



IBERDROLA RENEWABLES

June 21, 2013

California Public Utilities Commission
Energy Division
505 Van Ness Avenue
San Francisco, CA 94102

Attention: Robert Blackney

cc: CPUC R.11-05-005 Service List

RE: The California Public Utilities Commission (CPUC) Energy Division proposed “CPUC Portfolio Content Category (PCC) Classification Staff Proposal” related to Renewable Portfolio Standard (RPS) compliance rules for Retail Sellers

Iberdrola Renewables, LLC (“Iberdrola”) appreciates the opportunity to offer informal comments regarding the rules surrounding classification and verification of PCC rules for retail sellers proposed by Energy Division staff (“Staff Proposal”).

Iberdrola is the second largest owner and operator of renewable generation in the U.S. with over 5.5 GW of owned or controlled renewable generating capacity. This portfolio includes approximately 540 MW of operating wind projects in California, including the 189 MW Manzana wind farm which entered commercial service in 2012. Iberdrola also generates and transmits renewable electricity, and provides firming and shaping services, to California load serving entities (“LSE”s) including POU’s from various resources in the western United States.

Iberdrola offers a summary of our comments below. Following our general comments is a proposed “mock up” of the Staff Proposal (including recommended red line changes and more detailed comments).

In general Iberdrola commends the Energy Division staff for largely hitting the mark with respect to identifying documentation options that will certainly provide evidence to back the respective PCC claims of retail sellers. The flipside of having multiple options from which to choose to demonstrate PCC claims, however, is that market participants lack specificity and certainty regarding what items *in particular* the CPUC staff will deem essential. Iberdrola submits that for PCC 1, for example, the e-Tag and power purchase agreement will contain all the necessary information to confirm that power is delivered to a California balancing authority (CBA) according to the respective rules relative to first point of interconnection and/or scheduling.

On the other hand, as you will note in the more detailed comments within the mock-up, transmission-related information is not necessary and creates an additional step in documentation that adds unnecessary time and expense. Iberdrola does appreciate that the retail sellers have the option to decide if particular documents are relevant, but it would nonetheless be helpful if staff could provide a bit more certainty about expectations related to *specific* items that will be the focus of claims documentation.

Beyond the above request for increased specification around reporting and documentation, in the attached mock-up, Iberdrola seeks some clarity around specific items (e.g., "CPUC ID") and also recommends a couple of edits to provide certainty (and, thus, liquidity) in the RPS market.

Please do not hesitate to me at: rsmutny-jones@iberdrolaren.com or (916) 802-5298 if you have any questions about Iberdrola's comments. Thank you, again, for the opportunity to provide our comments on the Staff Proposal.

Sincerely,

Robin Smutny-Jones



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IBERDROLA COMMENTS

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Introduction

In D.11-12-052, the California Public Utilities Commission (CPUC) defined and implemented three portfolio content categories (PCCs) established in Public Utilities Code section 399.16, for RPS procurement. The long established RPS compliance reporting process now requires that Commission staff determine PCC classification for each renewable energy credit (REC) retired¹ by retail sellers for the purpose of meeting an RPS procurement quantity requirement (PQR). To facilitate this analysis, retail sellers must provide detailed information to support each PCC claim for RECs retired and reported in annual RPS compliance reports submitted to the CPUC. In addition, retail sellers must file WREGIS Reports with the California Energy Commission.² Together, these RPS compliance reporting documents will create an “auditable package” for CPUC staff to use in substantiating PCC claims of retail sellers and determining RPS compliance.

The specific information required in order to complete the auditable package will depend on the PCC classification claimed by the retail seller, but will consist primarily of 4 reporting documents:

1. RPS Compliance Report, Static Contract Information tab, - Submitted to the CPUC annually, August 1³
2. WREGIS Report & NERC e-Tag Summary Report , s - Submitted to the CEC annually, July 1
3. RPS Hourly e-Tag Summary Report - Submitted to the CPUC annually, August 1
4. Hourly Meter and e-Tag Reconciliation Report - Submitted to the CPUC annually, August 1

The following sections provide more detail on the information retail sellers are required to present to the CPUC to verify each of the PCC classifications.

