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September 12, 2011

By First Class and Electronic Mail
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California Energy Commission
Docket Office, MS-4
Re: Docket No. 11-RPS-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 11-RPS-01; Renewables Portfolio Standard; Comments of Powerex Corp. on the *33 Percent Renewables Portfolio Standard Publicly Owned Electric Utility Regulations Concept Paper*

Dear Docket Office:

Powerex Corp. ("Powerex Corp.") hereby respectfully submits its comments in Docket No. 11-RPS-01 addressing the *33 Percent Renewables Portfolio Standard Publicly Owned Electric Utility Regulations Concept Paper*. The subject comments are limited and address specific aspects of the following topic areas discussed in the Concept Paper: (1) classification of procurement products; and (2) compliance and verification.

I. Issues re Classification of Procurement Products

(1) Section (a)(i)(1)(i)-(vi); Options for "Definition" Category 1 Products:

Powerex comment:

Powerex supports the definition of Portfolio Content Category 1 ("Category 1") products as set forth in options iii, iv, and vi of the Concept Paper. In each of the referenced options, the energy that has been generated by the facility has either been used to serve end users with a California balancing authority ("CBA") or scheduled into a CBA or dynamically transferred to a CBA and therefore meets the statutory definition for this portfolio content category, irrespective whether or not the generation is subsequently unbundled.

(2) Section (a)(i)(3); Determination whether generation belongs in Category 1:

Powerex comment:

Powerex supports the staff recommendation in support of Option (i) and (v).

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II. Compliance and Verification

(1) Section (c)(ii); Percentage limitations for portfolio content categories:

Powerex comment:

Powerex does not have an opinion regarding the merits of the requirement in option (i) to use contract information to determine percentage limitations. However, it is Powerex's interpretation of 399.16(b)(1)(A), that the output of an ERR may count in Category 1 provided that the output of the ERR is scheduled into California on an hourly basis via a direct and continuous transmission path from the point of interconnect of the ERR in the source balancing authority to load located in a California balancing authority.

Consistent with its comments in CPUC proceeding R11-05-005, Powerex observes that WREGIS is not yet able to match hourly generation from NERC e-Tags with production data on an hourly resolution. Powerex suggests that hourly deliveries into a California balancing authority may be adequately tracked for compliance purposes by incorporating components of the accounting methodology that the CEC currently uses to determine that deliverability requirements for out-of-state ERRs have been met. For example, each hourly schedule could be tracked by requiring that:

> The "Source Point" associated with the ERR is identified as the "Source Point" on the NERC E-Tag.
>
> The CEC RPS certification number of the ERR is entered in the "misc./token" field of the import line of the NERC E-tag.
>
> There is a continuous transmission link from interconnection of the ERR in the balancing authority in which the facility is located to load in the California balancing authority.

As required by Public Utilities Code §399.16(b)(1)(A), "only the fraction of the schedule actually generated by the eligible renewable energy resource" shall count toward this portfolio content category.

With respect to determination of percentage limits for Category 1. Powerex suggests that for each generation hour the Category 1 quantity would be the lesser of:

> **Energy produced by the facility for the given hour** (as measured at the facility revenue meter via WREGIS[1] or similar system), and
>
> **Energy scheduled from the facility to California balancing**

[1] WREGIS data is based on the ERRs actual revenue meter data. This data is captured on a second by second basis. WREGIS accumulates and tracks the data in monthly totals (not on an hourly basis). WREGIS would need to be updated to track hourly generation data in order to track hourly imports under Category

(3) Section (a)(ii)(1)(b); Portfolio Content Category 2 – Timing of incremental firmed and shaped resource scheduling:

Powerex comment:

Consistent with its comments to the Energy Commission in Rulemaking 11-05-005, Powerex believes that a reasonable time period over which the output of an eligible renewable energy resource ("ERR") may be shaped is one calendar year.

(4) Section (a)(ii)(1)(d); Definition of "incremental resource":

Powerex comment:

Powerex supports option 2 defining such resources as "incremental to POU.". Powerex's interprets of section 399.16 (b) (2) of the Public Utilities Code to require incremental energy to be scheduled into a CBA and that there is no requirement that the incremental energy be scheduled to the POU contracting for the firmed and shaped energy and Powerex believes that such a requirement would be impractical. There may be instances when there is not sufficient transmission to deliver directly to the POU or the incremental energy may be in excess of the POUs short-term energy needs; and therefore imposition of any such requirement would create inefficiencies and could increase costs.

(5) Section (a)(ii)(1)(f); Execution of incremental resource contract:

Powerex comment:

Powerex supports option 2 which allows contract execution to occur before, at the same time, or after a power purchase agreement is executed. This option provides POUs with contracting flexibility relative to their overall portfolios. Firming and shaping services may not be offered by the entity selling the output of an ERR or these services may be offered at a more competitive rate from a third party. In cases where the firming and shaping services are provided by a third party, the firming and shaping contracts are often contracted on slightly different timelines compared to power purchase agreements for the output of ERRs and may be solicited through different procurement processes. For example, after shortlisting ERRs through a formal solicitation process, a POU may decide to then issue a solicitation for firming and shaping proposals based on the types and location of the ERRs shortlisted and the commercial terms of the ERR proposals.

(6) Section (a)(ii)(1)(g); Contractual relationship:

Powerex comment:

Powerex supports option 2 – no contractual relationship necessary. POUs should have the ability to manage incremental resources within the context of their overall portfolios in order to achieve the least-cost best fit RPS product mix.

authority (as measured by the hourly NERC E-tags)

This method would mean that only energy that was first scheduled from the ERR and then actually generated by the ERR would count as Category 1, and that no energy generated from facilities other than the ERR would be counted as a Category 1.

Example 1: The forecast for the next hour from an ERR is 100 MWh and the quantity scheduled on the NERC E-tag and delivered into a California balancing authority is 100MWh. The actual quantity generated by the ERR during that hour is 98 MWh (only 98 WREGIS certificates are created for this particular hour). In this example, only 98 MWh would count as Category 1 because 2 MWh of real-time ancillary services were used to maintain the hourly schedule.

Example 2: The forecast for the next hour from an ERR is 100 MWh, and the quantity scheduled on the NERC E-tag and delivered into a California balancing authority is 100 MWh. In this case, the actual quantity generated by the ERR during that hour is 104 MWh. Although 104 MWh of WREGIS certificates are generated in that hour, only 100 MWh were delivered into a California BA and therefore only 100 MWh should count under Category 1.

Powerex thanks the Energy Commission in advance for its anticipated consideration of the subject comments. Should you have any questions with regard to these comments, please contact the undersigned.

Sincerely,

James D. Squeri

On behalf of Powerex Corp.

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