment of portfolio supplies and demand to determine optimal mix of renewables with deliverability characteristics that include:
 - Peaking capacity
 - Dispatchable capacity
 - Baseload capacity
 - Firm capacity
 - As-available capacity

Topic 1: Procurement Plans – IOU Example



- IOU Procurement Plan Requirements (cont.):
 - Potential compliance delays.
 - Bid solicitations for renewables of each deliverability characteristic, online dates, and locational preferences.
 - Status updates on development schedules of renewable contracts.
 - Mechanisms for price adjustments for renewable projects with online dates more than 24 months after contract execution.
 - Assessment of risk that renewable projects will not be built or construction will be delayed.

Topic 1: POU Procurement Plans



■ Identified issues:

- Should POU procurement plans contain the same information as that in statute for electrical corporations to submit to CPUC (Section 399.13(a)(1)) ?
- Is there other relevant information not included in IOU procurement plans that should be included in POU procurement plans?

Topic 2: RPS Eligibility under SB X1 2



- With limited exceptions, generating facilities serving POUs are under the same eligibility requirements as facilities serving retail sellers.
- SBX1-2 changes the RPS eligibility requirements by allowing an existing small hydroelectric generation unit with a nameplate capacity of up to 40 MW that is operated as part of a water supply or conveyance system to be RPS eligible if a retail seller or POU procured the electricity from the unit as of December 31, 2005.
- The CPUC's January 2011 TREC's decision allows the use of TREC's for RPS compliance, and the *RPS Eligibility Guidebook* is being revised to incorporate this decision.

Topic 2: RPS Eligibility under SB X1 2



- Eligibility requirements will be covered in *RPS Eligibility Guidebook*. The current guidebook is available online at:
<http://www.energy.ca.gov/2010publications/CEC-300-2010-007/CEC-300-2010-007-CMF.PDF>
- Facilities providing renewable electricity to California POUs for the RPS will need to:
 - Apply for RPS-certification;
 - Meet the eligibility requirements; and
 - Report and track their generation in the Energy Commission's accounting system.



Topic 2: RPS Eligibility

- A retail seller may procure RECs from a local publicly owned electric utility, for purposes of compliance with the RPS, if both of the following conditions are met, as determined by the Energy Commission:
 - The local publicly owned electric utility has adopted and implemented a renewable energy resources procurement plan that complies with the RPS.
 - The local publicly owned electric utility is procuring sufficient eligible renewable energy resources to satisfy the compliance period target, and will not fail to satisfy the target standard in the event that the REC is sold to the retail seller.

Topic 2: RPS Eligibility



■ Identified Issues

- How many facilities serving POUs are not registered with WREGIS?
- How many facilities serving POUs are not yet RPS-certified by the Energy Commission?
- How many facilities serving POUs would not meet the current RPS eligibility requirements?



Topic 3: Tradable RECs

- Tradable REC (TREC) = REC-only procurement (without underlying energy) that can be traded.
- Statute states:
 - “...each local publicly owned electric utility shall ...procure a minimum quantity of electricity products from eligible renewable energy resources, **including renewable energy credits**”
 - RECs must be retired within 36 months from initial date of generation of associated electricity.
- Identified issues:
 - Eligibility of TRECs
 - How to verify TRECs

Topic 4: Portfolio Content Categories



■ Statute states:

■ Three defined portfolio content categories:

1. Eligible renewable energy resource electricity products that meet either of the following criteria:
 - a) Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source.
 - b) Have an agreement to dynamically transfer electricity to a California balancing authority.

Topic 4: Portfolio Content Categories



- Portfolio content categories (cont.):
 2. Firm and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority.
 3. Eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of paragraph (1) or (2).

