



CRS

center for
resource
solutions

July 1, 2016

Mr. Kevin Chou
Renewable Energy Office
California Energy Commission
1516 Ninth Street, MS-45
Sacramento, CA 95814-5512

RE: DOCKET NO. 14-OIR-01. Center for Resource Solutions' comment in response to the June 16, 2016 Additional 15-Day Notice and Express Terms for the Power Source Disclosure Program

Dear Mr. Chou:

Center for Resource Solutions (CRS) appreciates the opportunity to comment on the Additional 15-Day Language for Power Source Disclosure (PSD) Program Implementation Rulemaking ("June 2016 Additional 15-Day Language"), released for public comment on June 16, 2016.

We have no comments on changes proposed since the May 17 adoption of the previous March 2016 15-Day Language. However, we would like to take this opportunity to reiterate comments that were not addressed by the previously adopted modifications to the PSD Program, and neither are they addressed in the June 2016 Additional 15-day Language. We also would like to address some of the comments submitted by others during the last public comment period. Additional detail supporting many of the comments below can be found in our previous comments submitted on April 12.¹

1. The June 2016 Additional 15-Day Language, like the previous March 2016 15-Day Language, allows double counting. We recommend adding language that explicitly requires the retirement of Renewable Energy Certificates (RECs) (WREGIS certificates) to substantiate deliveries of specified renewables reported on power content labels (PCLs).

The effect of removing all language about RECs or WREGIS Certificates from proposed requirements is that RECs are not required to verify renewable energy (RE) used to serve retail load included in PSD. As a result, double counting may occur where retail suppliers are allowed to report RE delivered to retail customers through the PSD program while the RECs from the same generation may be sold off and used for other state Renewable Portfolio Standards (RPSs) or for other retail product claims in California or another state.² To avoid double counting, proof of REC (WREGIS Certificate) ownership and retirement for RE that is reported and disclosed in PSD must be required.

We have explained in detail in our April 12 comments how concerns articulated by stakeholders regarding reporting WREGIS Certificates and RECs in PSD at the January 6, 2016 Workshop, in written comments submitted in response to the workshop and December 18, 2015 Express Terms, and by the CEC in

¹ Available online here: http://doCKETpublic.energy.ca.gov/PublicDocuments/14-OIR-01/TN211008_20160412T115224_Todd_Jones_Comments_Center_for_Resource_Solutions%E2%80%99_comment_in_r.pdf.

² See CAL. PUB. UTIL. CODE § 399.21(a)(2).

subsequent conversations with CRS can be addressed using other means and do not compel or justify removal of the language requiring REC reporting and retirement, where removal of this language would allow double counting.³

2. The definitions of "specified purchases" and "unspecified sources of power" in the PSD statute alone require the retirement of RECs to substantiate any RE reported as specific purchases to retail customers in PSD, and likewise require the reporting of RE without REC retirement as unspecified.

Public Utilities Code Section 398.2⁴

(c) "Specific purchases" means electricity transactions which are traceable to specific generation sources by any auditable contract trail or equivalent, such as a tradable commodity system, that provides commercial verification that the electricity source claimed has been sold once and only once to a retail consumer. Retail suppliers may rely on annual data to meet this requirement, rather than hour-by-hour matching of loads and resources.

(d) "Unspecified sources of power" means electricity that is not traceable to specific generation sources by any auditable contract trail or equivalent, including a tradable commodity system, that provides commercial verification that the electricity source claimed has been sold once, and only once, to a retail consumer.

It is clear that, for RE in 2016, RECs must be retired in order for RE to be reported as a specified purchase by this definition, otherwise it is not traceable and there is no verification that it has been sold only once. However, without an explicit requirement for REC retirement in the PSD regulations, and in fact lacking any reference to RECs nor WREGIS certificates, there are no enforceable requirements to verify conformance with these definitions.

3. We understand that Commission staff is planning an informal workshop or roundtable in late summer on RECs in PSD that may result in a new rulemaking for PSD. It is our understanding that, at this workshop, Commission staff plan on presenting ideas for incorporating REC retirement requirements into PSD. Although we feel that REC retirement must be required for RE reported through PSD in order to prevent double counting, this should be explicitly stated in PSD regulations, and this can be easily done in this rule making in advance of the proposed workshop, we nevertheless support a workshop and subsequent rulemaking to incorporate REC retirement requirements into PSD regulations since RECs and WREGIS certificates are not addressed in the June 2016 Additional 15-day language.

