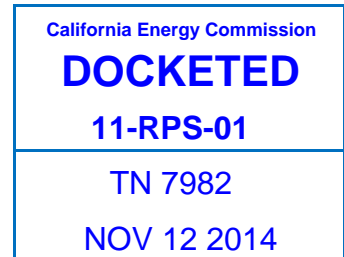




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Proceeding: RPS Implementation (Docket 11-RPS-01)

Comments of the City and County of San Francisco’s Public Utilities Commission (SFPUC) on Proposed Resolution 14-1117-XX for consideration by the California Energy Commission (CEC) at its November 17, 2104 Business Meeting

Summary

The SFPUC appreciates the efforts of the CEC to expeditiously implement the requirements of Senate Bill (SB)X1-2 as modified by Assembly Bill (AB) 1478 through Resolution 14-1117-XX. The SFPUC submitted applications for Renewable Portfolio Standard (RPS) certification of its Kirkwood generating units pursuant to SBX1-2 more than two years ago. AB 1478 reconfirms the RPS-eligibility of the Kirkwood generating units that are operated as part of the SFPUC’s water supply and conveyance system.

The SFPUC supports the proposed changes to the CEC’s RPS Eligibility Guidebook, but suggests minor modifications to improve the clarity and consistency of the amendments with the requirements of SBX1-2 and AB 1478. The SFPUC proposes to substitute “RPS-eligible electricity products” or “RPS-eligible electricity” for the word “electricity” in the proposed revisions to the RPS Eligibility Guidebook.

Once the Resolution is approved, the SFPUC urges the CEC to immediately certify all of the units with pending applications that are eligible under AB 1478.

Proposed Modifications

Under SBX1-2 and AB 1478 the SFPUC’s Kirkwood generating units are “eligible renewable energy resources.” The SFPUC can use the electricity from these units either to meet its own electricity demands (Portfolio Content Category [PCC] 1) or sell the underlying electricity to others while retaining the

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associated PCC 3 Renewable Energy Credits (RECs). Neither SBX1-2 nor AB 1478 impose any limitations on the ability of the SFPUC to sell non-RPS-eligible (“null”) energy from these units.

In the CEC’s proposed amendments to its RPS Eligibility Guidebook, the use of the word “electricity” in Paragraph (2) under “Limitations on RPS-Eligibility” (Section II.F.3) could be incorrectly interpreted to limit the SFPUC’s right to claim as RPS-eligible only the generation from the Kirkwood units that the SFPUC uses for its own load. However, neither SBX1-2 nor AB 1478 limits entities with eligible water supply and conveyance units from selling the underlying null electric energy and retaining the PCC3 RECs for their own use. To avoid any potential confusion in this regard, the SFPUC requests the CEC to replace the word “electricity” with “RPS-eligible electricity products”, as noted in the SFPUC’s mark-up of Attachment A.

The use of “electricity” in Paragraphs (3) and (4) is also inconsistent with SBX1-2 and AB 1478. As written, the proposed language states that: “A POU that meets the criteria of Public Utilities Code section 399.30 (j) may sell to another POU up to 100,000 megawatt-hours (MWh) of electricity from all generation units...” (emphasis added). Once again, this could be incorrectly interpreted to mean that the SFPUC can sell no more than 100,000 MWh of electricity from these units, even if it is the sale of non-RPS or null energy. AB 1478 only limits the SFPUC’s sales from its eligible water conveyance units to no more than 100,000 MWh of “electricity that...*qualify as eligible renewable energy resources*” (emphasis added).¹ The use of the term “RPS-eligible electricity products” will prevent any confusion in this regard and will conform the proposed language to the requirements of AB 1478.

Finally, the CEC should require only the monthly reporting of the sale of “RPS-eligible electricity” (electricity with RPS attributes) from its Kirkwood units rather than all monthly “electricity sales” as currently proposed in Section IV.B. 6. Requiring this information is beyond the scope of what is necessary to ensure compliance with Public Utilities Code Section 399.12(e)(1)(D)(ii).

The SFPUC already provides the CEC with annual reports on the Kirkwood units’ annual generation, generation used to serve retail loads, and sales to others as part of the SFPUC’s Power Source Disclosure Report and RPS Compliance reporting obligations. Requiring all of this information to be submitted monthly, rather than annually would significantly increase the SFPUC’s reporting burden without providing any benefit to tracking compliance with AB 1478.

The SFPUC recommends verifying the sale of RPS-eligible electricity from the Kirkwood units through the Western Renewable Energy Generation Information System (WREGIS) where the Kirkwood units have been registered since mid-

¹ Public Utilities Code 399.12(e)(1)(D)(ii)

2012. The only way the SFPUC could sell RPS-eligible energy from the Kirkwood units would be by requesting WREGIS to transfer RECs from the SFPUC's account to another publicly-owned utility. The SFPUC has already agreed to make the WREGIS information available to the CEC to verify and confirm the SFPUC's annual reporting of the monthly sales of RPS-eligible energy from its Kirkwood units. This combination of information should be sufficient for the CEC to ensure SFPUC compliance with the 100,000 MWh limit.

