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The Solar Alliance

RENEWABLES PORTFOLIO STANDARDS ELIGIBILITY
STAFF GUIDEBOOK (5TH EDITION)
Docket Numbers 11-RPS-01 and 02-REN-1038

The Solar Alliance[1] is a national trade association of solar photovoltaic (PV) manufacturers, integrators, and financiers dedicated to accelerating the deployment of solar electric power in the United States through state-based policies. The Solar Alliance appreciates the opportunity to provide the following comments on the Staff Draft Guidebook (5th Edition) on Renewables Portfolio Standards Eligibility (Draft Guidebook). The Solar Alliance presents the following limited comments:

(1) Certification of Distributed Generation Facilities as RPS Eligible

The current edition of the Guidebook provides that:

> Other than the exception noted below, the Energy Commission will certify distributed generation facilities as RPS eligible only if and when the CPUC authorizes applying tradable RECs toward RPS obligations.

In Decision 10-03-021 the CPUC "authorize[d] the procurement and use of tradable renewable energy credit (TRECs) for compliance with the California renewables portfolio standard (RPS) program." Accordingly, the CEC Staff has revised the guidebook in a manner which renders distributed generation facilities as RPS eligible, allowing for a value to be placed on their renewable attribute:

> With the adoption of the fifth edition of this guidebook, the Energy Commission has determined that all grid-connected renewable electric generation facilities may be certified as RPS-eligible, including generation serving onsite load, if all

[1] The comments contained in this filing represent the position of the Solar Alliance as an organization, but not necessarily the views of any particular member with respect to any issue.

> eligibility requirements are met for the specific renewable energy resource used by the facility to generate electricity.[2]

The Solar Alliance applauds this change to the Guidebook as it will allow for owners of distributed generation systems to received heightened value from their investment as well as providing another source for the state to meet its renewable goals.

(2) RPS Eligibility Date for TRECs

The Draft Guidebook acknowledges that the California Public Utilities Commission (CPUC) definitively established the date for which TRECs were to become RPS-eligible:

> The CPUC's decision on tradable RECs (of "TRECs") provides that beginning on March 11, 2010, "TRECs tracked in WREGIS for which the RPS-eligible electricity associated with the TREC was generated on or after January 1, 2008 may be procured, traded, and used for RPS compliance.[3]

It is clear that the CPUC determined eligibility for RPS was based solely on whether the TRECs are tracked in WREGIS and were generated after January 1, 2008.[4]

The CEC, however, appears to be negating the impact of that determination by layering on its own "certification" requirement that in effect delays for almost two years the date on which TRECs are RPS-eligible. In this regard, the Draft Guidebook appears to establish the start date for eligibility as the date the CEC receives an application for certification, not on the date nor with the requirements set out by the CPUC:

> Upon receipt of the first application for certification or pre-certification of a facility, an eligibility date will be assigned to the facility. If the facility is subsequently certified as RPS-eligible, all generation from the month of the eligibility date forward, that is tracked in WREGIS, will be considered RPS-eligible generation if the operations of the facility at the time of generation are consistent with the information provided in the certification application.[5]

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2 Draft Guidebook at p.66.

3 Draft Guidebook at p. 69.

4 *See* California Public Utilities Commission Decision 10-03-021 at p. 79.

5 Draft Guidebook at p. 72.

In addition, as the CEC has yet to establish a process for submitting such applications, developers still will be unable to establish an eligibility date for a facility. Based on the CPUC Decision, developers should be able to sell TRECs from a facility back to 2008. If the CPUC Decision is in some manner overridden, and the CEC proposal goes into effect, then by January 1, 2012, the value of four years of developer TRECs will be lost.

Project developers appropriately took to heart what the CPUC decided in 2010 and attracted financing based on this determination, inputting a value for RECs into their models. Similarly developers then invested in the resources to register their generating facilities in WREGIS and in complying with WREGIS' requirements. The CEC should not act to undermine these resource intensive activities by changing the rules in the middle of the game. Such does nothing to advance, and, indeed, detracts from renewables development in California. Developers need to be able to depend that regulatory determinations, upon which they base their business models, will not be changed as a result of a later contradictory edict by another administrative agency. Accordingly, the CEC Guidebook should be modified to provide, consistent with the directives of the CPUC, that facilities that TRECs tracked in WREGIS for which the RPS-eligible electricity associated with the TREC was generated on or after January 1, 2008 may be procured, traded, and used for RPS compliance.