We recommend that this workshop begin by confirming that there is baseline agreement among stakeholders that REC retirement for RE reported through PSD on PCLs is necessary to prevent double counting and satisfy the definition of "specified purchases" in the statute. Then the workshop should proceed to discussion of the best ways to address specific reporting challenges and proposals for specific requirements that are appropriate and enforceable from an administrative perspective.

In our April 12 comments, we have already articulated solutions to the following:

³ See these comments here: http://docketpublic.energy.ca.gov/PublicDocuments/14-OIR-01/TN211008_20160412T115224_Todd_Jones_Comments_Center_for_Resource_Solutions%E2%80%99_comment_in_r.pdf.

⁴ Available online here: <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=puc&group=00001-01000&file=398.1-398.5>.

- A lack of clarity around whether PSD should reflect procured generation (based on the purchase date) or used/retired generation (based on the date of use/retirement);
 - Questions about whether to report when purchased or when used;
 - Perceived administrative burden associated with REC reporting; and
 - Concerns about the timing of REC issuance relative to PSD reporting.
4. We disagree with others' comments⁵ that unbundled RECs should be explicitly excluded from being displayed on the PCL. However, if this is the ultimate decision of the Commission, then additional disclosure must be provided to customers.

The most complete and accurate emissions disclosure reflects *all* purchases made by suppliers, including out-of-state and unbundled RECs, since unbundled RECs are a legitimate means of delivering and consuming RE. There is no difference to the customer in terms of usage claims between bundled and unbundled RE. Contrary to others' comments, unbundled RECs are not merely a compliance mechanism. For retail customers in California, the REC represents the attributes of renewable generation (including emissions), proof of renewable generation that has been added to the grid within Western power grid, and exclusive claim to the delivery and ultimate use of renewable generation. Whether these attributes are delivered to the customer with (bundled) or separate from electricity (unbundled) has no bearing whatsoever on the delivery of those attributes and customer's claim to receipt of those attributes (fuel type). The form of contract can be *disclosed*, if that is deemed to be important for the customer and as we demonstrated in previous comments. We also feel that if certain purchases or generation are to be excluded from the PCL, there should be disclosure to let the customer know what has been excluded for transparency and in order to avoid customer confusion.

5. An additional separate rulemaking on unbundled RECs is not necessary.

We believe that discussions pertaining to RECs in PSD may be conflating RECs as the essential accounting instrument to verify delivery of RE for retail product claims in California with "unbundled" REC purchasing as a form of contract and procurement option for suppliers. The CEC may choose to limit PSD based on the form of the energy procurement contract used by the supplier or the location of the generation (though this presents a less-than-complete picture of power sources used to serve retail customers and may require additional explanation to avoid consumer confusion, as we explain above). But, REC ownership must be required for delivery of any RE that *is* included in PSD in order to avoid double counting of these MWh, as explained above. RECs are required for effective delivery of renewable generation attributes whether bundled or unbundled.

6. We continue to support PCLs that do not include generation allocated to differentiated products that are delivered to a specific group of voluntary customers ("voluntary products"), or that disclose fuel mix for voluntary products separately.

Each of the three large investor-owned utilities in the state is required to offer voluntary green power options, and many of the other retail suppliers in the state offer voluntary products as well. To prevent double counting, it is important that voluntary product sales, particularly of RE (bundled or unbundled), and especially sales of Green-e[®] certified RE products, do not appear blended with other sales on PCLs received

⁵ See PG&E's comments, for example, here: http://docketpublic.energy.ca.gov/PublicDocuments/14-OIR-01/TN211072_20160414T155155_Pacific_Gas_and_Electric_Company_Comments_PGE_Comments_on_the_R.pdf.

by all customers or non-subscribers to voluntary and Green-e certified programs and products. It is our understanding that the standardized template PCL required for retail suppliers will include additional, separate columns for voluntary products.

Thank you very much for the opportunity to comment. We would be happy to supply any other supporting or clarifying information that would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd Jones', with a stylized flourish at the end.

Todd Jones
Senior Manager, Policy and Climate Change Programs