¹ Retire means to claim a renewable energy credit in the tracking system established by the Energy Commission pursuant to Public Utilities Code Section 399.25 (c) and thereby commit the renewable energy credit to be used for compliance with the RPS.

² Retail sellers are required to submit WREGIS Reports to the California Energy Commission annually on July 1. Renewables Portfolio Standard Eligibility Guidebook, Seventh Edition. (April 2013)

³ Pursuant to D.12-06-038, Ordering Paragraph 34, retail sellers must submit an annual RPS compliance report by August 1 of the year following the year being reported on. Any compliance report based on procurement information that has not been verified by the CEC must be updated not later than 30 days after the CEC’s transmittal of the final Verification Report for the relevant year to the CPUC.

Static Contract Information - Information Required for All PCC Classification Claims

As part of the auditable package, all retail sellers must report contract information to the CPUC in the Annual RPS Compliance Report, in the “Static Contract Information” tab of the excel spreadsheet. CPUC staff will verify static contract information by reviewing documents such as procurement contracts, interconnection agreements, and dynamic transfer agreements. Since CPUC staff does not expect static information to change, we will only require retail sellers to submit supporting documentation in the first year in which the contract is reported. Retail sellers must update the Static Contract Information if any existing procurement contract is amended in a manner that may impact the PCC classification of RECs procured from that contract or facility. Retail sellers are required to provide the following information in the “Static Contract Information” tab:

- Reporting Year - Enter the calendar year in which contract information is first reported in the Static Contract Information tab. Please update the Reporting Year when contracts are amended and resubmit the form with the corresponding contract/amended contract.
- Facility Name - Indicate the name of the facility that generated the RECs that are being claimed for RPS compliance. If electricity products are purchased from a portfolio of assets, list all of the facilities. If the facilities are unknown, indicate unknown.
- Technology - Select type of RPS eligible technology from the drop-down options. If other, please specify.
- Primary Fuel Type - Select the primary fuel used from the drop-down options. If other, please specify. For multi-fuel facilities, also select from the secondary fuel type column.
- Secondary Fuel Type - Select the secondary fuel used (if applicable) from the drop-down options. If other, please specify. For multi-fuel facilities, also select from the secondary fuel type column.
- PCC Classification Claimed - Enter the PCC classification of the reported RECs.
- Facility Status - Select the facilities status (e.g. online, in development, etc.) from the project from drop-down options.
- Contract Execution Date - Indicate the date the contract was originally executed. If the facility is utility owned, indicate the date the ownership agreement was originally executed or when ownership began. Retail sellers must provide supporting documentation, e.g. a copy of the contract agreement, to demonstrate the contract execution date.

- Contract Start Date - Indicate the first date that electricity products were or will be procured by the retail seller.
- Facility Beginning on Date (Eligibility date on RPS Certificate) - Indicate the RPS-eligibility date for the facility, as indicated on the RPS eligibility certificate distributed by the Energy Commission. If this is yet to be determined, indicate TBD.
- Renewable Technology Online Date - Enter the date when the facility came online using a renewable fuel or technology, if different from the commercial online date.
- Contract End Date - State the final procurement date of the product(s) being purchased under the contract/agreement. If the date is unknown, enter "unknown."
- Contract Term - Indicate the duration of the contract. If the facility is utility owned, state "utility owned."
- Contract Termination Date - If the contract is terminated before the contract end date, please enter the termination date. Retail sellers must provide supporting documentation.
- Type of Contract Arrangement - All ownership/contract agreements should be organized based on whether they will receive facility's full output, receive facility's full output during a specific contracted timeframe, receive percent share of facility's MWh output during contracted timeframe, receive a fixed amount of MWh during a contracted timeframe, receive incremental generation (full RPS eligible amount), or receive incremental generation based on percent share of the total RPS eligible amount.
- Share (%) or Fixed Contract Amount of Total Generation - Enter the share of total generation under the current contract/agreement. If fixed amount, enter total contractual fixed amount and provide additional explanations in the notes section as necessary. Explain in "Notes" section if volume or percent amount changes annually and provide annual specific amounts per calendar year. Retail sellers may need to provide supporting documentation, e.g. a copy of the contract agreement, to demonstrate the share (%) or fixed amount of RECs to be delivered.
- CPUC ID - The identification number provided to facility by the CPUC.
- WREGIS ID - The identification number provided to facility by WREGIS.
- RPS ID - The identification number provided to facility by the CEC.
- Owner/Seller - Indicate the wholesale seller of electricity products. If utility owned, state "utility owned." If purchased from a load-serving entity, state the name of the load-serving entity.

