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California Energy Commission <b>DOCKETED</b> <b>11-RPS-01</b>
TN # 74539 FEB 17 2015

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

**Comments of the City and County of San Francisco’s Public Utilities Commission (SFPUC) on the Staff Draft of the Renewables Portfolio Standard Eligibility Guidebook, 8<sup>th</sup> Edition (RPS Guidebook)**

**Summary**

The SFPUC appreciates and supports the CEC’s efforts to revise and update the RPS Guidebook to account for recent changes in legislation and to improve the clarity and organization of the document for improved understanding and ease of reference.

The SFPUC also generally supports the comments submitted in this docket by the California Municipal Utilities Association (CMUA), of which the SFPUC is a member organization. The SFPUC offers the following additional comments, which are summarized below:

- Minor revisions should be made to the portion of the RPS Guidebook addressing the RPS-certification of hydroelectric units that are part of a water supply and conveyance system to conform to the requirements of AB 1478 and further improve the clarity of these guidelines;
- The SFPUC supports both the limited extension of the Interim Tracking System (ITS) to track and record renewable energy generation produced prior to a given unit’s registration in WREGIS and the ability going forward to retroactively certify generation through WREGIS, if approved by the CEC Executive Director; and
- All eligible qualifying hydroelectric facilities, including those not subject to FERC regulation and/or eligible for the FERC Renewable Energy Production Tax Credit, should be able to use the pro rata “Rated Facility Improvement” methodology to determine the amount of incremental hydroelectric generation that should be RPS-eligible.

**Edwin M. Lee**  
 Mayor  
**Ann Moller Caen**  
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**Francesca Viotor**  
 Vice President  
**Vince Courtney**  
 Commissioner  
**Anson Moran**  
 Commissioner  
**Harlan L. Kelly, Jr.**  
 General Manager

Each of these points is discussed further below.



### **Implementation of Assembly Bill (AB) 1478**

On November 17<sup>th</sup>, 2014, the CEC implemented the RPS-eligibility guidelines applicable to hydroelectric units associated with water supply and conveyance systems as required by AB 1478, via CEC Resolution 14-1117-14.<sup>1</sup> The proposed RPS Guidebook incorporates the same text that the CEC approved at its November 17<sup>th</sup> Business Meeting.

In comments to the CEC on the draft of this Resolution,<sup>2</sup> the SFPUC suggested minor modifications to align the amendments with the requirements of SBX1-2 and AB 1478. Specifically, the SFPUC proposed to substitute the term “RPS-eligible electricity products” or “RPS-eligible electricity” for the word “electricity” in the RPS Eligibility Guidebook. As SFPUC noted in its November 17, 2014 Comments, the word “electricity” in Paragraph (2) under “Limitations on RPS-Eligibility” (Section II.F.3) could be incorrectly interpreted to limit RPS-eligibility to only the generation that the owner uses for its own load.

In addition, this change will ensure that an entity can claim the full amount of RPS-eligible generation produced from certified units. As noted in the SFPUC’s comments, 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 RECs for their own use.

The CEC itself recognizes the distinction between “electricity” and RPS-eligible “electricity products”. The draft of the 2008 RPS Guidebook defines “electricity products” as comprising either “electricity and the associated REC generated by an eligible renewable energy resource; or 2) an unbundled REC.”<sup>3</sup> In the draft of the reporting requirements necessary to implement AB 1478, the SFPUC is only required to report “the sale or transfer of *eligible renewable resources*” and not all electricity sales.<sup>4</sup>

At the time of the CEC’s November 17<sup>th</sup> Business Meeting, the SFPUC supported the adoption of the Resolution without amendments with the understanding that amendments would be made at a later time. Now that the

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<sup>1</sup> Chapter 664, Statutes of 2014.

<sup>2</sup> 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 filed with the CEC on November 12, 2014 in Docket 11-RPS-01.

<sup>3</sup> Definition of “Electricity Product” in Glossary of Draft RPS Guidebook, 8<sup>th</sup> Edition (marked version), p. 170

<sup>4</sup> Draft Version of Section 399.30(j) Eligibility Report for Publicly Owned Utilities CEC-RPS-399 (Revised 12/2014) downloaded from the CEC web-site.

