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By First Class and Electronic Mail
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California Energy Commission
Docket Office, MS-4
Re: Docket No. 11-RPS-01 and Docket No. 02-REN-1038
RPS Proceeding
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 11-RPS-01 and Docket No. 02-REN-1038; Renewables Portfolio Standard; Comments of Powerex Corp. on the Proposed Changes to the *Renewables Portfolio Standard Eligibility Guidebook*

Dear Docket Office:

Powerex Corp. ("Powerex Corp.") hereby respectfully submits its comments in Docket No. 11-RPS-01 and Docket No. 02-REN-1038, addressing proposed changes to the *Renewables Portfolio Standard Eligibility Guidebook* ("Draft Guidebook"). The subject comments are limited to concerns regarding verification of scheduling and generation information for portfolio content category 1 ("PCC 1") transactions with facilities with a first point of interconnection outside a California Balancing Authority. Specifically:

1. SBX1 2 allows third-party power marketers to import renewable energy to their load-serving entity ("LSEs") customers in California for the purpose of those LSEs meeting their RPS compliance obligations. The Draft Guidebook, in particular with regard to the requirements for verifying scheduling and generation information, must be drafted to accommodate third-party power marketers that import and deliver renewable energy to California LSEs for the purpose of meeting the RPS compliance requirements of those LSEs.

2. The Annual Hourly Comparison Spreadsheet should be amended to: (i) allow for multiple NERC e-Tags to be scheduled from an RPS facility for a particular hour in the calculation methodology; and (ii) accommodate transactions for fixed volumes (rather than fixed percentages) from a RPS facility.

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Issue 1: Third-party power marketers/importers and the WREGIS NERC e-Tag Summary Report

The Draft Guidebook states that, "The facility, or party responsible for the scheduling arrangements, engage in an interchange transaction with the appropriate control area operator to deliver the facility's generation to a CBA." (*Renewables Portfolio Standard Eligibility*, Seventh Edition, Staff Draft Guidebook (unmarked), p. 101, emphasis added.) The Draft Guidebook also states that, "POUs must provide sufficient documentation to support PCC 1 claims in the form of an auditable package." (Draft Guidebook, p. 103.)

In cases where third-party power marketers import energy into California on behalf of a LSE, the third-party marketer is typically the entity that matches the NERC e-Tag with the REC in WREGIS. The current report structure in WREGIS only allows the entity that performed the matching of the NERC e-tag and REC to generate the WREGIS NERC e-Tag Summary Report.[1] Consequently, in the case where a third-party marketer imports the renewable energy, it is only the third-party marketer that is able to generate the WREGIS NERC e-Tag Summary Report.[2] The Draft Guidebook is drafted such that the only means of complying with the verification requirements is if the LSE (i.e., the retail seller or the POU) is also the importer of the renewable energy into the CBA, since the entity that performed the matching is the only entity able to generate the WREGIS NERC e-Tag Summary Report.

Powerex proposes both a permanent and an interim solution: The permanent solution is to fix the issue through updates to WREGIS. WREGIS could develop a sufficiently detailed WREGIS NERC e-Tag "Retirement" Summary Report so that information regarding matched e-Tag/REC data would be accessible to a POU in its REC retirement account. POUs would then be able to directly supply the CEC with sufficient proof of delivery. This functionality was identified in WREGIS Product Change Order 165 ("PCR 165").[3] Most relevant to matching/verification issues, PCR 165 proposed to:

> "(2) allow proof of delivery data to be associated with a WREGIS certificate prior to the retirement account and;

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1 Under WREGIS rules the importing entity is the purchasing selling entity (or PSE) on the same line of the physical path of the e-Tag as the line which contains the RPS ID of the renewable generator.

[2] WREGIS provides two reports under the WREGIS NERC e-Tag Summary Report; (1) Available NERC E-tags, and (2) Matched NERC E-tags. Powerex requests clarification that the "Available NERC e-Tags" report is the report that will be required by the CEC.

