

**DOCKETED**

<b>Docket Number:</b>	16-OIR-05
<b>Project Title:</b>	Power Source Disclosure - AB 1110 Implementation Rulemaking
<b>TN #:</b>	225097
<b>Document Title:</b>	CalCCA Comments on Assembly Bill 1110 Implementation Proposal, Third Iteration
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	CalCCA/Beth Vaughn
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	10/25/2018 3:34:07 PM
<b>Docketed Date:</b>	10/25/2018

*Comment Received From: Beth Vaughn*  
*Submitted On: 10/25/2018*  
*Docket Number: 16-OIR-05*

**CalCCA Comments on Assembly Bill 1110 Implementation Proposal,  
Third Iteration**

*Additional submitted attachment is included below.*



Apple Valley Choice Energy

Clean Power Alliance

CleanPowerSF

Desert Community Energy

East Bay Community Energy  
Authority

Lancaster Choice Energy

MCE

Monterey Bay Community  
Power Authority

Peninsula Clean Energy

Pioneer Community Energy

PRIME

Redwood Coast Energy  
Authority

San Jose Clean Energy

Silicon Valley Clean Energy  
Authority

Sonoma Clean Power

Valley Clean Energy Alliance

October 25, 2018

California Energy Commission

Docket Unit, MS-4

**Re: Docket No. 16-OIR-05**

1516 Ninth Street

Sacramento, CA 95814-5512

### **CalCCA Comments on Assembly Bill 1110 Implementation Proposal, Third Iteration**

California Community Choice Association (“CalCCA”) hereby submits its comments on the Assembly Bill 1110 (“AB 1110”) Implementation Proposal Third Iteration (“Third Proposal”) filed on October 9, 2018. CalCCA appreciates this opportunity to comment on the Third Proposal and recommends the California Energy Commission (“CEC”) staff to modify the Third Proposal to provide the time and the flexibility Load Serving Entities (“LSEs”) need to adjust from a renewable resource driven policy framework to one centered around Greenhouse Gas (“GHG”) emissions reduction.

#### **I. Introduction**

CalCCA represents the interests of California’s Community Choice Aggregators (“CCAs”) in the legislature and at jurisdictional regulatory agencies, including the CEC. CalCCA currently has 19 operational members. CalCCA also has several affiliate members that anticipate serving customers soon.

CalCCA’s membership growth is driving much of the development of renewable energy in California and beyond. Many of CalCCA’s members have developed procurement strategies to exceed the State’s Renewable Portfolio Standard (“RPS”) mandates to achieve Greenhouse Gas (“GHG”) emission reduction targets set by local communities. These procurement strategies have been established in accordance with the rules of the RPS program as well as industry best practices for GHG emission accounting.

CalCCA appreciates the CEC staff’s effort to work with its members in developing this Third Proposal, and recommends several modifications that will provide the flexibility for CalCCA’s members to shift their procurement strategies from a Renewable Portfolio Standard-centric (“RPS”) approach to focus on the GHG emissions reduction rules approved by the CEC. Furthermore, the modifications will also provide the opportunity to adjust the calculation methodology in the future should GHG emissions tracking systems be developed in other states in the Western electricity grid.

#### **II. The CEC Should Preserve Its Ability to Modify Emissions Accounting Rules for Firmed-and-Shaped Resources in the Future**

CalCCA maintains that Portfolio Content Category (“PCC”) 2, or firmed-and-shaped resources should still be attributed zero emissions to acknowledge its

carbon reduction value, as the creation of a REC serves to substantiate that a MW of renewable energy has been produced and delivered to the grid. However, CalCCA also understands the difficult task faced by the staff and the CEC to account solely for emissions that are attributable to retail loads in California, in absence of other carbon trading partners in the West (besides British Columbia).

If the proposed treatment of PCC 2 resources is adopted, CalCCA recommends that the regulations include language to preserve the CEC's ability, as the jurisdictional regulatory agency, to modify Power Source Disclosure ("PSD") emissions accounting rules in the future for firm-and-shaped resources if the development of other region- or state-specific emissions reporting programs, systems and/or tracking mechanisms occur. If such mechanisms are implemented and can mitigate the potential for double-counting, CalCCA recommends that the PSD regulations undergo specific revisions to accommodate emissions-related claims for firm-and-shaped products to ensure that the full value of such investments made by the California LSEs are recognized by the CEC.

