

CALIFORNIA ENERGY COMMISSION1516 Ninth Street
Sacramento, California 95814Main website: www.energy.ca.gov**Before the California Energy Commission**

Implementation of Renewables Portfolio) Docket No. 03-RPS-1078
Standard Legislation) RPS Proceeding

**ERRATA TO THE COMMITTEE DRAFT RENEWABLES PORTFOLIO
STANDARD 2005 PROCUREMENT VERIFICATION REPORT**

The California Energy Commission's Renewables Committee (committee) has recommended and approved the attached list of errata to the committee draft *Renewables Portfolio Standard 2005 Procurement Verification Report (Verification Report)*. The errata are needed to revise the report to reflect new information since the committee draft was released and to correct typographical errors to various tables in the draft report.

Background

The staff draft *Verification Report* (Publication #CEC-300-2007-001-SD) was released on March 5, 2007. On March 15, 2007, the Renewables Committee held a workshop to discuss the staff draft *Verification Report*. The Renewables Committee carefully considered oral and written comments received on the staff draft *Verification Report* and released a committee draft *Verification Report* (Publication #CEC-300-2007-001-CTD) on May 11, 2007.

The committee draft *Verification Report* was originally scheduled to be considered for adoption at the Energy Commission's May 23, 2007, business meeting. A notice informing the public of the proposed adoption was released on May 11, 2007. After the release of the notice and before May 23, staff obtained additional information that required further investigation and some revisions and corrections to the report. Consequently, the item was removed from the May 23 business meeting agenda for further consideration.

The Renewables Committee has approved revisions to the report and recommends that the committee draft *Verification Report* and errata be considered for adoption at the regularly scheduled business meeting on August 1, 2007. The errata to the committee draft *Verification Report* are attached.

Summary of Errata

The errata reflect revisions needed as result of public input on the committee draft *Verification Report* and staff analysis after the publication of the committee draft. A summary of the errata follows. Please note that the committee draft *Verification Report* is in underline/strikeout format to highlight changes from the staff draft. However, some of the errata were made to changes that appear in underline/strikeout in the committee draft. To highlight the changes listed in the errata, changes to cells in tables made in the errata have a thicker border.

The errata include a revision to the committee draft *Verification Report* to add 70,452 megawatt-hours (MWh) of eligible procurement toward Pacific Gas and Electric Company's (PG&E) 2004 Annual Procurement Target (revision to Table 7). This change is an amendment to the Committee draft finding that PG&E and 3Phases Energy Services had a competing claim on renewable energy attributes from the Sierra Pacific Industries Burney biomass facility. Subsequent staff analysis revealed that 3Phases Energy Services' procurement of renewable attributes from the Sierra Pacific Burney facility was ineligible under the Energy Commission's regulations for the SB 1305 Power Source Disclosure Program. Consequently, the 70,452 MWh PG&E procured from the Sierra Pacific Burney biomass facility in 2004 is eligible toward PG&E's RPS obligations. The errata include an update to the acknowledgments page to recognize 3Phases Energy Services for the assistance and information it provided to staff.

Additionally, the errata include corrections and conforming changes to some of the results for Southern California Edison Company (SCE). For example, SCE's 2003 retail sales total of 70,617,000 MWh was correctly listed in Table 17; however, a typographical error in Table 10 incorrectly identified SCE's 2003 retail sales. In turn, the error in Table 10 resulted in an incorrect calculation of SCE's 2003 Initial Baseline Procurement Amount. This correction resulted in the need for conforming changes to SCE's 2004 and 2005 Annual Procurement Targets in Tables 15, 16, and 17 as shown in the errata.

The errata also reflect a correction to San Diego Gas & Electric Company's (SDG&E) Annual Procurement Target for 2005 in Table 20 and conforming changes to Tables 21 and 22. Table 20 included a typographical error, which indicated that SDG&E's Annual Procurement Target for 2005 was 604,740 MWh, but the correct total is 604,741 MWh as shown in the errata.

Public Participation

The Energy Commission's Public Adviser provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [pao@energy.state.ca.us]. If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

This notice is available from the Energy Commission's website at:

[\[www.energy.ca.gov/portfolio/documents/index.html\]](http://www.energy.ca.gov/portfolio/documents/index.html).

