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**STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION**

IN THE MATTER OF:

Rulemaking to Amend Regulations Governing
the Power Source Disclosure Program

DOCKET NO. 21-OIR-01

RE: Power Source Disclosure

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON
THE PRE-RULEMAKING PROPOSED UPDATES TO THE POWER SOURCE
DISCLOSURE REGULATIONS**

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TABLE OF CONTENTS

I. INTRODUCTION1

II. THE PROPOSED HOURLY REPORTING RULES SHOULD BE ADOPTED, WITH CLARIFICATIONS AND AMENDMENTS.....3

 A. The Calculation Methodology for “Losses” Related to Unspecified Power Requires Further Clarification3

 B. The Proposed Rules Allowing LSE Discretion to Specify the Stacking Order Should be Adopted4

 C. The Commission Should Adopt Rules Regarding Contracts with Multiple Parties or Resources4

 D. The Commission Should Provide Example ‘Use Cases,’ Opportunities for Comment on Proposed Proxy Hourly Resource Profiles, and Template and Program Testing Opportunities to Facilitate the Implementation of the Hourly Reporting Rules.....5

 E. The Commission Should Exempt Small LSEs from the Hourly Reporting Requirements in Accordance with Section 398.6(l)6

III. THE PROPOSED MODIFICATIONS TO ANNUAL REPORTING ON THE PCL SHOULD BE ADOPTED, WITH AMENDMENTS.....7

 A. The Existing Treatment of GHG-Free Allocations in the PCL Should be Codified in the Updated Regulations7

 B. Rules Should be Established for the Annual Reporting of VAMO Allocations7

IV. CONCLUSION.....8

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California Community Choice Association¹ (CalCCA) submits these comments to the California Energy Commission (Commission) on the “Pre-Rulemaking Draft” of Proposed Amendments to the Power Source Disclosure Program, the Staff Report on “Power Source Disclosure Proposals on Hourly and Annual Accounting,”² and the Commission Staff Presentation on “Proposed Updates to Power Source Disclosure Regulations” (collectively, the Proposed PSD Updates).³

I. INTRODUCTION

CalCCA appreciates the opportunity to comment on the Proposed PSD Updates, and to be a participant in both this pre-rulemaking and the upcoming Rulemaking to formalize the PSD

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale’s Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² Clendening, Logan, and Jordan Scavo. 2023. *Power Source Disclosure Proposals on Hourly and Annual Accounting*. California Energy Commission. Publication Number: CEC-200-2023-014 (Staff Report).

³ The Proposed PSD Updates are included in Docket No. 21-OIR-01.

program modifications. As generation providers to approximately 37 percent of customers in the investor-owned utilities' (IOU) territories, community choice aggregators (CCA) as load-serving entities (LSE) serve approximately 14 million electricity customers in California. CCAs have a strong interest in ensuring the accurate portrayal of their electricity portfolios through the power source disclosure (PSD) program and the power content labels (PCL), especially given their focus on procurement of renewable and green-house gas (GHG) -free electricity to meet California's decarbonization goals.

The proposed updates are intended to advance the goals in the PSD authorizing statute to provide "reliable, accurate, timely, and consistent information regarding fuel sources for electric generation offered for retail sale in California."⁴ The updates will update the existing annual reporting requirements, and add the requirement set forth in Senate Bill (SB) 1158 for retail suppliers to report data on hourly loss-adjusted load and associated emissions to the Commission starting in 2028.⁵ Specifically, the updates: (1) propose rules for LSE hourly reporting to accomplish SB 1158's goals to allow California energy agencies to track progress toward statewide GHG reduction targets; (2) update the annual accounting rules; (3) implement the PCL due date changes from Assembly Bill (AB) 242 (2021); (4) streamline the attestation requirements for public agencies; (5) codify the regulatory advisory on GHG emissions reporting requirements for new CCAs; (6) incorporate the regulatory advisory on the retirement of unbundled renewable energy credits (REC); and (7) modernize the PSD's method of data collection and processing for both hourly and annual reporting.

CalCCA generally supports the proposed updates, with the requested recommendations and requests for clarification provided herein. Specifically, CalCCA recommends that the Commission:

⁴ Cal. Pub. Util. Code § 398.1(a).

⁵ Staff Report at 1-2.

- Clarify the calculation methodology for “losses” related to unspecified power in the context of hourly reporting;
- Adopt the Proposed PSD Update allowing LSEs to specify the stacking order of resources in their hourly reporting to benefit marketing of their portfolios and/or the utilization of avoided emissions;
- Adopt hourly reporting rules for contracts with multiple buyers and/or resources, including allocations from IOUs to LSEs through the California Public Utilities Commission (CPUC) -authorized Voluntary Allocation and Market Offer (VAMO) processes;
- Provide example “use cases,” opportunities for comment on proposed proxy hourly resource profiles, and template and program testing opportunities to facilitate the implementation of the hourly reporting rules;
- Establish rules to exempt small LSEs from the hourly reporting requirements in accordance with Public Utilities Code Section 398.6(1);
- Codify the existing treatment of allocations of GHG-Free resources from the IOUs to CCAs as carbon-free in the PCL; and
- Establish rules for the annual reporting of VAMO allocations.