[3] WREGIS NERC e-Tag Change Control Form (PCR 165), p. 2. Available at, http://www.wecc.biz/WREGIS/Pages/Training.aspx, under Training Documents, http://www.wecc.biz/WREGIS/Documents/WREGIS%20NERC%20e-Tag%20Change%20Control%20Form%20(PCR%20165).pdf.

(3) allow that same proof of delivery data to be transferred with the WREGIS certificate to other entities and ultimately to a retirement account."

Powerex supports the use of WREGIS for verification and proposes that the CEC request that WREGIS complete the functionality of PCR 165 to enable the transfer of "Proof of Delivery Data" when a WREGIS certificate is transferred.[4] This will facilitate the CEC's verification of NERC e-Tag data within POUs' WREGIS retirement accounts.

The screenshots below are examples of the NERC E-Tag Summary Reports (with immaterial information redacted) from WREGIS illustrating that a user cannot validate any specific WREGIS Certificate information using this Report. Once a WREGIS Certificate has been matched with the NERC e-Tag ID, the NERC E-Tag Summary Reports do not provide any detail regarding which WREGIS Certificate has been used. In addition, the NERC e-Tag Summary Reports are exhaustive, meaning that it contains <u>all</u> e-Tags in an importer's account that have been sunk into a California Balancing Authority and that have an RPS ID specified in the Miscellaneous Token field on the e-Tag. The Reports meet the CEC's verification objectives "as is" only if the POU is also the entity matching WREGIS Certificates with NERC e-Tags.

Available NERC E-tags | Matched NERC E-tags

Load Control Area: Select All

Available NERC E-tags

NERC Tag ID	Start Date	Stop Date	Generator Name	Load	Load Control Area	Generator Control Area	Total MWh on Tag	Used MWhs	MWhs remaining	Importing Entity	Miscellaneous Field
CHPD_	2012-07-15T00:00:00-	2012-07 17T00 (		SP15	CISO		1,600	1,600	0		RPS_ID:
CHPD_	2012-07-08T00:00:00-	2012-07 10T00:(		SP15	CISO		1,600	1,600	0		RPS_ID:
BPAT_	2012-07-04T00:00:00-	2012-07 06T00 (		NP15	CISO		1,600	1,600	0		RPS_ID:
BPAT_	2012-07-01T00:00:00-	2012-07 03T00:(		SP15	CISO		1,600	1,600	0		RPS_ID:
BPAT_	2012-06-29T06:00:00-	2012-06 30T22 (		NP15	CISO		1,600	1,600	0		RPS_ID:
BPAT_	2012-06-24T00:00:00-	2012-06 26T00:(		SP15	CISO		1,600	1,600	0		RPS_ID:
BPAT_	2012-06-15T06:00:00-	2012-06 16T22 (		SP15	CISO		1,600	1,600	0		RPS_ID:

4 PCR 165 was initially proposed by Powerex and was approved by the WREGIS Stakeholder Advisory Committee. The final item (3) was not implemented due to concerns regarding confidentiality of NERC e-Tag data being transferred between parties. Powerex believes these issues to be very solvable and refers to Appendix C within PCR165 for further discussion on the issue., http://www.wecc.biz/WREGIS/Documents/WREGIS%20NERC%20e-Tag%20Change%20Control%20Form%20(PCR%20165).pdf.