Please find attached the SFPUC's proposed changes to the CEC's proposed revisions (Attachment A) to the RPS Eligibility Guidebook.

Conclusion

The SFPUC urges the CEC to expeditiously approve the proposed Resolution with the minor changes the SFPUC proposes herein. Once the Resolution is approved, the CEC should immediately certify all of the units with pending applications that are eligible under AB 1478.

Please feel free to contact us with any questions or comments.

Sincerely,

/s/ Michael Hyams

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ATTACHMENTS

- Proposed modifications to draft Resolution 14-1117-XX

ATTACHMENT A

SFPUC Proposed Modifications to RPS Eligibility Guidebook (in *red and italicized*)

Limitations on RPS Eligibility:

- 1) Generation units certified for the RPS pursuant to this Section II.F.3 are eligible for the RPS starting on January 1, 2011, consistent with Public Utilities Code section 399.12 (e)(1), as amended by Senate Bill X1-2 and subsequently clarified and amended by Assembly Bill 1478.
- 2) *RPS-eligible* Electricity *products* from the generating unit certified for the RPS pursuant to this Section II.F.3 may only be used to satisfy the RPS procurement requirements of the retail seller or POU that procured electricity from the generation unit as of December 31, 2005, *except as provided in paragraph (3), below*. If multiple retail sellers or POUs procured electricity from the generation unit as of December 31, 2005, only the retail seller or POU that owned the generation unit as of December 31, 2005, may use electricity from the generation unit to meet its RPS procurement requirements, except as provided in paragraph (3) below.
- 3) A POU that meets the criteria of Public Utilities Code section 399.30 (j) may sell to another POU up to 100,000 megawatt-hours of *RPS-eligible* electricity from all generation units certified for the RPS pursuant to this Section II.F.3, and that electricity may be used by the POU that purchased the electricity to meet its RPS procurement requirements. *RPS-eligible* Electricity from the certified generation units may be sold to multiple POUs, but the total of all *such* sales of *RPS-eligible electricity products* shall not exceed 100,000 megawatt-hours.
- 4) A POU that meets the criteria of Public Utilities Code section 399.30 (j) shall report to the Energy Commission all sales of *RPS-eligible* electricity from generation units certified for the RPS pursuant to this Section II.F.3 to ensure compliance with the 100,000 megawatt-hour limit of paragraph (3). The *RPS-eligible* electricity sales shall be reported to the Energy Commission as specified in Section V.B.6. of this guidebook.

To qualify for RPS certification, the applicant for the generation unit shall provide the additional ~~Additional~~ documentation described below ~~must be included~~ with a complete application for RPS certification ~~or pre-certification~~. An applicant must provide the following additional information to substantiate that the hydroelectric generation unit is operated as part of a water supply or conveyance system:

- a) The ~~C~~urrent water supply permit issued by the California Department of Public Health, if applicable, or its equivalent from another state or local government agency.
- b) The ~~C~~urrent hydroelectric project license, permits, or exemption from licensing from the Federal Energy Regulatory Commission (FERC), if applicable, or the equivalent from another federal, state, or local government agency. If no FERC hydroelectric project licenses, permits, or exemptions were issued for the facility, the applicant must submit

documentation explaining why the FERC project licenses, permits, or exemptions are not applicable to the facility.

- c) Documentation showing the water supply ~~or and~~ conveyance system was ~~initially~~ built ~~solely~~ for the distribution of water for agricultural, municipal, or industrial consumption and operated primarily for this purpose.

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Add Section V.B.6.

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6. Reporting Sales from Existing Hydroelectric Generation Units Operated as Part of a Water Supply or Conveyance System.

A POU that meets the criteria of Public Utilities Code section 399.30 (j) shall report annually to the Energy Commission on all sales of *RPS-eligible* electricity *products* from hydroelectric generation units certified for the RPS pursuant to Section II.F.3. of this guidebook. By July 1 of each year, the POU shall submit an annual report to the Energy Commission that includes the information in paragraphs (1) – (3) below for all *RPS-eligible* electricity *product* sales from certified hydroelectric generation units made in the prior calendar year.

- a) The name and RPS identification number of each certified generation unit from which electricity was sold.
- b) The quantity of *RPS-eligible* electricity *products* sold, in megawatt-hours, from each certified generation unit per month for the previous calendar year.
- c) The name and contact information of the POU that purchased *the RPS-eligible* electricity *products* from the certified generation unit.

A POU may combine the annual report required pursuant to this subsection with other annual reports due to the Energy Commission, provided the reports are submitted to the Energy Commission by July 1 of each year.