If you have technical questions regarding the subject matter of this notice, please contact Jason Orta of the Renewable Energy Program by phone at (916) 653-5851, or by e-mail at [\[jorta@energy.state.ca.us\]](mailto:jorta@energy.state.ca.us). News media inquiries should be directed to Claudia Chandler, Assistant Executive Director, at (916) 654-4989, or by email at [\[mediaoffice@energy.state.ca.us\]](mailto:mediaoffice@energy.state.ca.us).

JOHN L. GEESMAN
Commissioner and Presiding Member
Renewables Committee

JACKALYNE PFANNENSTIEL
Chairman and Associate Member
Renewables Committee

Date Mailed: July 20, 2007
Dated: July 20, 2007
Mail Lists: 5507 RPS, 5504 New

Note: California Energy Commission's formal name is State Energy Resources Conservation and Development Commission.

ATTACHMENT

Please note that the committee draft *Verification Report* is in underline/strikeout format in order to highlight changes from the Staff draft. However, some of the errata were made to changes that appear in underline/strikeout in the committee draft. To highlight the changes listed in the errata, changes to cells in tables made in the errata have a thicker border. Revisions with a * indicate that they were made after this document was mailed out on July 24, 2007.

Acknowledgements Page:

Under the section titled “Written Comments were Received from the Following”, add the following in the line before California Public Utilities Commission:

3Phases Energy Services

Section 4: Procurement Verification Findings

Comparison of Procurement and Targets

Table 5 on Page 21 should be revised as follows:

Table 5: IOU Progress in Meeting the RPS for 2005 (MWh)						
Utility	2005 Annual Procurement Target (APT)	Procurement Eligible Towards Meeting the APT	Total Procured in Excess of 2005 APT ¹	2005 Incremental Procurement Target (IPT)	Estimated Incremental Procurement ²	Total Incremental Procured in Excess of 2005 IPT ³
PG&E	8,543,303	8,650,362	107,059	736,163	843,222	107,059
SCE	12,620,726	12,924,401	303,675	729,634	1,033,309	303,675
SDG&E	604,741	825,366	220,625	158,116	378,741	220,625
¹ Negative numbers indicate that the IOU procured less than its APT.						
² Incremental procurement is defined as total RPS-eligible procurement that exceeds the previous year's APT.						
³ Negative numbers indicate that the IOU procured less than its IPT.						

Section 4: Procurement Verification Findings

Comparison of Procurement and Targets

Table 7 on Page 23 should be revised as follows:

Table 7: PG&E RPS Procurement								
	RPS Procurement for PG&E (MWh) ¹				Percent of Retail Sales			
	2001	2003	2004	2005	2001	2003	2004	2005
APT	na	na	7,807,140	8,543,303	na	na	10.61%	11.75%

IPT	na	na	710,994	736,163	na	na	0.97%	1.01%
Incremental Procurement ^{2,3}	na	na	1,392,671	843,222	na	na	1.89%	1.16%
Total procurement ³	6,719,480	na	8,574,976*	8,650,362	8.92%	12.42%	11.65%*	11.89%
Procurement from Facilities Without RPS-Certification ⁴	na	na	na	na	na	na	na	na
Procurement from Facilities in Which Procurement Exceeds Generation by 5 percent or greater ⁵	na	na	na ⁹	na	na	na	na*	na
Procurement from Distributed Generation Facilities ⁶	na	na	na	na	na	na	na	na
Procurement Eligible Towards the APT ⁷	na	na	8,559,270 8,574,976*	8,650,362	na	na	11.65%*	11.89%
Retail sales ⁸	75,320,000	71,099,363	73,616,302	72,726,639	na	na	na	na

¹ For 2001, total renewable procurement was reported in the "Report to the California Public Utilities Commission: Utility Procurement of Renewable Energy-2001 and 2002" which was filed by PG&E under Rulemaking 01-10-024. The data for 2003-2005 are derived from PG&E's RPS-Track submittals to the Energy Commission.

² Incremental procurement is the amount of RPS-eligible procurement that is procured in a given year over the previous year's APT.

³ Incremental Procurement and Total Procurement are divided by the current year's retail sales.

⁴ Since 2004, in order to be eligible for the RPS, facilities must be certified by the Energy Commission pursuant to the *RPS Eligibility Guidebook*.

⁵ Procurement from each facility was compared to generation from the facility. If more than one generation total was available, the highest one was selected.

