California Energy Commission

Renewable Energy Program

Committee Workshop on Draft Guidebooks

September 26, 2007

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RENEWABLE ENERGY PROGRAM

CALIFORNIA ENERGY COMMISSION

Workshop Agenda

1:00 p.m. — close

- Renewables Committee Opening Remarks
- Proposed Guidebook Changes
  - *Renewables Portfolio Standard Eligibility Guidebook*
  - *New Renewable Facilities Program Guidebook*
  - *Overall Program Guidebook*
- Guidebook Adoption Schedule
- Public Comment

California's Renewables Portfolio Standard (RPS)

GOAL: Increase the diversity, reliability, public health and environmental benefits of California's energy mix.

- Current legislative goal of 20% of retail sales from renewables by 2010, with increase by at least 1% per year.
- Governor Schwarzenegger expanded goal to 33% renewables by 2020.
- Energy Commission's RPS roles:
  - Certify eligible facilities.
  - Design and implement an accounting system to track and verify RPS compliance.
  - Distribute Supplemental Energy Payments.

Proposed Guidebook Changes

- Guidebooks are revised as needed to respond to public comments; lessons learned; and statutory, market, and regulatory developments.
- Changes are effective immediately following Energy Commission adoption at publicly-noticed Business Meeting.

Renewables Portfolio Standard Eligibility Guidebook — Proposed Changes

Describes the criteria and process for facilities to become certified as RPS and SEP eligible and describes the interim RPS tracking system.

Renewable Facilities Using Multiple Fuels

- Combine sections previously titled, 'Hybrid Facilities' and 'Other Renewable Facilities Using Fossil Fuel' into one new section titled, 'Renewable Facilities Using Fossil Fuels.'
- Clarify that the exception to allow Qualifying Small Power Production Facilities operational before 2002 to use up to 25% fossil fuel and count 100% of the generation as RPS-eligible <u>only applies to facilities that operated on renewable fuel prior to 2002</u>.

RPS Eligibility Guidebook — Proposed Changes

Renewable Facilities Using Multiple Fuels – cont'd.

- Clarify that 100% of energy produced from a biomass facility may be eligible for the RPS and for funding from the Existing Renewable Facilities Program or the New Renewable Facilities Program if fossil fuel use does not exceed a *de minimus* amount as follows:
  - For RPS and New Renewable Facilities Program (Supplemental Energy Payments), *de minimus* is defined as 2% fossil fuel use on annual energy input basis.
  - For Existing Renewable Facilities Program, *de minimus* is defined as 5% fossil fuel use on annual energy input basis.
- If fossil fuel use exceeds a de minimus amount, then only the generation associated with the renewable fuel is eligible for the RPS.

RPS Eligibility Guidebook — Proposed Changes

Delivery Requirements

- Clarify that for out-of-state facilities, deliveries can be from any location in the Western Electricity Coordinating Council (WECC) as long as energy is delivered into California.
- Revise references to "NERC tags" by changing to "NERC E-Tags" to reflect industry standard terminology.

Western Renewable Energy Generation Information System (WREGIS)

- Modify the requirement that retail sellers and renewable facilities participating in the California RPS must use WREGIS by adding that participation must begin by January 1, 2008.
  - ★ Note: WREGIS fees are waived for 2007!

RPS Eligibility Guidebook — Proposed Changes

RPS Application Forms

- Modify forms to address inconsistencies between the forms in the RPS Eligibility Guidebook and those provided individually on the Energy Commission's Web site, and to revise information required on certain forms.
- Re-format forms into protected Microsoft® Word or Excel forms to assist participants in completing and saving their applications electronically.

New Renewable Facilities Program Guidebook
Proposed Changes

Describes requirements to qualify for SEPs and process for how SEPs are awarded

Supplemental Energy Payments

- Clarify that Supplemental Energy Payments (SEPs) are not available for electricity used to service load that is not subject to the renewable energy public goods charge.

SEP Form

- Modify CEC-SEP-WORKSHEET (an Excel Workbook that calculates supplemental energy payments) to calculate the allowed per kilowatt-hour supplemental energy payment to be paid out over 10 years, and to calculate the total supplemental energy payments that may be paid over 10 years if no cap is applied.

Overall Program Guidebook
Proposed Changes

Describes how the Renewable Energy Program is administered and defines program terms.

Definitions

- Electrical Corporations:
  - For RPS purposes: Includes small and multi-jurisdictional electrical corporations such as PacifiCorp, Sierra Pacific Company, Mountain Utilities, and Golden State Water Company (doing business as Bear Valley Electric Service).
  - For purposes of the Existing Renewable Facilities Program Guidebook, New Renewable Facilities Program Guidebook, New Solar Homes Partnership Guidebook, and Emerging Renewables Program Guidebook, includes Golden State Water Company (doing business as Bear Valley Electric Service).

Overall Program Guidebook
Proposed Changes

Definitions cont'd

- Modify definitions of biodiesel, biomass, digester gas, and investor-owned utilities.
- Add definitions of balancing authority, biogas, net metering, renewable energy public goods charge, and system operator.

Pending Legislation

As of January 1, 2008, SB 1036 would:

- Delete the requirement that the Energy Commission award production incentive payments and allocate and award SEPs from the New Renewable Resources Account to cover above-market costs of renewables.

As of January 1, 2008, AB 809 would:

- Modify the RPS eligibility requirements of hydroelectric facilities.

Guidebook Adoption Schedule

- Public comments will be carefully considered.
- Guidebook adoption schedule will be revised if SB 1036 and/or AB 809 are adopted. Deadline for Governor to approve or veto bills is October 12.
- If both bills are vetoed, final draft Guidebooks will be publicly released late October and considered for Energy Commission adoption at a November business meeting.
- If at least one bill is adopted, a second draft of the Guidebooks will be publicly released in November with plans for adoption at a December business meeting.

Next Steps

Stakeholder Input Welcome

- Written comments due by **Friday, September 28, 2007**
  - Mail:

    California Energy Commission, Docket Unit, MS-4

    1516 Ninth Street, Sacramento, CA 95814

    RE: Docket No. 02-REN-1038 and Docket No. 03-RPS-1078
  - E-mail: docket@energy.state.ca.us
  - Comments will become part of public record

Contact Information

- *RPS Eligibility Guidebook*
  - Kate Zocchetti – KZocchet@energy.state.ca.us
- *New Renewable Facilities Program Guidebook*
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- *Overall Program Guidebook*
  - Kate Zocchetti – KZocchet@energy.state.ca.us

Draft *Guidebooks* available at:

www.energy.ca.gov/renewables/documents/index.html