



**Pacific Gas and
Electric Company™**

**M. Grady Mathai-
Jackson**

Mailing Address
P.O. Box 7442
San Francisco, CA 94120

Street/Courier Address
Law Department
77 Beale Street
San Francisco, CA 94105

(415) 973-3744
Fax: (415) 972-5952
Internet: MGML@pge.com

October 4, 2012

VIA E-MAIL
DOCKET@ENERGY.CA.GOV

California Energy Commission

DOCKETED

11-RPS-1

TN #67522

OCT. 04 2012

California Energy Commission
Dockets Office, MS-4

Re: Docket Nos. 11-RPS-01; 03-RPS-1078; and 02-REN-1038
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Renewables Portfolio Standard; Comments of Pacific Gas and Electric Company on the September 21, 2012 Staff Workshop on 2008-2010 RPS Procurement Verification and SB X 1-2 RPS Procurement Verification

Pacific Gas and Electric Company (“PG&E”) appreciates the opportunity to provide these written comments on the California Energy Commission’s (“Commission”) September 21, 2012 Staff Workshop on 2008-2010 Renewable Portfolio Standard (“RPS”) Procurement Verification and Senate Bill (“SB”) X 1-2 RPS Procurement Verification (the “RPS Verification Workshop”).

I. COMMENTS ON 2008-2010 RPS PROCUREMENT VERIFICATION

The Commission’s presentation identified the two following outstanding issues for PG&E: 1) electricity delivery verification for a pending out-of-state claim in 2008; and 2) pending claims in 2009 and 2010 for biomethane gas deliveries. PG&E is committed to continuing to work with CEC staff to provide any additional documentation needed to verify these RPS-eligible deliveries.

In Attachment A-1 to the RPS Verification Workshop notice, the Commission asserts that “procurement from contracts executed after 2010 may not be used for compliance in years during the 2008-2010 reporting period.” The Commission does not cite authority for this assertion, but PG&E presumes that the reason for this prohibition is technical; LSEs’ RPS verification reporting to the Commission for 2008-2010 is already complete, and therefore transactions that occurred after such reporting should not modify those verification reports. PG&E notes that there does not appear to be any statutory or other legal impediment to an LSE procuring RECs with vintages before 2011 and retiring those for compliance use in the year of the RECs’ vintage

or later, so long as that retirement occurred before applicable Commission and WREGIS reporting deadlines and so long as the REC is within the 36-month statutory “shelf life” period.

More importantly, PG&E is concerned about any potential future application of the Commission’s 2008-2010 verification approach. For example, while there may be policy reasons to create a clear dividing line between the 20% and 33% RPS programs as of January 1, 2011, PG&E sees no reason why a 2013-vintage REC procured in early 2014 should not be eligible to be retired for use in the 2011-2013 compliance period. In fact, a prohibition against doing so by the applicable Commission deadline for finalizing 2011-2013 retirements would be contrary to the statutory requirement that RECs need not be retired for compliance until 36 months after they were created. *See* Cal. Pub. Util. Code § 399.21(a)(6). PG&E requests that the Commission make clear that the prohibition applies only to the transition from 2010 to 2011.

II. COMMENTS ON SB X 1-2 RPS PROCUREMENT VERIFICATION

PG&E appreciates the opportunity to submit the following five comments on the SB X 1-2 verification procedures proposed in the Commission’s presentation.

First, with respect to Portfolio Content Category (“PCC”) 1 products that are scheduled from an eligible renewable resource (“ERR”) into a California Balancing Authority (“CBA”) in real-time, the presentation notes that only the fraction of the schedule actually generated by the ERR shall count towards PCC 1, and that to determine the fraction requires an hourly analysis of meter and scheduled data. PG&E reiterates its and other parties’ comments at the RPS Verification Workshop that the Commission should rely exclusively on NERC E-Tags as conclusive evidence of the final schedule.

Second, with respect to reporting and verification of PCC 1, the Commission presentation indicates that copies of associated firm transmission arrangement must be provided. Firm transmission contracts are neither mentioned nor required under SB X 1-2 as a requirement for PCC 1 eligibility. Rather, PG&E sees no reason why a generator could not use non-firm transmission to deliver PCC 1 products in real-time to California, as long as the delivery into a CBA is documented with an E-Tag. Therefore, verification of PCC 1 should not require copies of associated firm transmission contracts.

Third, the Commission presentation proposes that the load-serving entities (“LSEs”) create separate retirement accounts for each PCC category. The Commission would conduct its verification review after each LSE retires its WREGIS Certificates into each PCC category. PG&E expressed concerns at the workshop that a WREGIS Certificate may be inadvertently retired into the wrong PCC category for various reasons and that it may be too late under WREGIS Operating rules to switch it to the correct category. In this circumstance, PG&E requests that the Commission regulations and procedures allow such WREGIS Certificates to be reassigned to the correct category upon an appropriate showing by the LSE.

Fourth, the Commission presentation cited the statutory requirement that WREGIS Certificates must be retired for compliance within 36 months from the initial date of generation of the associated electricity. PG&E commented at the workshop that WREGIS functionality limitations may result in a mismatch between the month/year vintage date on the WREGIS Certificate and the date of associated electricity generation. That is, in the case of a prior-period downward meter adjustment, WREGIS does not reduce the number of certificates for the vintage month corresponding to the meter read. Instead, WREGIS will deduct a corresponding number of certificates from the then-current certificate creation cycle month and leave the original vintage month certificate count the same. The net effect is that the excess certificates in the earlier vintage month actually correspond to generation associated with the later month. In this circumstance, the 36 month retirement date for those earlier month WREGIS Certificates associated with generation in the later month should be based on the later, associated generation date and not the month/year vintage of the WREGIS Certificate.

Finally, the Commission's presentation indicated that data will be reported, processed, and presented annually, but did not specify the date each year's report will be due. PG&E suggests that each year's report be due on July 1 of the year following the generation year in order to allow sufficient time for WREGIS Certificates to be corrected, finalized, transferred to an LSE's account and retired in appropriate retirement subaccount.

III. CONCLUSION

PG&E appreciates the opportunity to provide comments on the RPS Verification Workshop and looks forward to continue working with the Commission to resolve issues related to the 2008-2010 verifications and to implement the product content category requirements in the new 33% RPS Program.

Best regards,

/s/

M. Grady Mathai-Jackson

cc: John Pappas, PG&E, Renewable Energy Policy and Strategy
Valerie Winn, PG&E, State Agency Relations