

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

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

**R. 11-05-005**  
(Filed May 5, 2011)

**COMMENTS OF SIERRA CLUB CALIFORNIA  
ON IMPLEMENTATION OF NEW PORTFOLIO CONTENT CATEGORIES  
FOR THE RENEWABLE PORTFOLIO STANDARD PROGRAM**

August 8, 2011

Jim Metropulos, Senior Advocate  
Sierra Club California  
801 K Street, Suite 2700  
Sacramento, CA 95814  
916-557-1100, x109  
Jim.Metropulos@sierraclub.org

Andy Katz  
Sierra Club California  
2150 Allston Way Ste. 400  
Berkeley, CA 94704  
510-848-5001  
andykatz@sonic.net

## 1. INTRODUCTION

Sierra Club California respectfully submits the following comments in response to Administrative Law Judge Anne Simon's July 12, 2011 Ruling regarding portfolio content categories for the Renewable Portfolio Standard Program.

Sierra Club California is comprised of more than 150,000 members and ratepayers throughout California. Sierra Club California supports implementation of renewable energy to further the reduction of greenhouse gas emissions and climate protection. In these opening comments, Sierra Club California will focus on the definition of firmed and shaped electricity products, and how the definition should further the legislative intent of maximizing greenhouse gas emissions. Sierra Club California will reserve further comment on the remainder of the issues included in the ruling for reply to comments made by other parties.

## 2. THE INTENT OF THE RENEWABLE PORTFOLIO STANDARD PROGRAM IS TO MAXIMIZE GREENHOUSE GAS EMISSION REDUCTION.

A priority objective of the RPS program is to obtain "the greatest environmental benefits for California residents."<sup>1</sup> The program is also intended to meet California "climate change goals by reducing emissions of greenhouse gases associated with electrical generation."<sup>2</sup>

The California Global Warming Solutions Act is a critical cornerstone of California law advancing energy policies for conservation and renewable resource objectives.<sup>3</sup> The Global Warming Solutions Act established the goal of reducing greenhouse gas emissions to 1990 levels

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<sup>1</sup> Public Resources Code Section 25740.5(c).

<sup>2</sup> Public Utilities Code Section 399.11(b)(4),

<sup>3</sup> Assembly Bill No. 32 (Pavley, 2006) California Health and Safety Code, §§ 38500 et seq.

by 2020. The Air Resources Board, acting pursuant to its authority under the law, adopted the Climate Change Scoping Plan (“Scoping Plan”) in 2008.<sup>4</sup> The Scoping Plan relies upon the 33% Renewables Portfolio Standard program to achieve a reduction of 21.3 million tons of carbon dioxide (MMTCO<sub>2</sub>E). Failure to reduce sufficient greenhouse gas emissions associated with this measure would be a detriment to meeting California’s climate change goals as recognized in Public Utilities Code Section 399.11(b)(4).

When setting limits on “incremental energy,” “firmed and shaped,” and “unbundled REC” electricity products, the Commission should consider the optimal planning of resources to reduce fossil fuel use and carbon emissions.

3. A CARBON INTENSITY STANDARD IS NEEDED TO ENSURE THAT FIRMED AND SHAPED ELECTRICITY PRODUCTS DO NOT RESULT IN GREATER EMISSIONS THAN INCREMENTAL ELECTRICITY PRODUCTS.

Sierra Club California anticipates that firmed and shaped electricity products will be defined in part as electricity products that include both renewable energy and carbon-emitting energy. In the interest of furthering the legislative intent that the RPS program *reduce* greenhouse gas emissions, it is logical and required for transactions occurring pursuant to the RPS program should not result in contracts that *increase* carbon emission intensity of the carbon emitting portion of a given load-serving entity’s power supply. Any increase in the carbon intensity of the balance of carbon emitting fuels will tend to undermine the carbon benefits of the renewable energy that is being “firmed and shaped”.

