

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF
THE SOLAR ALLIANCE, THE CALIFORNIA SOLAR ENERGY INDUSTRY
ASSOCIATION AND THE VOTE SOLAR INITIATIVE ON THE IMPLEMENTATION
OF NEW PORTFOLIO CONTENT CATEGORIES FOR THE RENEWABLES
PORTFOLIO STANDARD PROGRAM**

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August 19, 2011

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Pursuant to the July 12, 2011 Administrative Law Judges Ruling Requesting Comments on the Implementation of New Portfolio Content Categories, the Solar Alliance,¹ California Solar Energy Industry Association (CalSEIA) and Vote Solar Initiative (collectively the “Joint Solar Parties”) provide this limited to response to parties’ comments submitted on August 8, 2011 on the issue of the categorization of certain transactions as falling within the parameters of Section 399.16 (b) (1) (i.e., a “bucket one transaction”).

The Joint Solar Parties are concerned about the appropriate categorization of “behind the meter” renewable energy credits (for example, RECs associated with net metered systems). As illustrated by the comments, the debate regarding these transaction revolves around whether any unbundled REC transactions may fall within bucket one,² or whether all such transactions are

¹ The comments contained in this filing represent the position of the Solar Alliance as an organization, but not necessarily the views of any particular member with respect to any issue.

² Hav[ing] a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. PU Code Section 399.16 (b) (1).

relegated to bucket three.³ In this regard, the Joint Solar Parties agree with those stakeholders (e.g., PG&E and TURN) who properly recognize that behind the meter RECs should be categorized as a bucket one transaction and submit that the position espoused by other stakeholders that unbundled RECs, whether from an in-state or out of state source, must be categorized as a bucket three transaction,⁴ is inconsistent with both the plain language and underlying intent of the statute and should not be adopted by the Commission.

Rather, as noted by PG&E:

Section 399.16(b)(1) includes transactions that transfer only RECs if the underlying resource creating the REC has a first point of interconnection with a CBA or has a first point of interconnection with distribution facilities used to serve end users within a CBA. *The criterion to be included in Bucket 1 is that the underlying energy from the renewable energy resource is delivered into a California balancing or to a distribution system located in California. Whether the associated transaction is for an unbundled REC does not impact eligibility for Bucket 1.*⁵

As an example of a transaction that should qualify as Bucket 1 even though the buyer is purchasing unbundled RECs only, PG&E offered that of a load serving entity which purchases RECs from a generator located in a CBA and that generator used the electricity associated with

³ Eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of paragraph (1) or (2). PU Code Section 399.16 (b) (3).

⁴ See, e.g., Comments of the Large Scale Solar Association on Portfolio Content Categories, R. 11-05-005 (August 8, 2011) at p.2; Comments of Iberdola Renewables Inc. on Implementation of New Portfolio Content Categories, R. 11-05-005 (August 8, 2011) at pp. 10-11.

⁵ Pacific Gas and Electric Company's Comments on Administrative Law Judge's Ruling Requesting Comments on Implementation of the New Portfolio Content Categories for the Renewables Portfolio Standards Program, R. 11-05-005 (August 8, 2011) (PG&E Comments) at p. 17 (emphasis added); see also Comments of the California Waste Water Climate Change Group on Implementation of the New Portfolio Content Categories for the Renewables Portfolio Standards Program R. 11-05-005 (August 8, 2011) at p. 3.

the RECs to serve its own load “behind the meter.”⁶ TURN offered the same interpretation regarding the classification of behind the meter RECs:

For behind the meter renewable generation taking service under a net metering tariff, TURN believes that any transaction involving the transfer of the RECs to the retail seller serving the net metered customer should count as a §399.16(b)(1) product. In this situation, the retail seller is essentially purchasing a bundled renewable product since the customer generator is being compensated for both the energy provided to the retail seller and the RECs associated with the energy.⁷

In short the definition of Bucket 1 products includes unbundled RECs – as long as the eligible renewable energy resource that created the unbundled RECs meets the minimum requirements for a Bucket 1 product (i.e., directly interconnected to a CBA’s transmission or distribution level transmission, directly scheduled into a CBA, or dynamically transferred into a CBA). Within such parameters fall the RECs associated with behind-the-meter transactions where entities are using renewable energy to serve their own load. The Commission should render this determination in its decision implementing the new renewable portfolio content categories.

⁶ PG&E Comments at pp. 17-18.

⁷ Opening Comments of the Utility Reform Network on the Implementation of the New Portfolio Content Categories for the Renewables Portfolio Standards Program, R. 11-05-005 (August 8, 2011) at p.6; *see also* Southern California Edison Company Comments to Administrative Law Judge’s Renewable Portfolio Standard Categories Ruling Dated July 12, 2011, R. 11-05-005 (August 8, 2011) at p. 13 (stating that one example of an unbundled REC that may be included in Bucket 1 is the REC associated with electricity produced and used by a resident using solar photovoltaic technology.)

Respectfully submitted this August 19, 2011, at San Francisco, California.

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VERIFICATION

I am the attorney for the Solar Alliance in this matter. Solar Alliance is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of the Solar Alliance for that reason. I have read the attached "Reply Comments of the Solar Alliance, the California Solar Energy Industry Association, and the Vote Solar Initiative on the Implementation of New Portfolio Content Categories for the Renewables Portfolio Standard Program"

I am informed and believe, and on that ground allege, that the matters stated in this document are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 19th day of August, 2011, at San Francisco, California.

/s/ Jeanne Armstrong
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