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California Energy Commission
DOCKETED
11-RPS-01
TN # 73807

October 3, 2014

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-RPS-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 11-RPS-01, Comments on California Energy Commission Revised Notice of Proposed Process to Allow Creation of Retroactive Renewable Energy Certificates and Extend the Deadline for the Interim Tracking System for the Renewables Portfolio Standard

On October 1, 2014, the California Energy Commission ("Energy Commission") distributed a revised notice ("Revised Notice") to consider a proposed process to allow creation of retroactive Renewable Energy Certificates or Renewable Energy Credits ("RECs"). The Energy Commission will consider the adoption of this proposed process at their October 7, 2014 Business Meeting. Southern California Edison Company ("SCE") generally supports the proposal and appreciates the opportunity to contribute to the Energy Commission's collaborative process for refining the proposed process through these written comments.

SCE addresses the following topics below:

- The Energy Commission should not limit requests to create retroactive RECs to authorized representatives of the generating facility. Western Renewable Energy Generation Information System ("WREGIS") Account Holders and others designated by an authorized representative of the generating facility should also be allowed to request creation of retroactive RECs.
- The Energy Commission should correctly identify generation that was transferred to any other individual or entity.
- The Energy Commission should require a letter from only the applicable state regulatory or voluntary program in the required audit report.

A. The Energy Commission Should Accept Requests to Create Retroactive RECs from WREGIS Account Holders and Others Designated by an Authorized Representative of the Generating Facility

As currently written, the Energy Commission staff's proposed process allows an authorized representative of an electrical generating facility to request that the Energy

Commission's Executive Director authorize the creation of retroactive RECs.[1] Other significant stakeholders such as the WREGIS Account Holder or an entity formally designated by an authorized representative of the generating facility would be unable to make such a request on the authorized representative's behalf. By restricting the ability to request retroactive REC creation to an authorized representative of the generating facility, the proposed process is unnecessarily limiting and inefficient. SCE recommends allowing WREGIS Account Holders and others designated by an authorized representative to request creation of retroactive RECs. These stakeholders have knowledge of generation activity in WREGIS, regulatory requirements, and compliance deadlines that will sometimes allow them make more timely requests than authorized representatives. SCE has proposed specific edits to item 4 of the Energy Commission staff's proposed process at the end of these comments.

B. The Energy Commission Should Correctly Identify Generation That Was Transferred to Any Other Individual or Entity

In several instances, the Energy Commission staff's proposed process attempts to identify, verify, and confirm that retroactive RECs were not previously sold, transferred, or traded to any individual or entity other than the originally contracted purchaser to satisfy any state regulatory or voluntary program.[2] SCE agrees with the intent of this language, but as written, the proposed process would technically identify almost any RECs associated with a power purchase agreement ("PPA") as having previously sold or traded to any other individual or entity. Almost all PPAs instantaneously "sell" or "trade" the generation and RECs to the rightful purchaser of that generation. This "sale" or "trade" is not a re-sale, or a re-trade, and would not provide for double counting of generation or RECs, but is instead the initial transaction from the generator to the rightful purchaser. To more clearly make this distinction between the sale and re-sale of generation and RECs, SCE recommends edits to items 6 and 8 (and their subparts) of the proposed process at the end of these comments.

C. The Energy Commission Should Require a Letter From Only the Applicable State Regulatory or Voluntary Program in the Required Audit Report

The proposed process requires the authorized representative of the generating facility to submit an audit report verifying numerous aspects of the generation associated with the requested retroactive RECs.[3] This audit report must include a letter from the administrator of "each" state regulatory or voluntary program documenting that the RECs in question were not used to satisfy each respective program.[4] If the RECs were tracked for purposes of a program, the audit report must include a letter from the administrator of "each" state regulatory or voluntary program documenting that the RECs in question were tracked for purposes of that program, but have been retired without having been claimed to satisfy the requirements of that