CEC is in the process of revising the RPS Guidebook this is the opportunity to refine and improve upon the initial language adopted in Resolution 14-1117-14.

The SFPUC urges the CEC to incorporate the proposed changes proposed in the Attachment to this letter.

### **The SFPUC Supports Retroactive Certification of Renewable Energy Credits (RECs) through the ITS and WREGIS**

The SFPUC also strongly supports the CEC's proposal to extend the deadline for POU's to use their Interim Tracking System (ITS) to record renewable energy generation and/or retroactively certify this generation through WREGIS (pages 54-57 of the marked version of the proposed Guidebook). The limited extension of the ITS and the ability to submit requests for retroactive certification of renewable generation will help to ensure that POU's will not strand renewable energy that should be counted towards their RPS compliance but may not have been recorded in WREGIS due to factors out of the POU's control, such as delays to the RPS certification of a particular facility.

### **The "Rated Facility Improvement" Method for Calculating Incremental Generation from Hydroelectric Facilities Should be Available to Eligible Facilities that are Not Subject to FERC Regulation or May Not be Eligible for the FERC Renewable Energy Production Tax Credit**

The SFPUC supports the use of the "Rated Facility Improvement" method (Section III. D.1. proposed Guidebook, p. 83) as one option to determine the amount of incremental hydroelectric generation that can be RPS eligible. This approach is simpler and perhaps more accurate than the current calculation method, which requires the calculation of a historical baseline using at least 20 years<sup>5</sup> of recorded data. However, the use of the proposed pro rata Rated Facility Improvement methodology should be made available to facilities that are not subject to FERC regulation or may not be eligible for the FERC Renewable Energy Production Tax Credit.<sup>6</sup>

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<sup>5</sup> The current standard is 20 years of reportable data. Reportable data excludes, however, both the time the facility was under reconstruction or modification as well as for periods the facility was undergoing "major maintenance or economic events" that reduced generation more than 25% from the monthly average. (Proposed Guidebook, p. 83). Meeting this data requirement could require up to 25 years of historic data.

<sup>6</sup> It appears that in order to use this method the "proposed pro rata approach has been approved by FERC under the FERC Renewable Energy Production Tax Credit, pursuant to the Energy Policy Act." (Proposed Guidebook, p. 85)

The use of the Rated Facility Improvement method was first proposed by PG&E at the CEC's January 28, 2014 Workshop. In response to PG&E's proposal, the SFPUC noted that requiring FERC certification or approval under the FERC Renewable Energy Production Tax Credit would exclude the use of this method by the SFPUC, the Los Angeles Department of Water & Power, and potentially other owners of hydroelectric facilities not subject to FERC regulation or eligible for the tax credit. To make this methodology available to such facilities, the SFPUC urges the CEC to remove FERC approval provision from the Rated Facility Improvement eligibility requirements.

### **Conclusion**

The SFPUC appreciates the opportunity to file these comments and looks forward to continuing to work with the CEC and its staff to further improve the administration of the Renewable Portfolio Standard.

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

Sincerely,

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### **ATTACHMENT**

- SFPUC Proposed Changes to the Water Supply and Conveyance Section of the RPS Eligibility Guidebook

ATTACHMENT:  
SFPUC Proposed Changes to the Water Supply and Conveyance  
Section of the RPS Eligibility Guidebook (p. 15)

**3. Hydroelectric Generation Unit Operated as Part of a Water Supply or  
Conveyance System**

**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. 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 RPS-eligible electricity products from the generation unit to meet its RPS procurement requirements, except as provided in paragraph (3).
- 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 products from all generation units certified for the RPS pursuant to this Section II.F.3, and ~~that~~ those RPS-eligible electricity products may be used by the POU that purchased the electricity to meet its RPS procurement requirements. RPS-eligible Electricity products from the certified generation units may be sold to multiple POUs, but the total of all such sales 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 products 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 product sales shall be reported to the Energy

Commission using the CEC-RPS-399 form as specified in Section VI.B.2. of this guidebook.

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