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VIA E-MAIL

Dear Robert:

Subject: PG&E's Informal Comments on Energy Division Staff Proposal: Portfolio Content Category Classification Review Process for RPS Compliance

Pursuant to the instructions set forth in the transmittal email from Robert Blackney, dated February 14, 2014, Pacific Gas and Electric Company ("PG&E") hereby submits informal comments on the proposed changes to the California Public Utilities Commission ("Commission") Energy Division's Staff Proposal on Portfolio Content Category Classification Review Process for Renewables Portfolio Standard ("RPS") Compliance (the "PCC Proposal") and the associated new reporting templates for retail sellers. PG&E generally supports Energy Division's revisions to the PCC Proposal based on the feedback provided on June 21, 2013.

Before discussing specific comments on the PCC Proposal, PG&E provides the following general observations.

First, PG&E recommends that the Commission use this re-design of the RPS compliance reporting process to reduce or eliminate duplicative reporting requirements. For example, PG&E recommends that Energy Division staff use the RPS database which Energy Division is currently developing with the three large California Investor Owned Utilities ("IOUs") to obtain the information requested in the static information fields contained in the proposed 33% RPS Compliance Report Template ("Template"). These fields can then be removed from the Template, or can be populated directly from the RPS database, once it is active. Similarly, if power purchase agreements ("PPAs") have already been submitted to the Commission in an advice letter, these same documents should not be required to be resubmitted to the Energy Division as part of the auditable RPS compliance reporting package. PG&E recommends that for such previously submitted contracts, the auditable package only include the associated advice letter number. To the extent the contracts or PPAs have not been submitted in an advice letter, retail sellers should have the option to only submit pages indicating the execution date and the term of agreement to correspond to the data needs identified in the PCC Proposal and to minimize the amount of information that needs to be submitted.

Second, the Western Renewable Energy Generation Information System ("WREGIS") Compliance Report should not be part of the auditable package, since the California Energy Commission ("CEC"), in the course of its verification review, will have already audited the WREGIS report. Once the CEC adopts the final verification report for a particular period, the Commission should look to the CEC's RPS verification report as final, and the only remaining verification items for the CPUC would be the 36 month retirement requirement and the PCC classifications claimed by the retail sellers. The PCC Proposal indicates that

the compliance determination will be based on the amount of Renewable Energy Credits (“RECs”) in the WREGIS report, and whether the figures in the WREGIS report match the figures in the Compliance Report Procurement Detail Tab and the CEC Verification Report. The CEC Verification report will have already reviewed and verified the WREGIS report. Therefore this review by the Commission is unnecessary, would be duplicative, and is inconsistent with the division of responsibilities for each agency set forth in the RPS statute. It is also important to note that depending on the outcome of the CEC’s verification review, the Compliance Report Procurement Detail tab may not precisely match the CEC Verification Report. For all these reasons, the Commission should base its compliance review on the final CEC Verification Report and should remove the WREGIS Compliance Report from the auditable package for PCC claims.

Third, the reporting instructions should clearly indicate the applicability of each of the reporting documents or tabs. That is, the instructions should delineate when each are required and under what circumstances. For example, the instructions should clearly indicate that the “Hourly Meter and e-tag Reconciliation Report” should only be required to document hourly PCC 1 deliveries from out-of-state into a California Balancing Authority (“CBA”). The instructions should also make clear that out-of-state generation that is dynamically transferred into a CBA do not need to complete the “Hourly Meter and e-tag Reconciliation Report” since all such generation would be deemed delivered into a CBA. The PCC Proposal does not appear to make a distinction between hourly PCC 1 imports and those imports which are dynamically transferred into a CBA.

1. PCC Proposal

This first section of PG&E’s comments provides comments on the PCC Proposal. PG&E has provided more specific comments on each of the new reporting templates in the sections below.

- **Information Required to Verify PCC 1:**

- PG&E seeks clarification regarding what documents to provide to verify PCC 1 in various circumstances.
- PG&E seeks confirmation that it will only need to provide PPAs (if not previously provided to the Commission) and interconnection agreements only for facilities that generated RECs that PG&E is using for compliance in a particular period that is the subject of reporting.
- For facilities that executed a non-negotiable PPA that requires the facility to be interconnected to a CBA, PG&E should not be required to provide an interconnection agreement, but instead be able to refer to the PPA requirements as sufficient evidence to verify PCC 1 requirements.
- The second paragraph in the bottom box on page 9 of the PCC Proposal is unnecessary and should be deleted. The CEC verification report will provide a final accounting of RECs for the Commission’s use in a compliance determination. If Commission instead relies on the WREGIS Report, the procurement amounts may be different due to adjustments CEC may make to the WREGIS data in verification. In addition, this section refers to whether the figures in the WREGIS Report match the figures in the Compliance Report Procurement Detail Tab. PG&E believes the comparison should be between CEC verification report and REC Retirement Detail tab, since the REC Retirement Detail tab should be consistent with the final procurement amounts in the CEC verified report. This bullet applies to all of the flow charts, not just the PCC 1 chart on page 9.
- As discussed in PG&E’s introductory observations above, the PCC Proposal appears to require that dynamic transfer contracts that are not grandfathered would have to provide all the hourly metering/etag forms required of non-dynamically-transferred PCC 1 out-of-state generation. The RPS Statute treats dynamically transferred output as distinct from out-of-state generation that is imported without a dynamic transfer.¹ As to dynamically transferred output, the statute allows it to be classified as PCC 1 if the resource has “an agreement to dynamically transfer electricity to a California balancing authority.”² The

¹ Compare Cal. Pub. Util. Code § 399.16(b)(1)(A) with § 399.16(b)(1)(B).

