

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov



- Implementation of Renewables Portfolio Standard Legislation**) **Docket No. 03-RPS-1078**
-) **RPS Proceeding**
-)
- and**)
-)
- Implementation of Renewables Investment Plan Legislation**) **Docket No. 02-REN-1038**
-) **Renewable Energy Program**
-)
-) **Notice of Business Meeting**
-) **RE: Guideline Revisions for**
-) **Renewable Energy Program**
-) **and RPS Implementation**

**Notice of Business Meeting to Consider Adopting
Proposed Changes to the Renewables Portfolio
Standard Guidelines**

The California Energy Commission will hold a regularly scheduled business meeting on:

WEDNESDAY, DECEMBER 19, 2007
10 a.m.
CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Hearing Room A
Sacramento, California
(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

www.energy.ca.gov/webcast/

As part of the December 19, 2007, Business Meeting, the California Energy Commission will consider adoption of the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook (RPS Eligibility Guidebook)* and the *Overall Program Guidebook* for the Renewable Energy Program.

Background

The Energy Commission's Renewable Energy Program provides funding to support existing, new and emerging renewable energy resources with the goal of establishing a competitive, self-sustaining renewable energy supply for California while increasing the near-term quantity of renewable energy generated in-state. Funding is provided through program elements of the Renewable Energy Program; those program elements pertinent to this notice include the *Overall Program Guidebook*. The Energy Commission has provided this funding since 2003 under Senate Bill 1038.¹ This law, along with the Reliable Electric Service Investments Act,² continues the collection of a non-bypassable system benefit charge initiated in 1998 under Assembly Bill 1890³ and authorizes the Energy Commission to continue the expenditure of these funds to support existing, new, and emerging renewable resources.

The Energy Commission is also charged with implementing portions of California's Renewables Portfolio Standard (RPS) under Senate Bill 1078, as amended.⁴ Under the RPS, retail sellers of electricity must increase the amount of renewable energy they procure each year by at least 1 percent so that 20 percent of their retail sales are served with renewable electricity by December 31, 2010. The Energy Commission is charged with certifying eligible renewable energy resources that satisfy RPS procurement requirements and developing an accounting system to verify retail sellers' compliance with the RPS. Renewable energy resources eligible to satisfy RPS procurement requirements may also qualify for funding under the other elements of the Renewable Energy Program.

The Energy Commission's Renewables Committee has proposed revisions to the March 2007 *RPS Guidebook* and the March 2007 *Overall Program Guidebook* to reflect changes in law as a result of Senate Bill 1036⁵ and Assembly Bill 809⁶ and to address other regulatory and market developments. The Committee draft December 2007 *Guidebooks* reflect proposed changes to the March 2007 *RPS Eligibility Guidebook* and the March 2007 *Overall Program Guidebook*. A summary of each *Guidebook* and proposed changes follows:

- The *RPS Guidebook* describes the eligibility requirements and process for certifying renewable resources as eligible for California's RPS and describes how the Energy Commission will design and implement an accounting system to verify compliance with the RPS. Proposed changes to the *RPS Eligibility Guidebook* include modifications and updates to: eliminate supplemental energy payments in response to passage of SB 1036;

¹ Senate Bill 1038 (Sher, Chapter 515, Statutes of 2002). The pertinent provisions of SB 1038 were formerly codified in Public Utilities Code Sections 383.5 and 445, but were amended and recast as Public Resources Code Sections 25740 through 25751 under Senate Bill 183 (Sher, Chapter 666, Statutes of 2003).

² Public Utilities Code Sections 399, et seq., as enacted by Assembly Bill 995 (Wright, Chapter 1051, Statutes of 2000) and Senate Bill 1194 (Sher, Chapter 1050, Statutes of 2000).

³ Assembly Bill 1890 (Brulte, Chapter 854, Statutes of 1996).

⁴ SB 1078 (Sher, Chapter 516, Statutes of 2002). The pertinent provisions of SB 1078 are codified in Public Utilities Code Section 399.11 through 399.15. This law was subsequently amended to add Sections 399.16 and 399.17 under Senate Bill 67 (Bowen, Chapter 731, Statutes of 2003) and Assembly Bill 200 (Leslie, Chapter 5, Statutes of 2005), respectively. Senate Bill 107 (Smitian, Chapter 464, Statutes of 2006) amends pertinent provisions in Public Resources Code Sections 25740 through 25751 and Public Utilities Code Sections 399.11 through 399.16.

⁵ Senate Bill 1036 (Perata, Chapter 515, Statutes of 2007).