Comment [t1]: Iberdrola recommends adding a footnote, or otherwise clarifying to what "CPUC ID" refers and how entities will receive such ID.

- Scheduling Coordinator - as detailed within the scheduling agreement or procurement contract. If more than one party is designated as a schedule coordinator, please include only the primary scheduling coordinator.
- Location (County and State, or Country if outside US) - Indicate the county and state that the facility is located in. If the facility is located outside of the United States, please indicate the country in which the facility is located. If incremental electricity is provided from system power purchases indicate "system power purchases."
- Notes - Include any additional information about the contract, including information on any amendments to the contract.
- Facility Source Name - For Facilities NOT interconnected to a California balancing authority area (CBA), - Retail sellers must enter the facility's source name, as registered with OATI's webRegistry.
- Resale Agreement - Choose yes or no to indicate if contract is a resale agreement, as defined in D.11-12-052. Provide additional supporting documentation to substantiate resale agreements.
- Provider of Substitute Energy (PCC 2 Only) - If substitute electricity is purchased from one facility, indicate the name of the facility. If electricity will be provided from a portfolio of facilities, list all the facilities that could be included as a provider. If the facilities are unknown, please indicate that electricity will come from unknown facilities.
- Execution Date for Substitute Energy Agreement (PCC 2 Only) - Indicate the date the substitute energy agreement was originally executed.
- Duration of Substitute Energy Agreement (PCC 2 Only) - Indicate the duration of the substitute energy agreement. If the contract for Substitute Energy is contained within the same contract as that for Renewable Energy, the retail seller may refer to such contract for information regarding Execution Date and Duration.

Information Required to Verify Portfolio Content Category 1 (PCC 1) Claims - Facilities with First Point of Interconnection within a CBA or with Generation Scheduled into a CBA

Pursuant to D.11-12-052 (Ordering Paragraph 1) a retail seller claiming PCC 1 for RECs from a procurement contract or ownership agreement signed, or utility-owned generation in commercial operation on or after June 1, 2010 (or January 13, 2011 for ESPs), must provide information to the CPUC sufficient to demonstrate the generation facility from which the electricity is procured either:

- has its first point of interconnection to the Western Electricity Coordinating Council transmission grid within the metered boundaries of a California balancing authority area; or
- has its first point of interconnection with the electricity distribution system used to serve end users within the metered boundaries of a California balancing authority area; or
- the generation from that facility is scheduled into a California balancing authority without substituting electricity from any other source, provided that, if another source provides real-time ancillary services required to maintain an hourly or sub-hourly import schedule into the California balancing authority only the fraction of the schedule actually generated by the generation facility from which the electricity is procured may count toward this portfolio content category; or

the generation from that facility is scheduled into a California balancing authority pursuant to a dynamic transfer agreement between the balancing authority where the generation facility is located and the California balancing authority into which the generation is scheduled.

Different documentation will be required for the each type of PCC 1 transaction. A description of the types of PCC 1 transactions, and the documentation required by the CPUC to substantiate retail seller’s claims are as follows:

Documentation Required to Substantiate Generation from Facilities that Have a First Point of Interconnection within a CBA

Retail sellers must submit a copy of the facility’s interconnection agreement or distribution system interconnection agreements demonstrating a first point of interconnection within a CBA.

CPUC staff may require additional information if the supporting documentation above is determined insufficient.

Documentation Required to Substantiate Generation from Facilities that Have Agreements to Dynamically Transfer Electricity to a CBA or Scheduling Generation into a CBA

In order for RPS-eligible resources that are dynamically scheduled into a CBA or generation that is scheduled into a CBA from facilities with first point of interconnection outside a CBA, a retail seller making a PCC 1 claim must demonstrate that the facility - or party responsible for the scheduling arrangements - have engaged in the appropriate interchange transaction to deliver the facility’s generation to a CBA. In accordance with the policies of the NERC, interchange transactions must be tagged with an e-Tag.

