California Energy Commission
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PASADENA WATER AND POWER

March 25, 2013

California Energy Commission
Dockets Office, MS-4
Re: Docket Nos. 11-RPS-01; 02-REN-1038
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

Via Email: docket@energy.ca.gov and RPS33@energy.ca.gov

RE: Comments of the Pasadena Water and Power on the Renewable Portfolio Standard (RPS) Eligibility Guidebook, Seventh Edition.

The City of Pasadena ("Pasadena") thanks the California Energy Commission ("CEC") to provide this opportunity to submit comments on the CEC *Staff Draft Renewables Portfolio Standard Eligibility Guidebook, Seventh Edition ("Guidebook").*

Pasadena executed contracts for biomethane procurement and had several electric generating units using the contracted biomethane RPS certified by CEC prior to March 29, 2012. The Renewables Portfolio Standard Eligibility Guidebook, 4th edition, recognizes biomethane as a renewable resource and provides that the electrical generating facilities that use biomethane to generate electricity be certified as an RPS certified facility. Pasadena is committed to Renewables Portfolio Standard ("RPS") compliance and providing the following comments to clarify the regulatory requirements.

1. **Biomethane: Section II.C**

The draft guidance does not provide a clear and decisive measurement for determining the appropriate Portfolio Content Category for electricity generation derived from biomethane. This provision fosters a monetary impact to the rate payers because it forces POUs to over-procure to ensure that the POU's procurement of eligible renewable electricity products meet the minimum requirements of the Portfolio Balancing Requirements.

We suggest CEC should clarify that the Electricity products from an electric generation facility that is certified by CEC for RPS eligibility using biomethane would be PCC1 if the electricity and the associated renewable energy credit (REC) remained bundled.

2. Existing Biomethane Procurement Contracts: Section II.C.1.

The Guidebook requires reporting of biomethane procurement contracts prior to March 29, 2012 as a prerequisite for RPS eligibility of the "Existing Biomethane Procurement Contracts". Prior to March 29, 2012, Pasadena submitted RPS certification applications, as applicable at that time, for which the electric generation facilities using existing biomethane procurement contracts were certified or pre-certified by the CEC. The applications did not specifically request copies of the contracts for the biomethane procurement, or contracts related to common carrier pipelines or storage. The applications would require some information related to biomethane procurement contracts such as source, delivery path and attestation by the seller. The existing contracts do not provide provisions for Pasadena as buyer to obtain copies of the contracts related to common carrier pipelines or storage contracted by the sellers or their representatives. Pasadena is able to submit biomethane transportation documents to verify deliveries of biomethane from the source to the RPS eligible generation facility. Therefore, Pasadena can provide copies of the contracts that it contracted directly.

We suggest the information supplied to the CEC as part of the RPS eligibility certification process be deemed sufficient to have met the reporting requirements related to biomethane procurement contract and common carrier pipeline deliveries.

3. Substitution of Electrical Generation Facilities: Section II.C.1.c

The Guidebook states that biomethane under an existing biomethane contract may be used for RPS purposes at the designated generation facility for which the biomethane procurement contract was originally reported to the Energy Commission prior to March 29, 2012. This does not allow for the substitution of another electrical generating facility.

Pasadena advises that pursuant to our biomethane procurement contracts, deliveries are provided to the purchaser on a must-take basis. Because of this contract structure, Pasadena will burn the biomethane in its units. In the interest of environmental stewardship and the benefit of our rate payers, we prefer to generate electricity in the most efficient unit. Pasadena is in the process of replacing our old and inefficient unit with a new combined-cycle electricity generating unit. This rule will force us to burn biomethane in highly inefficient units whenever the most efficient unit is unavailable, sometimes for extensive periods. This translates to greater overall emissions and signifies higher cost to our rate payers.

If the new unit is certified under the rules that the that the old unit to be replaced was certified without modifications or substitutions to the source and delivery path, the same volume of gas would be burned with approximately 30% lesser emissions and lower

costs to the rate payers. The proposed language will force Pasadena to emit more and will the cost would be greater for the rate payers.

Pasadena suggests that CEC maintain its prior interpretation as provided in your Concept Paper for the Implementation of Assembly Bill 2196 for the Renewables Portfolio Standard. CEC staff rationale stated that the "CEC should allow an applicant of an RPS-certified electric generation facility that uses biomethane to substitute the designated facility, even if the new facility has not been previously RPS-certified or pre-certified." Pasadena strongly agrees that a change to the designated facility is permissible as long as the quantities of biomethane and the source of that biomethane remain unchanged under the original biomethane procurement contract(s).

4. RPS Procurement Requirements for Biomethane

For POUs, the Energy Commission will consider the dates of execution of the biomethane procurement contract, and as part of a power purchase agreement (PPA) or ownership agreement in determining whether the electricity procurement qualifies as either PCC procurement or count-in-full procurement, provided all other requirements are satisfied. Each PPA or ownership agreement and biomethane procurement contract will generally fall into one of three classifications.

Pasadena suggests that the CEC provide clarification by adding a fourth classification that allows for a situation where no PPA exists, however a utility has ownership of an electric generation facility, and has executed a biomethane procurement contract on or after June 1, 2010. The resulting energy generated shall qualify for PCC procurement.

5. Portfolio Content Category – VI. B.

The Guidebook states procurement claims ***may*** qualify as "count in full" if they meet the criteria in the *Enforcement Procedures for the RPS for POUs"*

Pasadena understands that contracts executed on and after June 1, 2010 would be classified into Portfolio Content Categories (PCC) pursuant to SB X 1-2. Pasadena believes that contract executed prior to June 1, 2010, ***will*** *qualify as "count in full" if they meet the criteria in the Enforcement Procedures for the RPS for POUs" and the rules in place at the time of execution. The POU participants in the electric generation facilities that are owned by Joint Power Authorities such as, Southern California Public Power Authority (SCPPA) should be considered owners for the purpose of PCC and RPS compliance.*

Thanks for consideration of our comments.

Sincerely,

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cc: Kate Zocchetti, CEC, kate.zocchetti@energy.ca.gov