⁶ Assembly Bill 809 (Blakeslee, Chapter 684, Statutes of 2007).

require RPS participants to register with and use the Western Renewable Energy Generation Information System (WREGIS) as part of RPS compliance; modify eligibility criteria for distributed generation facilities, multiple-fuel facilities, and small hydroelectric and hydroelectric conduit facilities; add eligibility criteria for incremental generation from efficiency improvements to hydroelectric facilities regardless of facility size; remove the requirement that RPS certification must be renewed every two years; and make other clarifying changes.

- The *Overall Program Guidebook* describes specific aspects of how the Energy Commission's Renewable Energy Program is administered. Proposed changes to the *Overall Program Guidebook* include adding and modifying terms and definitions and implementing changes to the New Renewable Facilities Program under SB 1036, including eliminating supplemental energy payments.

A more detailed summary of the proposed changes with respect to the previously adopted versions of these *Guidebooks* is provided in Attachment A to this notice. The draft *Guidebooks* shown with proposed changes in underline/strikeout are available on the Energy Commission's website at:

<http://www.energy.ca.gov/portfolio/documents>

Hard copies of the draft *Guidebooks* may be obtained by contacting Gina Fontanilla at (916) 654-4524, GFontani@energy.state.ca.us.

Process

In September 2007, the Energy Commission staff proposed changes to the *RPS Guidebook* (March 2007 version) and the *Overall Program Guidebook* (March 2007) to reflect statutory, market, and regulatory developments and to respond to lessons learned through implementing the program. The Energy Commission solicited comments on the September 2007 staff draft *Guidebooks* and held a Renewables Committee (Committee) workshop on September 26, 2007, to receive comments. After careful consideration of written and verbal comments and additional technical and policy analysis, the Committee is proposing revisions to the *Guidebooks*.

The Energy Commission will consider adopting these Committee draft *Guidebooks* at the December 19, 2007, business meeting. Public Resources Code Section 25747 authorizes the Energy Commission to approve substantive changes to the *Guidebooks* upon providing 10 days public notice. Changes take effect once approved at a publicly noticed meeting.

Written Comments

The Committee encourages members of the public to submit written comments on the proposed draft *Guidebooks* in advance of the business meeting. Please provide an original and 21 copies of comments filed by mail or in person to the Energy Commission's Docket Unit. Alternately, parties may file a single copy electronically with the Docket Unit and follow up with an original copy by mail. The Committee encourages comments to be submitted by e-mail to allow for their posting on the RPS proceeding Web page. If you are providing

written comments at the Business meeting, please make an additional 50 copies available at the beginning of the meeting.

Please send or deliver written materials to:

California Energy Commission
Re: Docket No. 03-RPS-1078 and Docket No. 02-REN-1038
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504
E-Mail: docket@energy.state.ca.us

All written materials filed with the Docket Unit will become part of the public record in these proceedings. The Committee strongly encourages parties to file written comments by close of business December 14, 2007, but will accept written comments up to the day of the Business meeting.

Public Participation

The Energy Commission's Public Adviser provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [pao@energy.state.ca.us]. If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

If you have technical questions regarding the subject matter of this notice, please contact Kate Zocchetti of the Renewable Energy Office by phone at (916) 653-4710, or by e-mail at [kzocchet@energy.state.ca.us]. News media inquiries should be directed to Claudia Chandler, Assistant Executive Director, at (916) 654-4989.

JOHN L. GEESMAN
Commissioner and Presiding Member
Renewables Committee

JACKALYNE PFANNENSTIEL
Chairman and Associate Member
Renewables Committee

Date Mailed: December 7, 2007
Dated: December 7, 2007
Mail List: 5504 NEW, 5507 RPS

Note: California Energy Commission's formal name is State Energy Resources Conservation and Development Commission.

ATTACHMENT A

Summary of Proposed *Guidebook* Changes

The following summarizes the proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook* and the *Overall Program Guidebook* for the Renewable Energy Program. To review the proposed changes in their entirety, please visit the Energy Commission's website at [www.energy.ca.gov/portfolio/documents/index.html].