Topic 4: Portfolio Content Categories

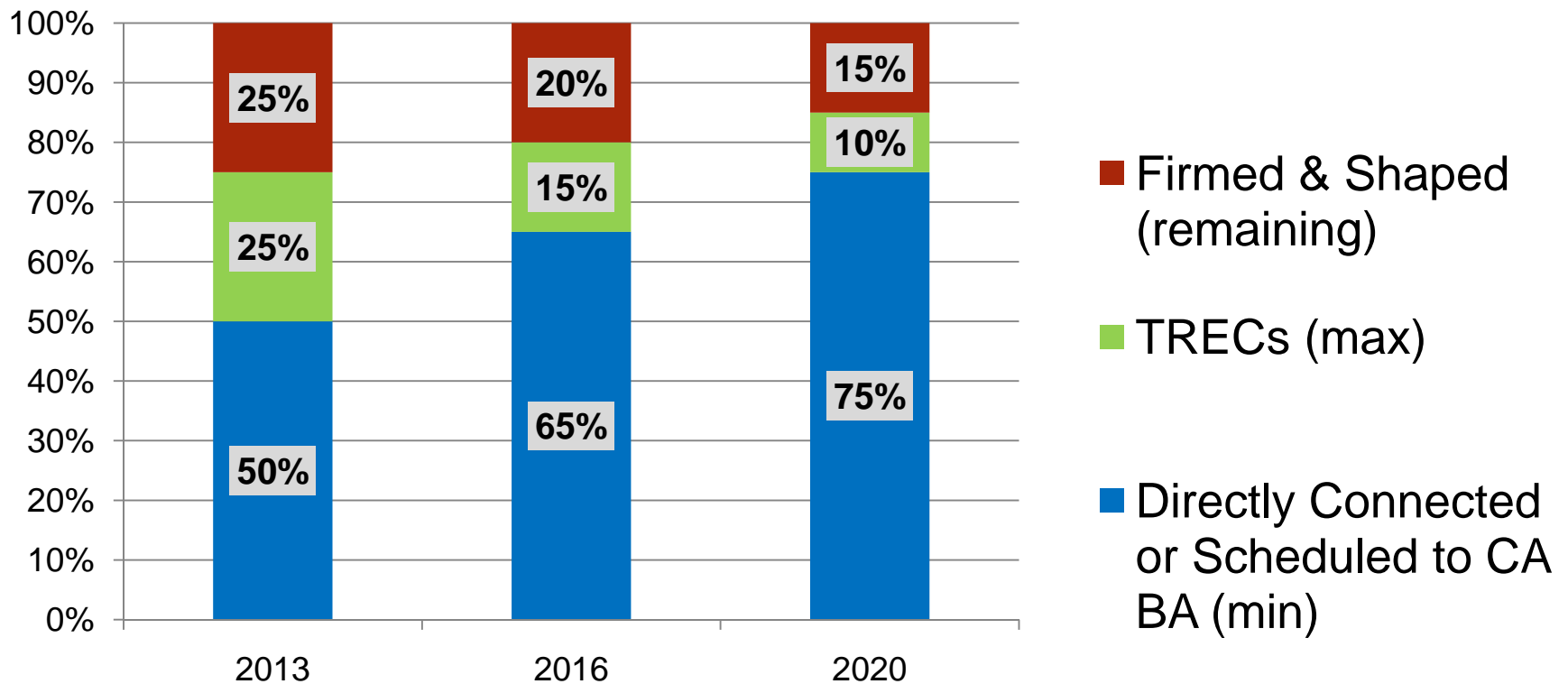


- Minimum and maximum procurement requirements for procurement associated with contracts executed after June 1, 2010:
 - At least 50 percent for the compliance period ending December 31, 2013, 65 percent for the compliance period ending December 31, 2016, and 75 percent thereafter shall meet the product content requirements of portfolio content category 1.
 - At most 25 percent for the compliance period ending December 31, 2013, 15 percent for the compliance period ending December 31, 2016, and 10 percent thereafter shall meet the product content requirements of portfolio content category 3.

Topic 4: Portfolio Content Categories



Procurement Requirements



Topic 4: Portfolio Content Categories



■ Identified issues:

- Definition of “incremental” energy delivered to a California balancing authority.
- Definition of “firmed and shaped.”
- Definition of “unbundled renewable energy credits.”
- How to verify which category generation belongs to?
- What documentation is needed to show criteria are met?

Topic 5: Reporting Requirements



■ Statute states:

- POUs shall annually submit to the Energy Commission:
 - Description of eligible renewable energy resources, including duration of contracts or electricity purchase agreements.
 - Description and identification of renewable facilities under contract.
 - Estimate of the percentage increase in total retail sales from eligible renewables resulting from contracts.

Topic 5: Reporting Requirements



- Statute states (cont.):
 - POU's shall annually report to customers and the Energy Commission:
 - Expenditures of public goods funds, including description of programs, expenditures, and expected or actual results.
 - Resource mix used to serve customers.
 - Status in implementing RPS and progress toward attaining the standard following implementation.

Topic 6: POU RPS Compliance and Implementation



- The Energy Commission will be developing the regulations regarding POU reporting and compliance with the RPS targets.
- The regulations will include reporting requirements, the POU RPS claims verification process, and the evaluation of the circumstances surrounding non-compliance.
- If a RPS-obligated POU is found to be non-compliant, the Energy Commission will refer the case to the Air Resources Board and will participate in the process for the assessment of the appropriate penalties.

Topic 6: POU RPS Compliance and Implementation



- Each POU governing board may adopt the following measures consistent with applicable statutory provisions for the retail sellers:
 - Rules for applying excess procurement in one compliance period to future periods.
 - Conditions that allow for delaying timely compliance.
 - Cost limitations for procurement expenditures.



Next Steps

- Stakeholders are encouraged to provide comments regarding issue prioritization, issue identification, and options for issue resolution by July 1 to docket@energy.state.ca.us.
- Include docket number 03-RPS-1078 and indicate “33% Renewables Portfolio Standard” in the subject line or first paragraph of your comments.
- Energy Commission staff will conduct two meetings with focus groups of POUs: one in Northern California and one in Southern California.

Contact information



Send comments to: RPS33@energy.state.ca.us

Questions on subject matter:

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