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<sup>4</sup> California Air Resources Board, *Climate Change Scoping Plan*, December 2008, available at: <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.

Therefore, Sierra Club California proposes that as a minimum standard, the carbon-emitting electricity that is used to balance the renewable electricity should not have a greater carbon intensity per unit of electricity than the carbon intensity of the carbon-emitting portion of a given load-serving entity's power supply.

This policy is further supported by the Emissions Performance Standard implemented in D.07-01-039, implementing SB 1368 (Stats. 2006, ch 598), establishing a greenhouse gas emission performance standard for most baseload generation facilities. The Commission's Decision implementing SB 1368 is binding upon baseload generation contracts for five or more years, and therefore should also be binding on baseload power associated with firmed and shaped contracts, and/or upon an intermittent renewable energy generator that uses carbon emitting fuel to convert the renewable resource into baseload.

While this ruling may only seek immediate comments on the definition, and enforcement may be clarified in a later phase of the Commission's deliberations, the ruling directs parties to consider the implementation of proposals. This proposal is feasible, and can be implemented through data reporting and through requiring a carbon content specification in procurement bids that include firming and shaping products. The Emissions Performance Standard program also includes an adopted protocol for assessing emissions intensity. A suggested mechanism to implement this element of the proposed standard within the definition is for:

- A. A load-serving entity would include in their procurement plans a report on the carbon emissions intensity of their incremental electricity load, including statistics for MWh procured from carbon-emitting resources and greenhouse gas emissions inventory, to show the calculated rate. This may or may not already exist.

- B. Each load-serving entity would require that bids for firmed and shaped electricity products include the data on carbon intensity for the carbon-emitting portion of the contracted energy, particularly for firming and shaping products.
- C. Load-serving entities could also state its requirement for bidders the applicable carbon intensity standard to ensure that bids comply.

The purpose of a carbon intensity standard for firmed and shaped electricity products is to ensure that the RPS realizes the full carbon benefit of renewable energy. Without such a standard, RPS procurement could result in the production of dirtier power and increased greenhouse gas emissions than allowed for incremental electricity products. This would violate the intention of the RPS statute, and therefore the definition of “firmed and shaped” electricity products should include a maximum carbon intensity standard for the accompanying carbon-emitting power that ensures that the greenhouse gas emission reduction benefits are equivalent or better compared to the load-serving entity’s power mix.

4. FIRMED AND SHAPED ELECTRICITY PRODUCTS SHOULD REPRESENT ADDITIONAL RENEWABLE ENERGY RESOURCES AND NOT MERELY A SPOT MARKET.

The Commission should adopt standards to better ensure that firmed and shaped electricity products represent additional renewable energy resources, and not merely a spot market purchase from existing renewable resources. To further these goals, Sierra Club California agrees with other parties that firmed and shaped products should be procured in

longer-term contracts of at least five to ten years, and that the contract price should be a fixed price to insulate the price from the volatility of natural gas prices, which is one of the important values of renewable energy to consumers.

Respectfully submitted,

/s/ Jim Metropulos

Jim Metropulos, Senior Advocate

Sierra Club California

801 K Street Ste. 2700

Sacramento, CA 95814

916-557-1100, extension 109

Jim.Metropulos@sierraclub.org

/s/ Andy Katz

Andy Katz

Sierra Club California

2150 Allston Way Ste. 400

Berkeley, CA 94704

510-848-5001

andykatz@sonic.net

Dated: August 8, 2011

## VERIFICATION

I am the Senior Advocate with Sierra Club California and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in this pleading are true.

I declare under penalty of perjury that the matters stated in this pleading are true and correct.

Executed on the **8th day of August, 2011**, at Sacramento, California.

/s/ Jim Metropulos

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Jim Metropulos, Senior Advocate  
Sierra Club California  
801 K Street, Suite 2700  
Sacramento, CA 95814  
Tel: 916-557-1100, extension 109  
[jim.metropulos@sierraclub.org](mailto:jim.metropulos@sierraclub.org)