Renewables Portfolio Standard Eligibility Guidebook

The *Guidebook* is modified to:

- Remove the provisions for certifying facilities as eligible for Supplemental Energy Payments (SEPs), and remove references to SEPs throughout the *Renewables Portfolio Standard Eligibility (RPS Eligibility) Guidebook*.
- Require that effective January 1, 2008, all participants in California RPS must register with and use the Western Renewable Energy Generation Information System (WREGIS) as part of RPS compliance.
- Add small investor-owned utilities to the definition of "retail sellers."
- Add certification for facilities that might otherwise be considered distributed generation facilities except that some or all of the energy produced is sold through a standard contract/tariff executed under Public Utilities Code 399.20, as implemented through the CPUC Decision 07-07-027 (R.06.05.027), or sold through a comparable standard contract/tariff approved by a local publicly owned electric utility, or if the facility is owned by a utility and meets other requirements.
- Clarify that a facility that began commercial operations before September 26, 1996, and later repowered as provided in the *RPS Eligibility Guidebook*, may opt to use the date the facility began commercial operations instead of the repower date if the facility is seeking funding under the Energy Commission's Existing Renewable Facilities Program.
- Revise Table 1 by removing the eligibility criteria for SEPs, summarizing the supplemental forms and additional information required by technology and removing the accompanying "Notes" page, which is now obsolete.
- Modify the description of eligible biodiesel feedstocks to include animal waste, remains, and tallow.
- Modify the definition of a conduit hydroelectric facility to remove reference to the Federal Code and add that the facility must use for its generation only the hydroelectric potential of an existing pipe, ditch, flume, siphon, tunnel, canal, or other manmade conduit that is operated to distribute water for a beneficial use, under AB 809.
- Change the eligibility criteria for small hydro and conduit hydro so that a facility becoming commercially operational after January 1, 2006, must not cause an

adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.

- Change the eligibility criteria for efficiency improvements that would cause small hydro and conduit hydro facilities to exceed the 30 MW size limit for RPS eligibility such that the improvements must be made after January 1, 2008, and must not cause an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow.
- Add the RPS certification category and eligibility requirements for the incremental generation of hydroelectric facilities due to eligible efficiency improvements, regardless of the facility's electricity output.
- Add a definition of eligible efficiency improvements in determining RPS-eligibility of hydroelectric facilities.
- For RPS-eligibility of incremental generation, change the requirement of submission of verifiable generation data for small hydroelectric or conduit hydroelectric facilities from 10 years to 20 years preceding project expansion or facility repowering.
- Clarify that although the out-of-state delivery requirements do not typically apply to multi-jurisdictional electric corporations that serve retail end-use customers outside California and have 60,000 or fewer customer accounts in California under Public Utilities Code Section 399.17, this exception applies only to situations wherein these utilities procure energy to meet their own RPS obligations.
- Clarify that for out-of-state facilities, RPS eligibility depends in part on whether the facility commences commercial operations after January 1, 2005, regardless of resource or technology type.
- Clarify that eligible electricity may be delivered into California at a different time than when the RPS-certified facility generated electricity and may be generated at a different location than that of the RPS-certified facility, and provide examples of eligible banking and shaping contract delivery structures. Describe the Energy Commission's pre-approval process of eligible contract delivery structures as part of the CPUC's RPS contract review process.
- Modify the eligibility criteria for facilities that use a combination of fuels including fossil fuel that are certified as qualifying small power production facilities (QF) under the federal Public Utility Regulatory Policies Act and allow 100 percent of the electricity generated from such a facility to be RPS eligible if the facility meets all of the RPS eligibility requirements, including the following:
 - The facility was a renewable QF that commenced commercial operations before January 1, 2002, AND
 - The facility is currently certified as a renewable QF.
- Remove the two-year renewal requirement for RPS certification and add that RPS eligibility is effective for the life of the facility.

- Add that eligible energy procurement will only be considered RPS-eligible retroactively if the generation occurs on or after the date the Energy Commission receives an application for RPS pre-certification or certification.
- Make other conforming and clarifying changes.

Overall Program Guidebook

The *Guidebook* is modified to:

- Adjust the expected allocation of funding to the Renewable Energy Program elements under SB 1036.
- Remove provisions for providing Supplemental Energy Payments from the New Renewable Facilities Program under SB 1036.
- Modify definitions in accordance with changes in the law and policy for various terms, including: billing month, conduit hydroelectric facility, biodiesel, biomass, digester gas, distributed generation, eligible renewable energy resource, in-state electricity generation facility, small hydroelectric, investor-owned utility, project, self-generation.
- Add definitions in accordance with changes in the law and policy for various terms, including: balancing authority, biogas, biodiesel, control area, NERC E-tag, net metering, renewable energy public goods charge, system operator, watt.
- Delete the definition of Supplemental Energy Payments.
- Make other conforming and clarifying changes.