As CalCCA understands it, the CEC staff's primary concern associated with emissions accounting for firm-and-shaped products is the potential for double-counting of regional emissions benefits, by a California LSE as well as another regional LSE within the Western Interconnect.<sup>1</sup> If the potential for this accounting issue is mitigated by the development of regional or other state-specific emissions accounting programs, CalCCA believes that it would be appropriate for the CEC to amend the PSD regulations to avoid "zero-counting" of emissions impacts associated with firm-and-shaped transactions, which would inappropriately ignore such emissions impacts in spite of adequate accounting measures. For example, if the state of Washington implements an emissions accounting program that precludes double-counting of emissions benefits associated with Washington-based wind generators that are engaged in firm-and-shaped transactions, which result in electricity import to California, then the California LSE that retires related Renewable Energy Certificates ("RECs") should be able to claim credit for any emissions attributes associated with the wind production associated with such transactions.

### **III. The grandfathering date for firm-and-shaped products should be set to reflect the date when the draft regulations are officially adopted by the CEC**

CalCCA appreciates the staff's proposal to recognize the investments made by LSEs in firm-and-shaped products by providing a grandfathering provision.<sup>2</sup> However, the February 1, 2018 date should be revised to acknowledge the reality of time needed by an LSE to adjust its procurement strategies, which begins once a regulation has been implemented. CalCCA recommends that the staff revise the grandfathering start date from February 1, 2018 to the date when the draft regulations are formally adopted by the CEC.

Until the regulations are formally adopted, the draft documents do not have legal effect, and can still be subject to further modifications. Market participants cannot and should not adjust their procurement strategies until regulations are formally adopted, as such adjustments would be speculative in nature and likely result in increased costs and/or planning inefficiencies. At this point, the PSD rulemaking process is not complete, and market participants can only speculate how the eventual regulations may affect emissions accounting of their portfolios. CCA with governing board-approved resource plans and risk management policies cannot and should not adjust course until pertinent regulatory language has been finalized to provide certainty with regard to the rules that CCAs must follow.

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<sup>1</sup> Third Proposal at page 13.

<sup>2</sup> Third Proposal at page 35.

Therefore, CalCCA recommends that the staff set the grandfathering date for firmed-and-shaped products to the date when the draft regulations are formally adopted by the CEC. This can acknowledge the investment in RPS resources (which are ongoing), as recognized by the CEC staff, and ensure that LSEs will not incur cost inefficiencies by following speculative rules that have yet to be formally adopted by the CEC.

#### **IV. The proposed Power Content Label should be simplified to avoid customer confusion**

Currently, the proposed Power Content Label (“PCL”) contains six footnotes, which may be confusing to customers.<sup>3</sup> CalCCA recommends that the staff eliminates most footnotes, as they may not make sense to average consumers, with the exception of footnote 5 as the legislature specifically requires the disclosure of annual sales derived from unbundled RECs.<sup>4</sup> Other footnotes unnecessarily complicate the label, and may defeat the purpose of educating consumers about the GHG emission intensity of their purchases.

#### **V. Conclusion**

CalCCA and its members appreciate the hard work by the CEC staff, and respectfully requests that the CEC modify the Third Proposal to reflect these changes:

- The CEC should preserve its ability to modify the PSD regulations in the future if other emission tracking programs or systems are developed for other regions or states in the Western electricity grid.
- The grandfathering date of firmed-and-shaped resources should be adjusted to reflect the date when the regulations are finalized and formally adopted.
- The PCL should be simplified to only disclose the portion of electricity sales derived from unbundled RECs in the footnote, as directed by the legislature.

CalCCA believes that these requests are reasonable, consistent with existing California law and the statutory purpose of AB 1110, and will clearly educate consumers about their electricity product without disrupting the electricity market and increasing the cost for California ratepayers.

Sincerely,

Beth Vaughan  
Executive Director  
CalCCA

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<sup>3</sup> Third Proposal at page 41.

<sup>4</sup> California Public Utilities Code Section 398.4(h)(7).