Comment [t2]: Iberdrola understands that e-Tag responsibility has been transferred from NERC to NAESB (North American Energy Standards Board). CPUC may wish to add a footnote describing this transfer and change the reference to "e-Tag" or "NAESB e-Tag."

Retail sellers must provide some/all of the following documents in order to substantiate a PCC 1 claim from a facility with first point of interconnection outside a CBA and scheduling generation into, or dynamically transferring generation into a CBA:

- Power Purchase Agreements (PPAs) that specify scheduling procedures and processes among the contracting counterparties;
- PPA or ownership agreement that specifies responsibility for delivery of the generation from the facility to a Point of Delivery (POD) that is in a CBA area;
- A PPA or ownership agreement demonstrating the purchase of transmission rights (firm, contingent firm, or non-firm) that support delivery of the renewable electricity to a CBA area, if relevant;
- Transmission service agreements, if relevant;
- Bilateral agreements;
- Broker agreements if relevant;
- Evidence from on-line trading platforms, if relevant;
- Inter-Scheduling Coordinator Trade Agreements, if available relevant; and/or
- Copies of firm transmission scheduling arrangements, if relevant.

As markets evolve, additional forms of documentation may be included.

Verification of Final Schedule and e-Tag Information for PCC 1 Claims Scheduled Into or Dynamically Transferred into a CBA

Because ancillary services are often used to maintain an hourly or sub-hourly import schedule into a CBA, the final scheduled amount of electricity as indicated on an e-Tag may be larger than the actual generation amount from the RPS facility. Only the fraction of the schedule actually generated by the RPS eligible facility, procured by the retail seller and scheduled into a CBA may be classified as PCC 1.

Similarly, RECs will be created for all generated output from the RPS eligible facility, including generation that exceeds the schedule. However, only the fraction of the generation that meets the schedule will be classified as PCC 1.

The auditable package for PCC 1 claims scheduled into a CBA or with a dynamic transfer agreement includes the following information:

- RPS Hourly e-Tag Summary Report is used to synthesize important e-Tag information for the CPUC verification process. The information included in the RPS Hourly e-Tag Summary Report should match the information found on the retail seller's NERC e-Tags and the information in the WREGIS e-Tag Summary Report provided to the CEC. The following information is required in the CA RPS e-Tag Summary Report:

Comment [t3]: Iberdrola requests clarification of what CPUC means by "Broker Agreement"; in Iberdrola's experience, a broker agreement normally relates to fees that have nothing to do with the actual contract for energy and, furthermore, would likely be considered trade sensitive/confidential information.

Comment [t4]: On-line trading platforms are geared toward providing price transparency at certain points and do not provide evidence of deliverability or transmission path.

Comment [t5]: ISTs are a CAISO settlement tool and will not provide any new evidence to back up a PCC1 claim beyond the contract and e-Tag information. As such, Iberdrola does not believe it is appropriate to include in claim support documentation (and that doing so may indicate to the market that such evidence is required and thereby add needless expense to transactions). If CPUC must retain, Iberdrola suggests changing "available" to "relevant."

Comment [t6]: Iberdrola appreciates that transmission service agreements and transmission scheduling arrangements are not *explicitly* required; however, Iberdrola submits that all information necessary to back up a PCC1 claim is contained in the e-Tag and PPA. Ultimately, the seller bears the risk of delivering the energy and the buyer weighs this risk while making the purchase decision. Furthermore, transmission is frequently procured in the day ahead market; thus, providing documentation may be cumbersome and costly while providing no extra benefit.

