



CRS

center for  
resource  
solutions

May 1, 2017

Heather Raitt  
California Energy Commission (CEC)  
Dockets Office, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5514

**Docket No. 17-IEPR-07: Comments of Center for Resource Solutions (CRS) on April 17, 2017 Joint Agency Workshop on Potential Methodologies to Establish Greenhouse Gas (GHG) Reduction Targets for Publicly Owned Utility (POU) Integrated Resource Plans (IRP)**

Dear Ms. Raitt:

CRS appreciates this opportunity to comment on the proposals and materials presented at the April 17, 2017 Joint Agency Workshop regarding a methodology for setting an overall electricity sector emissions target in 2030 for IRP and dividing this target between CPUC and CEC respective IRP processes.

**Background on CRS and Green-e®**

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. CRS has broad expertise in renewable energy (RE) policy design and implementation, electricity product disclosures and consumer protection, and GHG reporting and accounting. CRS has a long history of working with state agencies to help design and implement consumer protection policies that ensure accurate marketing and avoid double counting of individual resources towards multiple end uses. CRS also administers the Green-e programs. Green-e Energy is the leading certification program for voluntary renewable electricity products in North America. In 2015, that program certified the majority of the U.S. voluntary renewable energy (VRE) market. Stakeholder-driven standards supported by rigorous verification audits and semiannual reviews of marketing materials ensure robust customer disclosure and are pillars of Green-e Certification. Through these audits and reviews, CRS is able to provide independent third-party certification of RE products. Green-e program documents, including the standards, Code of Conduct, and the annual verification report, are available at [www.green-e.org](http://www.green-e.org).

**Comments**

CRS submitted comments on a California Public Utilities Commission (CPUC) staff white paper on IRP GHG targets and accounting (Proceeding R.16-02-007) on November 30, 2016.<sup>1</sup> In these comments, we recommended that there be a different methodology for IRP GHG targets and ex-post assessment of progress toward IRP targets than either the existing allowance allocation methodology and mandatory reporting regulation (MRR) used for cap-and-trade (C&T) or the CEC's emissions disclosure methodology under development per the power source disclosure (PSD) program and implementation of AB 1110.

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<sup>1</sup> Available here: [https://resource-solutions.org/wp-content/uploads/2016/12/CRScommentCPUCwhitepaperonGHGtargetsforIRP\\_11-30-2016.pdf](https://resource-solutions.org/wp-content/uploads/2016/12/CRScommentCPUCwhitepaperonGHGtargetsforIRP_11-30-2016.pdf).

1. A different methodology should be developed for calculating 2030 electricity sector emissions targets for IRP than either that which is currently used for the C&T program or that which is being developed for PSD. The methodology for IRP GHG targets should reflect the emissions attributes of bundled electricity that is owned and generated or purchased by load-serving entities (LSEs) to serve load. Correspondingly, the IRP GHG reduction targets for POUs should reflect the emissions attributes of bundled electricity that is owned and generated or purchased by POUs to serve load.

We summarize our understanding of the differences between the emissions covered and accounting parameters for each of these programs in the table below.

C&T	IRP	PSD
Emissions from owned units and imports	Emissions of bundled electricity that is owned and generated or purchased by LSEs to serve load	Emissions of all electricity used to serve load (all delivered emissions)
<ul style="list-style-type: none"> <li>• Does not include transactions, including purchases of unspecified and specified (emitting and non-emitting) generation that get delivered to load and sales of RE (bundled or unbundled) ultimately delivered to customers by another entity</li> <li>• Does not include bilateral contracts (e.g. natural gas contracts from QFs, because the QFs are reporting) or sales of bundled or unbundled RE to other suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Does not include purchases of unbundled renewable energy credits (RECs)</li> <li>• Does account for sales of unbundled RECs</li> </ul>	<ul style="list-style-type: none"> <li>• Every purchase of power for deliveries to load</li> <li>• Does not include sales of generation or attributes not delivered to retail load</li> <li>• Includes trading of renewable attributes that happen after IRP</li> <li>• Includes transactions of unbundled RECs</li> </ul>
	REC ownership required for RE generation that is included in order for LSEs to claim delivery of renewable power to meet load.	

In general, the joint agencies can clarify whether IRP reduction targets are for emissions associated with what LSEs procure, deliver, or own.

2. Voluntary renewable energy (VRE)—RE used to supply VRE products offered by LSEs—should not be counted toward any GHG emission target reporting under IRP.

Alongside state mandates like the RPS and carbon pricing programs like cap-and-trade, the VRE market has been a major driver of new clean energy development in the state, leading to more jobs and greater economic growth. The market leverages private, non-ratepayer funding to help speed the transition to renewable energy sources, and it provides a pathway whereby the appetite for voluntary action can be channeled to in-state clean energy development. Last year, around 520,000 megawatt-hours (MWh) of

renewable energy from California were used to supply Green-e certified voluntary sales. This number increased dramatically from 2014. This shows strong demand for VRE in the state. It is also worth noting that Green-e certifies a majority but not the entirety of the voluntary market, which means that this represents a conservative estimate of voluntary activity in the state.

Historically, VRE is not used to meet governmental targets, laws, or legal mandates. This enables the voluntary market to make an incremental difference often referred to as “regulatory surplus.” Also, many of the companies and individuals purchasing in California’s VRE market do so as part of their commitment to fight climate change. Voluntary buyers and investors therefore expect that voluntary generation will reduce emissions beyond regulatory targets as a critical non-financial benefit. Our experience in the voluntary market has shown that regulatory surplus and moving the needle on climate change are significant drivers of voluntary demand.

Regulatory surplus has been a key principle for Green-e certification throughout the program’s existence. In January 2015, the CPUC directed the three largest investor-owned utilities (IOUs) in the state—Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company, which together cover nearly 80% of the state—to offer a Green-e Energy certified 100% renewable energy option to their customers.<sup>2</sup> As such, the IOUs’ and other Green-e certified programs in the state will need to meet Green-e’s requirements to source from renewable energy that is not used to meet regulatory targets. Other state programs that would otherwise affect the emissions reduction benefits of VRE have taken effort not to count VRE and its GHG benefits or to include mechanisms that ensure that VRE continues to achieve emissions reductions in excess of what is achieved by state programs and processes. For example, the cap-and-trade program includes the Voluntary Renewable Electricity Reserve Account, through which allowances are set-aside and retired on behalf of the VRE market, enabling voluntary renewable energy to avoid emissions beyond the level of the cap and surplus to regulation.

Please let me know if we can provide any further information or answer any other questions.

Sincerely,



Todd Jones  
Senior Manager, Policy and Climate Change Programs

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<sup>2</sup> CPUC. Decision 15-01-051 January 29, 2015. Decision Approving Green Tariff Shared Renewables Program for San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company pursuant to Senate Bill 43. Available online: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M146/K250/146250314.PDF>.