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October 8, 2012

California Energy Commission
Dockets Office, MS-4
Re: Docket Nos. 11-RPS-01 RPS; 03-RPS-1078; and 02-REN-1038
1516 Ninth Street
Sacramento, CA 95814-5512

Via Email: docket@energy.state.ca.us

Re: RPS Proceeding: Docket Nos. 11-RPS-01 RPS; 03-RPS-1078; and 02-REN-1038:
Comments of the Alliance for Retail Energy Markets ("AReM") on RPS Procurement
Verification under SB X1-2

The Alliance for Retail Energy Markets ("AReM")¹ provides these brief comments on the California Energy Commission's ("Commission") reporting and verification requirements for Renewables Portfolio Standard ("RPS") procurement under Senate Bill No. 2 of the California Legislature's 2011 First Extraordinary Session ("SB X1-2").

At the September 21, 2012 workshop, Commission staff presented an initial, informal proposal to analyze and verify hourly RPS product content category ("PCC") claims under the SB X1-2 program revisions. The concept contemplated taking data from renewable facility hourly meter data, North American Electric Reliability Council ("NERC") Electronic Tags ("e-Tag"),² and "schedules" and comparing the three data sets to verify or differentiate the classification of deliveries from out of state resources as either PCC 1 or 2. Multiple workshop attendees, including the undersigned, urged the Commission to avoid utilizing "schedule" data as an unnecessarily complicated and burdensome verification process. Instead, parties urged the Commission to simply utilize NERC e-Tags to demonstrate the final, accepted schedule of the resource between balancing authority areas, and hence whether the renewable deliveries meet the PCC 1 scheduling requirements.

As noted during the workshop, renewable generation can qualify under PCC 1 if the generation is scheduled into a California balancing authority ("CBA") and meets other eligibility requirements. However, to verify whether generation has been scheduled into a CBA, it is not necessary for the Commission to analyze "scheduling" submissions to the various balancing

¹ AReM is a California mutual benefit corporation formed by electric service providers that are active in California's direct access market. The positions taken in this filing represent the views of AReM but not necessarily those of individual members or affiliates of its members with respect to the issues addressed herein.

² It should be noted that NERC transferred its e-Tag oversight to the North American Energy Standards Board ("NAESB") effective October 27, 2009.

authorities along the delivery path into California. A NERC e-Tag already provides information about what generation has been accepted (i.e., “scheduled”) across balancing authority areas, thereby accurately reflecting the quantity of generation that was intentionally delivered into a CBA. Indeed, the Commission’s RPS Eligibility Guidebook states that “NERC e-Tags are used to schedule the transmission of electric power transactions in wholesale markets.”³ Similarly, the Commission’s 33 Percent Renewables Portfolio Standard Pre-Rulemaking Draft Regulations defines a “NERC e-Tag” as “an electronic record that contains the details of a transaction to transfer energy from a seller to a buyer where the energy is scheduled for transmission across one or more balancing authority area boundaries.”⁴

As NERC e-Tags can accurately reflect the quantity of renewable generation that was scheduled into a CBA, the Commission need only compare NERC e-Tag data, which is typically reported in the Western Renewable Energy Generation Information System (“WREGIS”), against the meter data from the renewable facility, to determine how specific production satisfies the PCC scheduling requirements. Using NERC e-Tags and meter data alone, without adding into the process a third data set of “schedule” data, will ensure that retail sellers’ reported procurement claim information is readily verified without additional complications and the associated time and expenses for the Commission and load serving entities (“LSEs”).

Avoiding additional reporting and verification of schedules by using NERC e-Tags can still provide necessary information and will avoid further scheduling complications. If the Commission uses a verification process that compares hourly metered data to a new data stream of “schedule” information for purpose of excluding deliveries above original schedule requests, generators and retail sellers are likely to over-schedule deliveries from RPS resources to ensure that all generation will count under any PCC 1 “scheduled quantity” cut-off. This may lead to unnecessary curtailments and increased transmission charges, driving up the price for renewables and increasing costs to California customers. Accordingly, the Commission should avoid adding another data set to the validation process, and rely upon NERC e-Tag data, the ultimate determination of scheduled data between balancing authorities, to verify RPS volumes delivered into California under the PCC definitions.

Finally, AReM asks that the Commission coordinate closely with the California Public Utilities Commission (“CPUC”) to clearly delineate the roles of each agency and what verification and classification processes will be made by each agency. The requirements for RPS procurement, reporting, and verification are still being finalized and it is difficult for retail sellers to make business and procurement decisions without knowing how the rules will ultimately apply. For this reason, it would be tremendously beneficial if either the Commission or the CPUC (as applicable with respect to validation responsibilities for LSEs subject to the two jurisdictions) could review RPS contracts in advance of the associated energy deliveries to

³ RPS Eligibility Guidebook, p. 68, FN 88.

⁴ 33 Percent Renewables Portfolio Standard Pre-Rulemaking Draft Regulations, § 3201(n), p. 5.

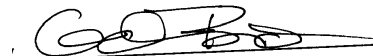
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determine whether the contract terms satisfy the criteria for the different PCC classifications, as opposed to verification of delivery volumes discussed at the workshop. A voluntary mechanism for those LSEs not subject to mandatory pre-approval will provide retail sellers with the certainty they need to move ahead with procurement decisions without the ex post risk that such procurement will be disqualified for RPS compliance purposes years later. Such a voluntary process could reduce compliance costs and could be integrated with the review and verification process that must be undertaken by the different agencies to verify procurement.

AReM appreciates the consideration of these comments, and looks forward to continuing to work with the Commission and other stakeholders in the implementation of SB X1-2 and the RPS procurement reporting and verification requirements.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'A. Brown', with a long horizontal flourish extending to the right.

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Alliance for Retail Energy Markets*