[1] *See* Revised Notice, Attachment A, Item 4.
[2] *See, e.g., id.*, Attachment A, Item 6.g.
[3] *See id.*, Attachment A, Item 8.
[4] *See id.*, Attachment A, Item 8.b.1.a.

program.[5]

Although SCE accepts the audit report requirement to include these letters, these letters should only come from "the" appropriate state regulatory or voluntary program overseeing the requesting entity. Requesting such documentation from state regulatory bodies or voluntary programs other than those directly responsible for regulating the requesting entity would be largely unnecessary and fruitless, as those entities would likely be unable to provide such documentation. For example, as written, an authorized representative for a generating facility in Southern California would presumably be required to provide a letter from the administrator of each state regulatory body in the United States documenting that the RECs in question were not used to satisfy each state's respective program. Such a requirement would only cause unnecessary administrative burden, and should be eliminated. Adequate verification could instead be provided solely by the regulatory body or voluntary program directly responsible for the authorized representative's generating facility. To make this change, SCE recommends edits to items 8.b.1.a and 8.b.1.b of the Energy Commission staff's proposed process at the end of these comments.

SCE appreciates the Energy Commission's consideration of its comments. Please do not hesitate to contact me at (916) 441-2369 regarding any questions or concerns you may have.

Yours truly,

/s/ Manuel Alvarez

Manuel Alvarez

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[5] *See id.*, Attachment A, Item 8.b.1.b.

SCE's Proposed Edits to the Energy Commission Staff's Proposed Process

4. A request for creation of retroactive RECS shall be made by an authorized representative of the generating facility, the Western Renewable Energy Generation Information System account holder of the generating facility, or an entity designated by an authorized representative of the generating facility.~~As reflected in facility's certificate of RPS certification issued by the Energy Commission.~~ ...

6. A request for creation of retroactive RECs shall include the following information: ...

    g. An attestation by the authorized representative of the generating facility declaring the following:

        1) That the renewable energy credits, as defined in Public Utilities Code section 399.12 and the *Renewables Portfolio Standard Eligibility Guidebook*, associated with the generation for the vintage month and year specified in Item 6.d have not been ~~sold, traded, or otherwise~~ transferred to any other individual or entity or used to satisfy any state regulatory or voluntary program...

8. The authorized representative of the generating facility shall submit an audit report to the Executive Director within 90 days of the date of the request, if the request is approved by the Executive Director. The audit report shall meet the following criteria...

    b. The auditor shall verify that the renewable energy credits, as defined in Public Utilities Code section 399.12 and the *Renewables Portfolio Standard Eligibility Guidebook*, associated with the generation for the vintage month(s) and year(s) specified in Item 6.d have not been ~~sold, traded, or otherwise~~ transferred to any other individual or entity or used to satisfy any state regulatory or voluntary program. This verification shall be satisfied as follows:

        1) The auditor shall determine whether the renewable energy credits in question would have been eligible to satisfy any state regulatory or voluntary program. If so, the auditor must obtain the following:

            a) A letter from the administrator of the applicable ~~each~~ state regulatory or voluntary program documenting that the renewable energy credits in question were not used to satisfy that program; or ...

b) A letter from the administrator of the applicable ~~each~~ state regulatory or voluntary program documenting that the renewable energy credits in question were tracked for purposes of that program, but have been retired without having been claimed to satisfy the requirements of that program.

2) The auditor shall confirm that the renewable energy credits in question were not ~~sold, traded, or otherwise~~ transferred to any other individual or entity. The auditor shall satisfy this criterion by reviewing contracts, invoices and other accounting documents prepared for, by or on behalf of the generating facility, and confirming that the renewable energy credits in question were not ~~sold, traded, or otherwise~~ transferred to any other individual or entity, or used to satisfy any state regulatory or voluntary program.

3) If the renewable energy credits in question have already been ~~sold, traded, or otherwise~~ transferred to other individuals or entities, the auditor shall identify the name and address of these other individuals and entities and the corresponding amounts, vintages, and transaction dates of the transferred renewable energy credits.