



December 9, 2019

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California Energy Commission (CEC)
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Docket No. 16-OIR-05: Comments of Center for Resource Solutions on November 25, 2019 proposed changes to the Express Terms (15-Day Language) for Modification of Regulations Governing the Power Source Disclosure Program

Mr. Scavo:

Center for Resource Solutions (CRS) appreciates this opportunity to submit comments on the November 25, 2019 proposed changes to the Express Terms for Modification of Regulations Governing the Power Source Disclosure (PSD) Program ("15-day Language"). CRS also appreciates Commission Staff's incorporation of many of the recommendations in our comments on the Sept 6, 2019 Express Terms and Initial Statement of Reasons (ISOR).

We have continuing concerns with the overall regulatory proposal and discrepancies with the Renewable Portfolio Standard (RPS) related to the proposed ineligibility of unbundled RECs (Portfolio Content Category [PCC] 3 Renewables) and treatment of new (post-2018) firmed-and-shaped procurements (PCC 2 Renewables) in the greenhouse gas (GHG) emissions intensity calculation.¹ We also continue to recommend that the Commission provide a final statement of reasons (FSOR) with an accurate explanation for these inconsistencies—one that does not undermine the credibility of other markets and market instruments, accounting regimes, and regulatory and voluntary programs that drive renewable energy development and climate action.

¹ These concerns along with alternative options and recommendations are explained in detail in our previous comments on the September 6, 2019 Express Terms and ISOR. See <https://efiling.energy.ca.gov/GetDocument.aspx?tn=230403&DocumentContentId=61957>.

However, we generally support the revisions in the 15-day Language, with the exception of new proposed language for footnotes on the power content label (PCL) at Sec. 1394(l)(1) (pg. 25 of the 15-day Language).

Comments on Changes in the 15-day Language

CRS expresses its strong support for the following revisions in the 15-day Language, which are critical to prevent double counting.

- At Sec. 1393(a)(7), procurements of nuclear and large hydroelectric generating units cannot be classified as specified purchases if environmental attributes have been claimed or traded to someone else.
- At Sec. 1393(b)(1), for reporting an eligible renewable fuel type, associated renewable energy credits (RECs) shall not be sold.
- At Sec. 1393(c)(1)(B), for reporting the GHG emissions intensity of an eligible renewable generator, associated RECs shall not be sold.

The 15-day Language also includes changes to footnote language for the PCL that describes RECs and unbundled RECs at Sec. 1394(l)(1). We support removal of the word “investments” in this language for the reasons we provided in our previous comments.² However, the revised second sentence that now states that unbundled RECs, “represent renewable generation that was not delivered to serve retail sales,” is false and is directly contradicted by the RPS. We have explained how in detail in our previous comments.³ Delivery to serve retail sales can only be determined contractually and unbundled REC (PCC 3) procurements represent legal contractual procurements of fuel type and emissions from renewable generators to meet retail sales in California. The revised footnote language does not meet the criteria of “accurate” and “simple to understand” disclosure to customers.

In our previous comments, we suggested the following footnote language, which is taken directly from CAL. PUB. UTIL. CODE § 399.12(h)(1) and (2) and California Public Utilities Commission (CPUC) Decision 08-08-028:⁴

“A renewable energy credit (REC) is a tracking instrument and certificate of proof that electricity was generated and delivered by an eligible renewable energy resource, and it includes all renewable and environmental attributes of that generation. ‘Unbundled’ RECs are procured by electricity suppliers separately from the electricity associated with those credits. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.”

If these revisions cannot be made without additional 15-day language, which the Commission considers to be unfeasible or undesirable, and if this proposal for PSD is to be adopted notwithstanding the

² See CRS Comments on the September 6, 2019 Express Terms and ISOR.
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=230403&DocumentContentId=61957>.

³ *Ibid.*

⁴ CPUC Decision 08-08-028, Sec. 4.2 pg. 35.

inconsistencies with the RPS and discrepancies between fuel type and emissions disclosure that we have previously identified, then we recommend that the Commission adopt the proposed regulation with the exception of the second sentence of Sec. 1394(l)(1), as shown below.

“Renewable energy credits (RECs) are tracking instruments issued for renewable generation. ~~Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales.~~ Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.”

If it is not possible to adopt the proposed regulation excluding only the second sentence of Sec. 1394(l)(1), then we recommend adoption without the entire footnote at Sec. 1394(l)(1), as a discrete, severable component that is not specifically required by AB 1110.

Thank you again for your consideration of our comments throughout this proceeding. Please let me know if we can provide any further information or answer any other questions.

Sincerely,

_____/s/____

Todd Jones

Director, Policy