

**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 R.11-05-005

**REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE  
PROPOSED DECISION ON PORTFOLIO CONTENT CATEGORIES**

November 1, 2011

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## REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON THE PROPOSED DECISION ON PORTFOLIO CONTENT CATEGORIES

Pursuant to Rules 14.3 and 14.6 of the Commission's Rules of Practice and Procedure, in Proceeding R-11-05-005, the **Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program**, the Green Power Institute, a program of the Pacific Institute for Studies in Development, Environment, and Security (GPI), provides these *Reply Comments of the Green Power Institute on the Proposed Decision on Portfolio Content Categories*.

A variety of disparate parties, including PG&E, SCE, AReM, and Cal SEIA, point out that the PD errs in classifying certain unbundled RECs that are generated in-state as category 3 transactions. In fact, as we pointed out in our August 8, 2011, *Comments* in this proceeding, the new statutes enacted by SB 2 (1x) set specifications for the content categories that are different from the REC-classification system that has been in-place from 2003 – 2010. In the new system, unbundled RECs that are generated in-state, including DG RECs created for energy that is used on the customer side-of-the meter, qualify as category 1 transactions, assuming that all other applicable requirements are met.

We disagree with PG&E's protestations that firm-transmission rights should not have any role in demonstrating movement of the electricity from a particular out-of-state generator into a California Balancing Authority. While we agree that an e-Tag identifying the generator as the source, and the California Balancing Authority as the sink, provides all of the information necessary, the PD offers the possibility that the process could be simplified, and therefore made less costly, by the up-front demonstration of firm capacity rights. It is in that context, simplifying the process of documenting content category eligibility, that a demonstration of firm-capacity rights could help to streamline the program.

We disagree with SCE that SB 2 (1x) “supersedes” all TREC rules not expressly called out in the PD, including rules related to earmarking. Nowhere does the term “supersede” appear in SB 2 (1x), nor is there any language in the new statute that seeks to negate the state’s inaugural RPS program that ran from 2003 – 2010. While SCE is correct that flexible compliance rules associated with the 20-percent RPS program do not continue beyond the end of the program, that in no way says that the appropriate application of the rules during the initial phase of the program (pre 2011) is now negated. It simply means that the new program will have different compliance rules, beginning in 2011. Obligations that were undertaken prior to 2011 need to be fulfilled, or consequences faced.

We agree with CEERT and CRS that the PD should, at the least, clarify that the two tenets discussed on page 14 do not have the force of statute, and do not supersede the CEC’s authority to certify RPS compliance for jurisdictional retail sellers. The tenets are no more than basic guidelines.

Dated November 1, 2011  
Respectfully Submitted,



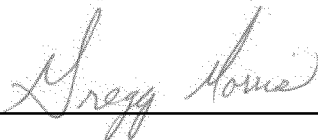
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VERIFICATION

I, Gregory Morris, am Director of the Green Power Institute, and a Research Affiliate of the Pacific Institute for Studies in Development, Environment, and Security. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of *Reply Comments of the Green Power Institute on the Proposed Decision on Portfolio Content Categories*, filed in R.11-05-005, are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

Executed on November 1, 2011, at Berkeley, California.



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Gregory Morris