Available NERC E-tags | Matched NERC E-tags

Matched NERC E-tags

NERC Tag ID	Start Date	Stop Date	Generator Name	Load	Load Control Area	Generator Control Area	Quantity	Importing Entity	Matched RECs	Miscellaneous Field
N/A	2012-[illegible]	201[illegible]		NP15	CISO		400		1/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		SP15	CISO		600		-5/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		NP15	CISO		798		-6/2012 -7/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		SP15	CISO		600		-7/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		SP15	CISO		1,179		-7/2012 -8/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		SP15	CISO		981		-8/2012	RPS_E[illegible]
ECI[illegible]	2012-[illegible]	201[illegible]		SP15	CISO		453		-9/2012	RPS_E[illegible]

In the interim, prior to an update to WREGIS that will allow the CEC to verify NERC e-Tag data within POUs' WREGIS retirement accounts, Powerex suggests the following mechanism for the CEC to review the NERC e-Tag data for POUs in circumstances where the entity that matches the WREGIS Certificate with the NERC e-TAG is not the entity retiring the REC. This approach would be consistent with the use of the CA RPS e-Tag Summary Report:

1. Review the Annual Hourly Comparison Spreadsheet submitted by the POU;
2. Randomly select a subset of NERC e-Tags to perform a spot audit; and
3. Request that the POU have the importer provide to the POU and CEC a NERC e-Tag summary of the subset of NERC e-Tags selected for audit to confirm that they have been appropriately matched.[5]

Powerex understands that some of the issues raised herein may be addressed more fully in Appendix A (WREGIS Reporting Instructions) of the Draft Guidebook. Appendix A has not yet been made available for review and comment. Powerex respectfully requests that parties be given an opportunity to review and comment on Appendix A prior to adoption of the Draft Guidebook.

Issue 2: Annual Hourly Comparison Spreadsheet

Powerex believes that the CEC's proposed method of calculation in the Annual Hourly Comparison Spreadsheet needs to be amended slightly to generalize the calculation. Powerex observes that the calculation works as expected when the full output of the RPS eligible facility is delivered into a CBA on a single hourly schedule as represented on one NERC e-Tag. However, the calculation does not appear to accommodate situations in which the scheduled output of the facility is scheduled on two or more NERC e-Tags, as would be the case where there are numerous owners of a facility or where the facility owner splits the output of the facility amongst numerous customers via independent schedules (e-Tags).

To generalize the calculation of Eligible PCC 1 Volume, based on the above issue, Powerex proposes to add an additional step on the Annual Hourly Comparison Spreadsheet to associate an Amount of Hourly Meter Data (MWh) to a particular NERC e-Tag

5 WREGIS provides for this functionality with the "Report Export Request" form. Sufficient data could be provided via multiple "reports" for a specific POU imports.

schedule. Eligible PCC 1 Volume will then be the lesser of the NERC e-Tag schedule or the Amount of Hourly Meter Data associated with the NERC e-Tag schedule. The Amount of Hourly Meter Data associated with NERC e-Tag schedules for an hour may not exceed the hourly generation from the RPS facility.

By associating a share (MWh) of Meter Data with a NERC e-Tag schedule the step requiring Amount (Percent Share) of Facility Output Procured is required to be replaced with Amount (Percent Share) of Final Hourly Schedule Procured. In addition to handling multiple hourly NERC e-Tag schedules, the change also addresses the concern, raised by other market participants at the March 14th Staff Workshop on Proposed Changes to the Renewables Portfolio Standard Eligibility Guidebook, that contracts may specify volume in MWhs rather than percent share of an RPS facility's output.

Based on the foregoing, Powerex seeks clarification on the calculation in the Annual Hourly Comparison Spreadsheet and proposes revising the calculation to apply more generally. Specifically, the Draft Guidebook, (p. 104) should be amended to read:

