Pacific Gas and Electric Company ™

Alyssa T. Koo

Mailing Address
P.O. Box 7442
San Francisco, CA 94120

Street/Courier Address
Law Department
77 Beale Street
San Francisco, CA 94105

(415) 973-3386
Fax: (415) 973-5520
Internet: ATK4@pge.com

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VIA E-MAIL
docket@energy.state.ca.us

CALIFORNIA ENERGY COMMISSION
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

Re: Docket Nos.: CEC-02-REN-1038 and CEC-03-RPS-1078
Draft 2006 RPS Verification Report

To whom it may concern:

Pacific Gas and Electric Company ("PG&E") hereby submits its comments in response to the California Energy Commission's ("Energy Commission") *Request for Comments on the Draft 2006 Procurement Verification Staff Report*[1] *Regarding Tradable Renewable Energy Credits,* which requests comments by April 21, 2010. On March 11, 2010, the California Public Utilities Commission ("CPUC") issued the *Decision Authorizing Use of Renewable Energy Credits for Compliance with the California Renewable Portfolio Standard.*[2] In the *Request,* the Energy Commission seeks comments on how, if at all, the TREC Decision impacts the Energy Commission's Draft Report.

The Draft Report is a comprehensive report prepared in order to monitor Renewable Portfolio Standard ("RPS") compliance. The Draft Report analyzes the RPS procurement of the three large investor-owned utilities (including PG&E), small land multi-jurisdictional utilities, as well as electric service providers. The Draft Report is intended to verify whether all reported RPS procurement for the years 2003 through 2006 meets RPS requirements, including confirming that the energy was generated by certified RPS-eligible facilities, that RPS-eligible energy was counted only once, and that delivery requirements have been met.

In the TREC Decision, the CPUC authorized the use of tradable renewable energy credits ("TRECs") for use in California's RPS program. Previously utilities were authorized to count only "bundled" renewable contracts, which included both energy and Renewable Energy Credits ("RECs"), toward RPS requirements. The TREC Decision established the structure and rules for a market for TRECs, which allows utilities to buy TRECs separately from the associated energy. In establishing the TREC framework, however, the CPUC also promulgated new definitions for

1 CEC-300-2009-006-SD ("Draft Report").
2 CPUC Decision 10-03-021 (March 11, 2010) ("TREC Decision").

"bundled" and REC-only transactions. As a result, certain types of transactions that had previously constituted "bundled" renewable contracts may now be considered REC-only transactions under the TREC Decision.

Despite this change in the definition of "bundled" transactions, the TREC Decision does not affect the accuracy of the Energy Commission's Draft Report, in general or as applied to PG&E. The CPUC's new definition of REC-only transactions is prospective only.[3] For existing contracts, deliveries received prior to the effective date of the TREC decision will be considered bundled deliveries for purposes of RPS compliance. Thus, for those existing contracts that are now classified as REC-only under the TREC Decision, only deliveries that occur after the effective date of the decision will be considered REC-only deliveries. As the effective date of the TREC Decision is March 11, 2010, and the Draft Report analyzes the RPS-eligibility of energy delivered for the years 2003 to 2006, this feature of the TREC Decision does not impact the validity of the Draft Report.

In addition, the TREC Decision authorizes the use of RECs for RPS compliance beginning as early as 2008. Again, as the potentially affected time period is after the years considered in the Draft Report, this aspect of the TREC Decision does not impact the Draft Report.

PG&E appreciates the Energy Commission Staff's diligent work to create a comprehensive and accurate report.

Regards,

Alyssa T. Koo

cc: Ms. Theresa Daniels, CEC - RPS Group, *via E-Mail* tdaniels@energy.state.ca.us
Ms. Kate Zocchetti, CEC - RPS Unit Manager, *via E-Mail* kzocchet@energy.state.ca.us

[3] *See* TREC Decision, Ordering Paragraph 6.