² *Id.* at § 399.16(b)(1)(B).

Commission's decision implementing the PCC provisions similarly distinguishes between hourly scheduled generation and dynamically transferred generation and requires for the latter that a retail seller demonstrate only that "the generation from [a] facility is scheduled into a [CBA] pursuant to a dynamic transfer agreement"³ Neither the statute nor the Commission's decision support requiring retail sellers to provide hourly reconciliations between meter and e-Tag data for a dynamically transferred resource. Accordingly, PG&E recommends that the reporting instructions be modified to make clear that non-grandfathered out-of-state contracts with generation that is dynamically transferred into a CBA do not need to complete the "Hourly Meter and e-tag Reconciliation Report" since all such generation is deemed delivered into a CBA.

- **Information Required to Verify PCC 2:**

PG&E has the following comments on the requirements to substantiate PCC 2 claims.

- The bottom dash in the first box in the auditable package chart on page 15 indicates the need for IOUs, the need to confirm that substitute energy agreements have to be "longer than five years." D.11-12-052 at page 50 states that a "substitute energy contract procured by an IOU for PCC 2 products must be "at least 5 years in duration." Therefore, the above phrase in the first box on page 15 should be changed to "5 years or longer."
- The second dash in the lower box in the auditable package chart on page 15 indicates the need to confirm that substitute energy needs to be delivered "within one calendar year" of REC generation. D.11-12-052 at page 77 (Ordering Paragraph 2) states that substitute energy for PCC 2 products must be delivered into California and matched with RECs in WREGIS within the "same calendar year." Therefore, the above phrase in the lower box on page 15 should be changed to "within the same calendar year" to comport with the decision.

- **Information Required to Verify PCC 3:**

- PG&E has no additional comments on this section at this time.

- **Information Required to Verify REC Claims Outside PCCs 1, 2, and 3 (PCC 0):**

- On page 17 of the PCC Proposal, Energy Division writes that all contractual information for PCC 0 REC claims must be reported in the "Static Contract Information" tab and supported with a copy of the executed contract. As written, this request would cover all RPS-eligible contracts, including volumes previously reported as pre-2002 and in aggregate form. PG&E recommends that review of pre-2002 data on a contract-by-contract basis is not needed. Rather, pre-2002 contracts and utility-owned generation contributing to PG&E's RPS position should be categorized as PCC 0 on the basis that they were a part of PG&E's Final 20% Closing Report. Furthermore, for contracts not meeting the pre-2002 category but meeting the PCC 0 status, if such contracts have already been submitted to the Commission in an advice letter, these same documents should not be required to be resubmitted to the Energy Division as part of the auditable package. PG&E recommends that for such previously submitted contracts, the auditable package only include the associated advice letter number. To the extent the contracts or agreements have not been submitted in an advice letter, retail sellers should have the option to only submit pages indicating the execution date and the term of agreement.

2. **Static Contract Information Tab**

- Data field definitions should be consistent with the RPS Database project and Project Development Status Report ("PDSR") wherever possible. Over the past few years, the IOUs have worked very closely with Energy Division to refine and define each data field in the PDSR to maximize consistency across reports. PG&E urges the Commission to eliminate duplicate reports where possible and leverage the RPS Database or PDSR to populate all data fields needed for the RPS Compliance Report "Static Contract Information" Tab. The Commission should consult with the retail sellers on data

³ Decision ("D.")11-12-052 at 76 (Ordering Paragraph 1).

definitions to create consistency when comparing data and allow adequate time for feedback to reduce redundancy and increase efficiency of reporting. Below are PG&E's comments on specific data fields requested.