II. THE PROPOSED HOURLY REPORTING RULES SHOULD BE ADOPTED, WITH CLARIFICATIONS AND AMENDMENTS

A. The Calculation Methodology for “Losses” Related to Unspecified Power Requires Further Clarification

The Commission should clarify its calculation methodology for “losses” related to unspecified power. Public Utilities Code section 398.6(a)(4) defines “loss-adjusted load” as “the total amount of electricity, measured at the utility-scale generation source, that a retail supplier requires in order to provide for retail sales after electrical losses in transmission and distribution.”⁶ The proposed regulations further specify the increases to “loss-adjusted load” to account for transmission and distribution losses for specified resources: (1) four percent of each specified resource to account for losses incurred with California; and (2) an additional two

⁶ Pub. Util. Code § 398.6(a)(4).

percent of each specified import to account for losses incurred outside California.⁷ The proposed regulations specify the following for unspecified power:

Unspecified power shall increase loss-adjusted load using loss adjustment factors for each hour of the year that CEC staff shall calculate and publish hourly loss adjustment factors for unspecified power annually. The loss adjustment factors shall be based on the hourly profile of unspecified imports, unspecified in-state resources, and oversupplied resources.⁸

Additional information should be provided by the Commission to clarify how it will calculate the hourly loss adjustment factors, given the potential for such calculation to substantially impact LSE hourly reporting.

B. The Proposed Rules Allowing LSE Discretion to Specify the Stacking Order Should be Adopted

The Proposed PSD Updates allowing LSEs flexibility in specifying their stacking order in the context of the hourly reporting should be adopted. CalCCA agrees with Commission staff that retail suppliers should have the ability to assign resources to hourly load to match offerings to customers.⁹ However, retail suppliers should also be able to assign GHG-intensive resources to loss-adjusted load first to accumulate greater avoided GHG emissions.¹⁰ As noted by CEC staff, a retail supplier's reported GHG emissions or emissions' intensities will not be impacted by the stacking order chosen by the retail supplier.¹¹

C. The Commission Should Adopt Rules Regarding Contracts with Multiple Parties or Resources

As noted in CalCCA's Comments in response to the Commission's Request for Information on the SB 1158 hourly reports, access to hourly data in existing and/or specific

⁷ Proposed Regulations, § 1392(c)(2)(A)-(B).

⁸ *Id.*, § 1392(c)(2)(C).

⁹ *See* Staff Report at 10-11.

¹⁰ *Id.* at 11.

¹¹ *Id.* at 10-11.

contractual situations may be challenging.¹² While SB 1158 does require sellers to provide hourly information to buyers and for that information to be made available to subsequent buyers, it does not address situations in which a single seller has sold to multiple buyers, some of whom specified hours in their contracts and others who did not. This situation is particularly problematic with respect to existing contracts that did not contemplate this granularity of reporting when the contracts were negotiated and signed.

In addition, rules must be established for situations in which a buyer purchases or receives allocations from multiple resources. For example, in the case of the VAMO processes allowing allocations to CCAs of Renewables Portfolio Standard (RPS) eligible energy from IOUs, the allocations incorporate a “slice” of the IOU portfolio from potentially hundreds of resources. Overall, the mechanisms adopted for the hourly reporting must take into account different contractual configurations, and whether and how the data necessary for the reporting can actually be obtained.

D. The Commission Should Provide Example ‘Use Cases,’ Opportunities for Comment on Proposed Proxy Hourly Resource Profiles, and Template and Program Testing Opportunities to Facilitate the Implementation of the Hourly Reporting Rules

Given the novelty and complexity of the new hourly reporting rules for retail sellers, the Commission should provide example “use cases” for each new accounting rule to clearly establish how the rules will be applied. In addition, if the Commission provides proxy hourly resource profiles for use when actual hourly data is not available, the Commission should provide the profiles in advance and allow stakeholders opportunity to review and comment on such profiles. Finally, to the extent new templates and programs are established to implement the

¹² See Docket 21-OIR-01, [California Community Choice Association’s Comments on the Request for Information, Power Source Disclosure](#) (Apr. 14, 2023).

new rules, the Commission should allow retail suppliers adequate time to test the new templates and programs prior to going live on January 1, 2028.