- Date (for example, 01/01/2011; 01/02/2011, and so forth);
- Hour Ending (1; 2; 3 and so forth);
- RPS facility's Final Hourly Schedule as represented on <u>one or more</u> e-Tags (reported in MWh – include four decimal points if converting from kWh);
- RPS facility's Hourly Meter Data (reported in MWh – include four decimal points if converting from kWh)
- <u>Amount of Hourly Meter Data associated with each Final Hourly Schedule (MWh)</u>
- Eligible PCC 1 Volume: Lesser of Schedule, <u>Amount of Hourly</u> Meter <u>Data associated with Final Hourly Schedule</u> (reported in MWh - include four decimal points if converting from kWh);
- Amount (Percent Share) of <u>Final Hourly Schedule</u> Procured;
- Eligible PCC 1 Volume Procured (MWh)- this is the amount of the Eligible PCC 1 Volume the POU procured, which would be calculated using the Percent Share of <u>Final Hourly Schedule</u> multiplied by the Eligible PCC 1 Volume;
- Total MWh Retired From Eligible PCC 1 Procurement (MWh) for Reporting Year;
- Expected Reporting Year for which Eligible PCC 1 Procurement may be retired- indicate expected reporting year, if known, or indicate that it will be reported later (2012 or Later Year for example);
- Total MWh Sold From Eligible PCC 1 Procurement (MWh);

The tables below illustrate how the calculation of Eligible PCC 1 Volume breaks down if there are multiple NERC e-Tag schedules for a given hour and how the suggested change to the current calculation can accommodate this scenario.

Table 1: Current Draft Guidebook Language

HE	e-Tag Schedule (MWh)	Meter Data (MWh)	Eligible PCC 1 (MWh)	% Share Output Procured	Eligible PCC 1 Volume Procured	e-Tag ID
1	100.0	100.0	100.0	100%	100.0	ABC 1
1	50.0	100.0	50.0	50%	25.0	ABC 1 – to Party A
1	50.0		50.0	50%	25.0	ABC 2 – to Party B
Total	100.0	100.0	100.0		50.0	

Table 2: Proposed Language (additions shown in underline)

HE	e-Tag Schedule (MWh)	Meter Data (MWh)	Amount Meter Associated with e-Tag (MWh)	Eligible PCC 1 (MWh)	% Share e-Tag Procured	Eligible PCC 1 Volume Procured	e-Tag ID
1	100.0	100.0	100.0	100.0	100%	100.0	ABC 1
1	50.0	100.0	50.0	50.0	100%	50.0	ABC 1 – to Party A
1	50.0		50.0	50.0	100%	50.0	ABC 2 – to Party B
Total	100.0	100.0	100.0	100.0		100.0	

Minor systematic rounding error produced in matching process

Finally, Powerex observes that there is a potential for mismatching in the verification of PCC 1 volume. The steps proposed to be followed by CEC staff to verify scheduling and generation data include the comparison of the "Used MWh" amount to the lesser of the hourly amount generated and the hourly amount scheduled to ensure that they match. (Draft Guidebook, p. 106.) Given the restrictions of matching within the WREGIS system an entity can only match a whole MWh of an e-Tag schedule with the same amount of WREGIS certificates. However, hourly Eligible PCC 1 Volume can be fractional since generation is recorded in kWh. This issue will result in a systematic calculation of total hourly Eligible PCC 1 Volume in the Annual Hourly Comparison Spreadsheet that is larger than the total Used MWh of the associated e-Tag as shown on the WREGIS NERC e-Tag Summary Report when there are partial MWh that are PCC1 eligible.

While this is a relatively minor issue, if the CEC plans to verify scheduling and generation data based on monthly totals, for example, monthly Eligible PCC 1 Volume as calculated on the Annual Hourly Comparison Spreadsheet and the total monthly Used MWh shown on the WREGIS e-Tag Summary Report, then the CEC should provide further direction to parties with regard to how e-Tags should be matched in WREGIS to account for the hourly

rounding error produced in the matching process, and to which e-Tags the accumulated hourly rounding should be allocated.

Conclusion

Powerex thanks the Commission for this opportunity to provide comments on the Draft RPS Eligibility Guidebook, and looks forward to working closely with staff to address the issues raised in these comments. Should you have any questions with regard to these comments, please contact the undersigned.

Sincerely,

Suzy Hong

On behalf of Powerex Corp.

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