⁶ Page 3 of the *RPS Eligibility Guidebook* states the following: "The law includes solar energy as an eligible resource for the RPS, but several issues need to be clarified to determine how best to include distributed photovoltaic resources, as well as other forms of customer-side renewable distributed generation."

⁷ This is the Total Procurement for a given year that excludes procurement from facilities that don't have their RPS-Certification (none), procurement from facilities in which total procured exceeds annual generation by 5 percent or greater (none), and procurement from distributed generation facilities (none).

⁸ Attachment A of CPUC D.06-10-050 indicates the APT and IPT are calculated based on the previous year's retail sales. The APT for 2004 is the sum of the 2003 Initial Baseline Procurement Amount and the 2004 IPT, which is 1 percent of the previous year's retail sales. The APT for 2005-2009 is the sum of the previous year's APT and IPT, the IPT is 1 percent of the previous year's retail sales.

⁹ The May 2007 Committee Draft recommended that PG&E not get any credit for its procurement from the Sierra Pacific Industries Burney facility towards its RPS targets for 2004 because of a competing claim of renewable attributes between PG&E and the Energy Service Provider, 3Phases Energy Services, sold by that facility. However, it was discovered that 3Phases procurement of renewable attributes from the Sierra Pacific Burney facility was not in accordance with regulations for the Energy Commission's Power Source Disclosure Program, CCR, tit. 20, sec. 1390 – 1394. Under the Energy Commission's regulations for the Power Source Disclosure Program, a generator may produce and issue certificates to document its generation using Commission-created software known as "GenReport." These certificates may then be used by a retail provider for purposes of the Power Source Disclosure Program to demonstrate it has purchased the right to claim a specified quantity of generation from the generator. The Energy Commission's regulations state that the GenReport software is available to all generators within the Western Systems Coordinating Council that do not sell their generation to an IOU under the terms of a contract entered into prior to September 24, 1996, under Public Utility Regulatory Policies Act of 1978 (PURPA). The Sierra Pacific Industries Burney facility is a Qualifying Facility (QF) that sold its power to PG&E via a contract that was entered into prior to September 24, 1996 pursuant to PURPA. Staff has learned that the Energy Commission erroneously provided Sierra Pacific Burney with a copy of the Energy Commission's GenReport software and a series of certificate numbers in 2002, and that Sierra Pacific Burney subsequently used the software to issue GenReport certificates in 2004 to document their sales to 3Phases Energy Services. It is unknown why the Energy Commission provided the software or certificate numbers to Sierra Pacific Burney or why the oversight was not discovered earlier. However, it is clear that the Energy Commission's regulations forbid Sierra Pacific Burney from issuing GenReport certificates for purposes of the Power Source Disclosure Program. Consequently, the GenReport certificates Sierra Pacific Burney sold to 3Phases are ineligible for purposes of the Power Source Disclosure Program, and do not represent a competing claim with PG&E. Staff will inform the CPUC of this issue but it is not recommended

that any punitive action be taken towards 3Phases because the issuance of GenReport certificates by Sierra Pacific Industries Burney was facilitated in part by the Energy Commission's oversight in providing the facility the GenReport software. Moreover, it appears other biomass facilities operated by Sierra Pacific Industries could have properly issued GenReport certificates in 2004 for use by 3Phases had the facilities issued GenReport certificates at that time. PG&E procured 70,452 MWh from the Sierra Pacific Industries Burney biomass facility. Although available data indicates that the facility generated 94,103 MWh, staff found that another retail provider, 3Phases Energy Services, procured 48,122 MWh in Renewable Energy Certificates from this facility in 2004. As a result, it appears that PG&E procured generation from this facility that did not include the renewable attribute. While PG&E claims that they procured both the generation and the attribute from this facility, the facility claims that it had the right to sell the attribute to 3Phases Energy Services. This is a dispute is contractual in nature and not within the Energy Commission's jurisdiction to resolve. Therefore, the Energy Commission will not credit PG&E or 3Phases Energy Services for their claimed procurement from this facility until such time as the dispute is resolved. The Energy Commission is prepared to revise its finding to reflect the parties' resolution of the dispute, provided the resolution does not result in renewable attributes being double counted.

