

Comments to the California Energy Commission on the Scope of RPS Eligibility Guidebook Revisions

Docket Number 11-RPS-01

California Energy Commission

DOCKETED

11-RPS-01

TN 72683

FEB 18 2014

INTRODUCTION

On January 28, the California Energy Commission (CEC) held a workshop to identify the scope of potential issues to address through revisions to the current Renewables Portfolio Standard (RPS) Eligibility Guidebook and requested written comments under Docket 11-RPS-01.

The California Solar Energy Industries Association (CALSEIA) appreciates the CEC and Commissioner Hochschild providing this forum to refine aspects of the RPS program to better facilitate the state's renewable energy objectives and achievement of the RPS goals. The Eligibility Guidebook is a key element of the RPS program, as it largely defines the supply of resources that are available to meet the state's RPS goals – whether at the 33% level or a higher level should the state increase the targets in the years ahead.

One issue that the CEC could readily address is cost barriers that currently prevent customer-side renewable resources from contributing toward the state's RPS goals. Although distributed generation (DG) facilities produce RPS-eligible energy and renewable energy credits that, as a technical matter, can be sold into the California RPS compliance market, as a practical matter the ability to do so is not feasible due to additional costs that are incurred in order to bring the RECs to market. This cost barrier appears at cross purposes with the finding that the RPS should include DG RECs,¹ as well as with CPUC decisions regarding the potentially important role that RECs can play in supporting distributed generation deployment.² The principle costs involved include fees required to maintain an account with, and transact through, the Western Renewable Energy Generation Information System (WREGIS), and the costs associated with the revenue-grade metering requirements on which market participation is also conditioned.

¹ Renewables Portfolio Standard Eligibility Guidebook, 7th Edition, April 2013; pg. 63, available at www.energy.ca.gov/2013publications/CEC-300-2013-005/CEC-300-2013-005-ED7-CMF-REV.pdf.

² See D.07-01-018 which expressly envisioned opportunities to sell DG RECs into the RPS compliance market as a means to support project economics.

In the face of these costs, the economics of selling DG RECs into the compliance market are simply not viable. For example, a typical customer-side residential solar system is sized at approximately 4 kW. Assuming an 18% capacity factor and a Category 3 REC price of \$3/MWh, this facility will produce 6.3 RECs per year, yielding \$19 in gross annual value. Registration, metering, and reporting requirements should be designed with the reality of these market economics in mind. Otherwise the DG solar segment will never contribute towards the RPS.

Below we offer recommendations that would help address and mitigate the costs that currently impede market opportunities for DG RECs.

Recommendation 1: Waive Revenue Grade Meter Requirements for Generators Under 30 kW

WREGIS currently issues RECs for renewable generation only where that generation is measured using a revenue grade meter. The ability for a project to reasonably absorb these costs is a function of project size and anticipated output. We estimate that meeting the revenue grade metering requirements of WREGIS imposes incremental costs of \$300-\$800 per project. Assuming a meter cost of \$500, a 4 kW system with an 18% capacity factor and a Category 3 REC price of \$3/MWh would require 26 years to recover the costs of the additional metering requirement, ignoring other administrative costs associated with selling RECs. Needless to say, these costs are prohibitive and represent a significant barrier that prevents RECs associated with smaller scale facilities from being available to the compliance market.

Recognizing the prohibitive nature of these metering costs, the CEC should consider waiving the revenue grade meter requirement for systems less than 30 kW and in lieu of this requirement allow the use of +/- 5% accurate meters, consistent with the accuracy of many device internal meters that are embedded in deployed systems. Using 30 kW as the cut-off seems reasonable as it is consistent with the current WREGIS definition of a "Micro-Generating Unit" as one with a system capacity of less than 30 kW. As argued by SMUD at the CEC workshop, the risk of ascribing excess generation and compromising overall RPS accounting integrity appears low, given that measurement errors over multiple systems should balance each other out. We also note that allowing non-revenue grade meters to determine production and RECs for smaller systems is not unprecedented. Specifically Maryland, Washington, DC, and Pennsylvania all allow for non-revenue grade meters for solar systems.

If there are reasons to believe that using standard meters will result in systematic over-attribution of energy production and associated RECs, the CEC could cap the output from smaller systems using a calculation of estimated output derived from industry-approved system output estimation software and actual system configuration and location.

Recommendation 2: Harmonize WREGIS Registration Fees with those of the PJM’s Generation Attribute Tracking System (GATS).

With regard to the WREGIS registration and transactional fees, we believe that existing WREGIS rules, which include a “Generator Aggregator” Account Type, provide a reasonable means to help reduce the effective fees that contribute to the challenge of selling RECS from smaller systems into the compliance market. However, we encourage the CEC to assess whether the existing fee structure for Generator Aggregators is reasonable, and in particular to harmonize those with the fee structure established by the Generation Attribute Tracking System (GATS), a reporting and tracking entity very similar to WREGIS servicing the PJM Interconnection RTO (regional transmission organization). Notably GATS only charges an annual subscription fee of \$1000 for generator aggregator account holders.³

CONCLUSION

CALSEIA appreciates the opportunity to submit these comments on the potential scope of issues to be considered by the CEC as it considers revisions to the RPS Eligibility Guidebook. The recommendations above would, if adopted, reduce the costs that currently prevent DG RECs from contributing toward the state’s RPS goals, and in so doing, reduce the costs of RPS compliance and facilitate the deployment of clean, distributed generation.

Respectfully,

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³ See www.pjm-eis.com/~media/pjm-eis/documents/appendix-a-gats-fees.ashx.