- e-Tag Identification number (e-Tag Code);
- Start Date (date/time of energy flow during the query period);
- Stop Date (date/time of energy flow during the query period);
- Generator Name as listed on e-Tag- (Source - this should be the facility generating PCC 1 RECs.) For the first compliance period only, if there is another source listed, the retail seller must provide a written explanation as to why this is the case and how staff can determine that the amount or percentage of the amount on the e-Tag is attributable to the specific RPS facility. Staff will evaluate the explanation to determine if the claim or a portion of the claim can be classified as PCC 1. For the second compliance period and forward, the source on the e-Tag must be the RPS-certified facility for which the PCC 1 claims are made.
- Load as listed on e-Tag (Load facility NERC registered as “Sink Point” aka Sink, Last Point of Delivery, POD) -the Load must be within a CBA;
- Load Control Area (LCA) as listed on e-Tag- the LCA must represent generation scheduled into a CBA. LCAs that are not also CBAs or are not located in CBAs should not be included. Amounts that are associated with LCAs that cannot be determined to be the same as a CBA or located in a CBA will not be classified as PCC 1;
- Generator Control Area (GCA) as listed on e-Tag (aka Generator Balancing Area - for PCC 1 claims, this must be the GCA or, at a minimum, the BA where the RPS renewable energy resource is located);
- Total MWh on e-Tag for the time period (query period);
- Used MWh - this is the MWh amount of scheduled electricity used from the e-Tag and matched to WREGIS Certificates. The “Used MWh” amount should not be higher than the sum of the lesser of the hourly generation and hourly final schedule amounts for the timeframe on the e-Tag, but may include the accumulated kWh. No more than what was generated by the RPS-certified facility and which met the final schedule should be matched per e-Tag.
- MWh remaining - this is the number of MWhs on the e-Tag not yet matched to WREGIS Certificates;
- Importing Entity (PSE from line of E-tag with “RPS ID” in the Miscellaneous token field);
- Miscellaneous Token Field RPS_ID (concatenation of up to 10 Miscellaneous token values all associated with the same line of the

- physical path) - for PCC 1, the RPS Identification number must be the matching number for the PCC1 source facility;
- Comments - if in WREGIS, WREGIS Certificate Serial Numbers.
 - The Hourly Meter and e-Tag Reconciliation Report spreadsheet, complete with:
 - Date (for example, 01/01/2011; 01/02/2011, and so forth);
 - Hour Ending (1; 2; 3 and so forth);
 - E-Tags ID Number - this is the identification number for the e-Tag. In the case of multiple e-Tags per hour, report e-Tag information on its own row;
 - Final e-Tag Volume - RPS facility's Final Hourly Schedule as represented on one or more e-Tags (reported in MWh - include four decimal points if converting from kWh);
 - RPS facility's Hourly Meter Data - this is the full output from the facility (reported in MWh - include four decimal points if converting from kWh)
 - Percent share or fixed volume of schedule -- enter the procuring entity's percent share of the schedule represented on the e-Tag. If this is 100%, enter 100%. If procuring a fixed volume amount enter fixed volume
 - Percent share of facility's output - Enter the percent share of the facility's output that the retail seller has procured. If this is 100%, enter 100%.
 - Amount of Hourly Meter Data Associated with Each Final Hourly Schedule (MWh) - This applies when the retail seller may not be procuring the full capacity output and is necessary to determine the share of revenue meter that is allocated to a particular e-Tag schedule;
 - Eligible PCC 1 Volume: Lesser of Final Hourly Schedule, Amount of Hourly Meter Data associated with Final Hourly Schedule (reported in MWh - include four decimal points if converting from kWh);
 - Amount (Percent Share) of Final Hourly Schedule Procured;
 - Eligible PCC 1 Volume Procured (MWh) - this is the amount of the Eligible PCC 1 Volume the retail seller procured, which would be calculated using the Percent Share of Final Hourly Schedule Procured multiplied by the Eligible PCC 1 Volume;
 - Total MWh Retired From Eligible PCC 1 Procurement (MWh) for Reporting Year - because D.12-06-038 allows for retirement up to 36 months from the initial month of generation, a multi-year accounting is

necessary to ensure that no more than the full amount of PCC 1 RECs is claimed over time;

- Expected Reporting Year for which Eligible PCC 1 Procurement may be retired - indicate expected reporting year, if known, or indicate that it will be reported later (2012 or Later Year for example);
- Retail Seller Contract Reference Number, or Contract ID Number.