(3) Change the Meter Accuracy Requirement to be Consistent with the California Solar Initiative Standards

The Draft Guidebook provides that:

> Applicants wishing to certify a renewable facility that serves onsite load must meet all RPS eligibility requirements in the fifth edition of this guidebook including, but not limited to, participation in WREGIS and reporting eligible

generation based on a meter with an *independently verified accuracy rating of 2 percent or higher accuracy.*[6]

The difficulty in attaining such a standard for smaller solar generators (those generators receiving an up-front rebate, or EPBB rebate, for systems less than for 30 kW) has been previously recognized.[7] Thus, for example, the California Solar Initiative program allows such small solar generators to meter using 5% accuracy for inverter-integrated meters, which are required to be tested to a metering accuracy specification developed by the California Public Utilities Commission and the California Solar Initiative Program Administrators. If different standards were to be imposed upon the system, it could lead to duplicitous and redundant metering systems on the same system at additional cost to system owners. The Solar Alliance thus requests that the CEC Renewables Guidebook be modified to allow 5% accurate inverter-integrated metering for renewable generators of 30 kW or smaller as the minimum metering requirements for tradable renewable energy credit certification, so long as these meters have been tested and certified to the CSI Program's 5% metering accuracy test specification.

(4) Categorization of Pipeline Biomethane

The CEC is currently reviewing the RPS eligibility requirements for pipeline biomethane and states that it may propose revisions to these requirements after consideration of public comments and input from technical staff.[8] In reviewing the appropriate RPS eligibility requirements for pipeline biomethane, the Solar Alliance submits that the CEC bear in mind its statutory obligation to determine the appropriate renewable product categorization for publicly owned utility transactions involving pipeline biomethane pursuant to PUC §399.16(b).

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6 Draft Guidebook at p. 66

7 *See* California Public Utilities Decision 07-07-028.

8 Draft Guidebook at p. 30.

Specifically the very attributes which would cause the CEC to question pipeline biomethane RPS eligibility render it necessary for the CEC to categorize such transactions under PU Code Section 399.16(b)(3).

Pipeline biomethane involves a contractual relationship in which biomethane is injected into the natural gas pipeline and "nominated" for use at a generating facility in a separate location. Once injected into the pipeline, the biomethane cannot be distinguished from natural gas. The fuel consumed at the generating facility is nothing more than natural gas. The contract between the biomethane producer and the generating facility merely transfers the renewable attributes of the biomethane to the purchaser, but not the physical product. Therefore, pipeline biomethane transactions represent unbundled transactions and for RPS accounting purposes should be considered category 3 products.[9]

Moreover, the statute requires the CEC to consider multiple state goals, including but not limited to environmental goals, in implementing the RPS. Public Utilities Code §399.11(b) enumerates nine goals of the RPS program, and §399.16(b) requires the Commission to implement the portfolio content categories consistent with those goals. Pipeline biomethane does not result in additional electrical generating facilities nor does it assist with the state's resource adequacy requirements,[10] since it is likely to be contracted for by existing natural gas plants. Furthermore, pipeline biomethane from outside of California does not displace fossil fuel consumption within the state, does not reduce air pollution within the state, and does not reduce

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9 Merely because the generator using the pipeline biomethane is interconnected to a California balancing authority, that should not qualify it as a category one transaction. Such view overlooks the fact that the biomethane fuel is not the actual fuel used in the generation facility. In the case of pipeline biomethane, where the fuel and not the generating electricity facility determines RPS eligibility, the Commission must consider the source of the renewable fuel the same way it considers the source of renewable electricity credits in determining product category.

10 PUC §399.11(b)(2) and (7).

GHG emissions associated with electrical generation within the state.[11] Relative to in-state bundled resources, pipeline biomethane does not provide the same benefits to California. The intent of the product category limitations is to ensure the greatest benefit to California from RPS procurement and to limit procurement of eligible resources that cannot provide those benefits.

Accordingly, should the CEC determine that pipeline biomethane should retain its RPS eligibility, then such transactions should be appropriately categorized under PU Code Section 399.16(b)(3).

(5) Definition of Distributed Generation

The revisions to the Guidebook include a clarification to the definition of a distributed generation facility. Thus, such a facility is now defined as "a small-scale electricity generation facility that is interconnected to a distribution network and is generally 20 MW or smaller." The distributed generation facilities "may serve on-site load or off-site load or both."[12] The Solar Alliance supports this clarification, believing that qualification that the facility be interconnected to the distribution network more accurately captures a primary benefit of distributed generation of avoiding certain generation and distribution needs by being located near a load center.

Conclusion

The efforts of the Energy Commission Staff in revising the Guidebook for Renewable Portfolio Standards Eligibility are greatly appreciated. The Solar Alliance submits that the changes requested above should be made and the revised guidebook expeditiously issued.

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11 PUC §399.11(b)(1), (3), and (4).

12 Draft Guidebook, Glossary of Terms.