E. The Commission Should Exempt Small LSEs from the Hourly Reporting Requirements in Accordance with Section 398.6(l)

CalCCA requests that the Commission include criteria in the Proposed PSD Updates for exempting small retail suppliers from hourly reporting requirements. Section 398.6(l) authorizes the Commission to modify or adjust the hourly reporting requirements for any electrical corporation with 60,000 or fewer customer accounts in the state or any retail supplier with an annual electrical demand of less than 1,000 gigawatt hours (GWh).¹³ The Commission can exclude such LSEs if it finds that the costs to comply with the hourly reporting requirements unduly burden the LSE.¹⁴ The Commission has in fact recently exempted small CCAs from the requirements of its Load Management Standards (LMS) for similar reasons.¹⁵ In this Rulemaking, the Commission should consider the compliance costs and burdens of compliance and establish criteria for exempting small retail suppliers like those that the Commission used to exempt small CCAs from the LMS.

¹³ Pub. Util Code § 398.6(l).

¹⁴ *Ibid.*

¹⁵ In response to comments from CalCCA, the Commission exempted CCAs that provide 700 or fewer GWh of electricity to customers in any calendar year from the LMS requirements. *See* Title 20, Art. 5, § 1621(c)(10) (requiring only CCA providing in excess of 700 GWh of electricity to consumers to be subject to the LMS). In its Final Statement of Reasons, the Commission noted that this change from the LMS as initially proposed was “necessary to ... minimize the burdens on CCAs that play a smaller role in the electricity market.” California Energy Commission Docket 21-OIR-03, *Final Statement of Reasons for Revisions to the Load Management Standards* (Jan. 25, 2023), at 7.

III. THE PROPOSED MODIFICATIONS TO ANNUAL REPORTING ON THE PCL SHOULD BE ADOPTED, WITH AMENDMENTS

A. The Existing Treatment of GHG-Free Allocations in the PCL Should be Codified in the Updated Regulations

The Commission should continue to allow LSEs to count GHG-free resource allocations as carbon-free on their PCLs. In Decision (D.) 23-06-006, the CPUC established an allocation mechanism and a new market price benchmark (MPB) for CCAs to receive the GHG-free incremental value of large hydroelectric energy resources above the value of fossil fuel resources.¹⁶ IOUs are able to choose whether to provide the GHG-free incremental value through a GHG-free allocation or a GHG-free MPB adder.¹⁷ An IOU's choice of the GHG-free allocation will essentially continue the interim GHG-free resource allocations that had been allowed prior to the Decision, except that the new GHG-Free allocations only include large hydroelectric resources (with the option for the IOU to also include nuclear resources). Under the interim allocation approach, CCAs were permitted to count the interim allocations as carbon-free on their PCLs. In the event the IOU chooses to allocate the GHG-free resource value to CCAs going forward, the Commission should continue to allow CCAs to count their GHG-free allocations as carbon-free in their PCL calculations.

B. Rules Should be Established for the Annual Reporting of VAMO Allocations

As noted above, CCAs can take allocations of RPS from the IOUs through the RPS VAMO processes adopted in CPUC D.21-05-030. The first VAMO processes were conducted in 2023, with many CCAs receiving allocations of RPS through either a Voluntary Allocation or Market Offer. The Commission should establish rules governing the treatment of the VAMO

¹⁶ D.23-06-006, *Decision Addressing Greenhouse Gas-Free Resources, Long-term Renewable Transactions, Energy Index Calculations, and Energy Service Providers' Data Access*, Rulemaking (R.) 17-06-026 (June 13, 2023).

¹⁷ *Id.*, Ordering Paragraph 3, at 48.

allocations to ensure CCAs realize the full value of RPS resources, including the ability to count the allocated resources on their PCLs. This is a logical extension of the current rules for counting the interim GHG-free allocations, which as described above allow an LSE to count a GHG-free allocation towards their PCL. There is no reason that RPS VAMO resources should not be also counted in the PCL.

In addition, the Commission should include in the Proposed PSD Updates clarification of its treatment of different Portfolio Content Category (PCC) resources in a VAMO allocation. CalCCA recommends the following treatment: (i) PCC 1 resources should be treated as “Directly Delivered Renewables” in Schedule 1 in the PSD Annual Report template; (ii) PCC 2 resources should be treated as “Firmed-and Shaped Imports” in Schedule 1; and (iii) PCC 3 resources should be treated as “Retired Unbundled RECs” in Schedule 2. In addition, as directed by the CPUC in D.22-06-034, PCC 0 resources allocated to CCAs through the Voluntary Allocation must retain their PCC 0 status and shall not be treated as a resale devaluing their PCC status.¹⁸

IV. CONCLUSION

CalCCA looks forward to further collaboration on this topic in the pre-rulemaking and rulemaking phases.

Respectfully submitted,



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October 24, 2023

¹⁸ D.22-06-034, *Decision Establishing Rules for Portfolio Content Category Classification for Voluntary Allocations of Renewables Portfolio Standard Resources*, R.18-07-003 (June 24, 2022), Conclusion of Law 6, at 23 (“[PCC 0] RECS allocated under the Voluntary Allocation process should retain PCC 0 status”).