Information Specific to Portfolio Content Category 2 Claims - Incremental Electricity and Substitute Energy

Pursuant to D.11-12-052 (Ordering Paragraph 2) a retail seller claiming PCC 2 for RECs from a procurement contract or ownership agreement signed, or utility-owned generation in commercial operation on or after June 1, 2010 (or January 13, 2011 for ESPs), must provide information to the CPUC sufficient to demonstrate:

- the buyer simultaneously purchases energy and associated RECs from the RPS-eligible generation facility without selling the energy back to the generator at the same time, except that an entity providing shaping and firming services may procure electricity from an eligible renewable energy resource that is owned by one of its affiliates.⁴
- the purchased energy must be available to the buyer (i.e., the purchased energy must not in practice be already committed to another party);
- the initial contract for substitute energy is acquired no earlier than the time the RPS-eligible energy is purchased and no later than prior to the initial date of generation of the RPS-eligible energy under the terms of the contract between the buyer and the RPS-eligible generator.

Verification of Substitute Energy used to Firm and Shape for a PCC 2 Claim

For facilities with first point of interconnection outside a CBA and using substitute energy to match RECs, retail sellers must provide the CPUC with an RPS Hourly e-Tag Summary Report with headers matching those in the WREGIS NERC e-Tag Summary Report provided to the CEC, and include the following information:

- E-Tag Identification number (Schedule Name E-Tag Code);
- Start Date (date/time of energy flow during the query period);

⁴ See CPUC's *Decision Implementing Portfolio Content Categories for the Renewable Portfolio Standard Program* [R 11-05-005, Page 47, Footnote 80].

- Stop Date (date/time of energy flow during the query period);
- Generator Name or more generic “Source Point” (sometimes also referred to as the Point of Receipt POR);
- Load (Load facility NERC registered as “Sink Point” aka Sink, Last Point of Delivery POD) - the Load must be within a CBA;
- Load Control Area (LCA) - (the LCA must represent generation scheduled into a CBA. LCAs that are not also CBAs or are not located in CBAs should not be included. Amounts that are associated with LCAs that cannot be determined to be the same as a CBA or located in a CBA will not be classified as PCC 2);
- Generator Control Area (aka Generator Balancing Area) - for PCC 2 the GCA must not be a CBA;
- Total MWh on Tag for the time period (query period);
- Used MWh - (the amount matched to WREGIS Certificates);
- MWh remaining - (the amount not yet matched to WREGIS Certificates);
- Importing Entity (PSE from line of E-tag with “RPS ID” in the Miscellaneous token field);
- Miscellaneous Token Field RPS_ID (concatenation of up to 10 miscellaneous token values all associated with the same line of the physical path). For PCC 2, one of the RPS Identification numbers must match the source facility being claimed for PCC 2.

Information Specific to Portfolio Content Category 3 Claims - Electricity Products Not Qualifying as PCC 1 or PCC 2, Including Unbundled RECs

Pursuant to D.11-12-052, any retail seller claiming procurement for compliance with the California renewables portfolio standard from a procurement contract or ownership agreement signed on or after June 1, 2010 or January 13, 2011 RECs for ESPs, must provide information to the CPUC demonstrating that either of the following conditions is met:

- The procurement consists of unbundled renewable energy credits originally associated with electricity eligible for use in the California renewables portfolio standard; or
- The procurement consists of any generation eligible under the California renewables portfolio standard that does not qualify to be counted in either

the portfolio content category described in Pub. Util. Code § 399.16(b)(1), or the portfolio content category described in Pub. Util. Code § 399.16(b)(2).

Verification of PCC 3 claims will include a review of the procurement contract or ownership agreement to verify the date of execution, and the date/terms of contract amendments or modifications, including the purchase of RECs and the total amount of RECs purchased.

Information Specific to REC Claims Outside Portfolio Content Category Classifications 1, 2 and 3

Procurement claims from contract/ownership agreements executed before June 1, 2010, or January 13, 2011 for ESPs, are not subject to the PCC classifications established in D.11-12-052. For the purposes of RPS compliance any eligible RPS RECs that are not subject to PCC 1, 2, or 3 will be placed in their own classification, that CPUC staff will henceforth refer to as PCC 0. For retail sellers, verification of PCC 0 claims will include a review of the contract/ownership agreement to verify the date of execution, and the date/terms of contract amendments or modifications, and other information as determined necessary.

All contractual information for PCC 0 REC claims must be reported in the “Static Information” tabs in the Annual 33% RPS Compliance Report spreadsheet, and supported with a copy of the executed contract.