- Contract with multiple facilities: PG&E proposes clarification on how to report data for contracts for energy from multiple facilities when the facilities do not all have the same information. PG&E proposes that for contracts to purchase energy from a small number of specific facilities, the IOU provide multiple values separated by commas, if the data type for the column allows. For contracts with a large number of facilities or an undefined or unlimited set of facilities (e.g. REC transactions), the utility should state "Multiple".
- Facility Name: PG&E recommends reporting single row per contract, rather than a row per facility, to maintain consistency with PDSR and RPS database.
- Facility Status: PG&E suggests renaming this field and using either the "Overall Status" or "Construction Status" data field from the PDSR and RPS Database to maintain consistency among reports and among spreadsheets within this report.
- Technology: PG&E recommends adding "Various" or "Multiple" option in the drop-down list to capture unbundled RECs from various RPS-eligible resources.
- Contract Execution Date: In rare cases, a paper contract may not explicitly state the date on which the contract was executed. In these cases, PG&E records the execution date based on actual knowledge of when the contract was executed, and the paper contract will not be able to be used to verify the execution date.
- Contract Start Date and Contract End Date: PG&E suggests modifying the definition to state that both dates are actual dates. PG&E also suggests renaming Contract Start Date to be consistent with either the "Commercial Operation Date" or "Actual First Day of Operation" data field from the PDSR and RPS Database.
- Type of Procurement Arrangement: PG&E recommends Energy Division provide additional direction on how to fill out this field. PG&E does not see the need to distinguish between "Facility's full output" and "Facility's full output during a specific limited timeframe", since all of PG&E's contracts are for a specific limited timeframe (e.g. 20 years). PG&E recommends eliminating the choice "Facility's full output during a specific limited timeframe". Notwithstanding this comment, PG&E notes that this field is not one of the columns in the Static Contract Information tab but it is still in the PCC Proposal on page 6. PG&E recommends that this field be a text field to allow for the variety of types of information that may need to be recorded in it, as units could be in %, MWh, MW, or another unit.
- Shared % or Fixed Contract Amount of Total Generation: PG&E does not understand the distinction between this field and "Type of Procurement Arrangement". PG&E recommends removing the column "Shared % or Fixed Contract Amount of Total Generation" as it seems redundant with "Type of Procurement Arrangement", or if it is not redundant, then clarifying the distinction.
- Retail Seller Contract Reference Number: PG&E notes that this field is not one of the columns in the Static Contract Information tab.
- Owner/Seller: PG&E suggests renaming this field and using "Primary Developer Name" data field from the PDSR and RPS Database.
- Facility Source Name: PG&E notes that this field is not one of the columns in the Static Contract Information tab. Additionally, the instruction does not indicate what to do if interconnected directly to a CBA.
- Location (County and State, or Country if outside US): PG&E recommends providing City, County, State, and Country as separate fields, for consistency with "Procurement Detail" tab, the PDSR and the RPS Database. Additionally, PG&E recommends splitting this into separate fields to ease exporting and importing into various databases. These fields should all be consistent with RPS Database and PDSR, in that, contracts with multiple facilities should input "Multiple" for these fields. This field should also allow the response "TBD" if not yet determined.
- CBA(s) of Interconnection: PG&E suggests renaming this field and using "Balancing Authority" data field from the PDSR and the RPS Database.

- Resale Agreement: PG&E recommends Energy Division clarify the definition of Resale Agreement. It is unclear to PG&E that if the Resale Agreement is referring to PCC 2 firming and shaping agreements, or the traditional “resale” in which previously procured RECs are resold to a third party.
- While PG&E does have the following information, these data fields will need to be gathered manually and will require additional time because they are not previously reported elsewhere: Share (%) or Fixed Contract Amount of Total Generation, Facility Source Name, Execution Date for Substitute Energy Agreement (PCC 2 Only), and Duration of Substitute Energy Agreement (PCC 2 Only).
- There is a typo in Static Contract Information tab name.

3. RPS Hourly e-Tag Summary Report

- Although on page 10 of the PCC Proposal provides the option to complete the RPS Hourly e-Tag Summary Report or to submit the WREGIS e-tag summary report, paragraph 1 of the instructions for the Hourly e-Tag Summary Report requires that the report be submitted for all out-of-state resources. These instructions should be amended to state that either the WREGIS report of the Hourly e-Tag support can be submitted. Should this information need to be submitted as proposed, PG&E suggests creating separate tabs for each year, to keep the size of each tab manageable, if more than one year is reported in a single report.
- The definition of Used MWh indicates 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. PG&E seeks clarification of the meaning of “accumulated kWh” in this context.
- The title “Importing Entity” does not match its definition. The definition refers to the RPS ID as it appears in the “Miscellaneous Token Field RPS_ID”. PG&E suggests naming the field “RPS ID”.

4. Hourly Meter and e-Tag Reconciliation Report

- As noted in PG&E’s introductory comments above, the reporting instructions should clearly indicate the applicability of this reporting tab. Therefore, the reporting instructions for this report tab should make clear that this report is not required for PCC 0, PCC 2, and PCC 3 products, and it should also not be required for PCC 1 products that are either directly interconnected to a CBA or dynamically transferred into a CBA (as discussed above).
- PG&E suggests that this report include separate tabs for each year to keep the size of each tab manageable.
- Although the instructions for the “Fixed Volume Contract Amount (MWh) indicate that this field only relates to contracts where a retail seller has contracted for a fixed volume basis, if this field is left blank, the “Percent Share of Facility Output (%)” in the column H, “Allocated Meter” in the column I and “Eligible PPC 1 Volume” in the column K immediately to the right becomes zero. This seems to be a formula error, as these columns should only come into play if there is a non-zero value. The formula should be revised so that a null value in the “Fixed Volume Contract” column doesn’t impact the PCC 1 calculation.

PG&E appreciates the opportunity to provide these comments on the PCC Proposal.

/s/ John S. Pappas

John S. Pappas

cc: Service List for Rulemaking 11-05-005