Table 9 on Page 25 should be revised as follows:

Table 9: Difference between PG&E RPS Procurement and Targets				
Eligibility	2004 Procurement (MWh)	2005 Procurement (MWh)	2004 Percent Above Target	2005 Percent Above Target
Qualifying APT Procurement	8,574,976*	8,650,362	9.84%*	1.25%

Section 4: Procurement Verification Findings

Comparison of Procurement and Targets

Southern California Edison

Table 10 on Page 23 should be revised as follows:

Table 10: SCE's 2003 Initial Baseline Procurement Amount¹	
	(MWh)
<u>2001 RPS-Eligible Procurement</u>	11,056,099
<u>2001 Total Retail Sales</u>	74,806,895
<u>2001 RPS-Eligible Procurement/2001 Total Retail Sales</u>	14.8%
<u>2003 Total Retail Sales</u>	70,617,000
<u>1 Percent of 2001 Total Retail Sales</u>	748,069
<u>2003 Initial Baseline Procurement Amount</u>	11,184,922

¹ Per Decision 07-03-046, Rulemaking 06-05-027, the 2003 Initial Baseline Procurement Amount equals (2001 RPS-eligible procurement/2001 total retail sales) X 2003 total retail sales + 1% of 2001 Total Retail Sales.

Table 15 on Page 27 should be revised as follows:

Table 15: SCE RPS Procurement								
	RPS Procurement for SCE (MWh)¹				Percent of Retail Sales			
	2001	2003	2004	2005	2001	2003	2004	2005
APT	na	na	11,891,092	12,620,726	na	na	16.30%	16.76%
IPT	na	na	706,170	729,634	na	na	0.97%	0.97%
Incremental Procurement ^{2,3}	na	na	2,062,559	1,033,309	na	na	2.83%	1.37%
Total procurement ³	11,056,099	12,496,238	13,247,500	12,929,722	14.78%	17.70%	18.16%	17.17%
Procurement from Facilities Without RPS-Certification ⁴	na	na	1	5,314	na	na	0.00%	0.01%
Procurement from Facilities in Which Procurement Exceeds Generation by 5 percent or greater ⁵	na	na	0	0	na	na	0.00%	0.00%
Procurement from Distributed Generation Facilities ⁶	na	na	18	7	na	na	0.00%	0.00%
Procurement Eligible Towards the APT ⁷	na	na	13,247,481	12,924,401	na	na	18.16%	17.16%
Retail sales ⁸	74,806,895	70,617,000	72,963,394	75,301,524	na	na	na	na
¹ For 2001, total renewable procurement was reported in the "Report to the California Public Utilities Commission: Utility Procurement of Renewable Energy-2001 and 2002" which was filed by SCE under Rulemaking 01-10-024. The data for 2003 through 2005 are derived from SCE's RPS-Track submittals to the Energy Commission.								
² Incremental procurement is the amount of RPS-eligible procurement that is procured in a given year over the previous year's APT.								
³ Incremental Procurement and Total Procurement are divided by the current year's retail sales.								
⁴ Since 2004, in order to be eligible for the RPS, facilities must be certified with the California Energy Commission pursuant to the <i>RPS Eligibility Guidebook</i> .								
⁵ Procurement from each facility was compared to generation from those facilities. In facilities where there was more than one generation total available, the highest one was selected.								
⁶ Page 3 of the <i>RPS Eligibility Guidebook</i> states the following: "The law includes solar energy as an eligible resource for the RPS, but several issues need to be clarified to determine how best to include distributed photovoltaic resources, as well as other forms of customer-side renewable distributed generation."								
⁷ This total is the Total Procurement for a given year less Procurement from Facilities that do not have their RPS-Certification and less procurement from facilities in which total procured exceeds annual generation by 5 percent or greater (none) and less procurement claims from distributed generation (DG).								
⁸ Attachment A of CPUC D.06-10-050 indicates the APT and IPT are calculated based on the previous year's retail sales. The APT for 2004 is the sum of the 2003 Initial Baseline Procurement Amount and the 2004 IPT, which is 1 percent of the previous year's retail sales. The APT for 2005-2009 is the sum of the previous year's APT and IPT, the IPT is 1 percent of the previous year's retail sales.								

Table 16 on Page 29 should be revised as follows:

Table 16: SCE RPS Procurement Targets				
Target	2004 Target MWh	2005 Target MWh	2004 Percent of 2003 Retail Sales	2005 Percent of 2004 Retail Sales
IPT	706,170	729,634	1.00%	1.00%
APT	<u>11,891,092</u>	<u>12,620,726</u>	<u>16.84%</u>	<u>17.30%</u>
¹ The 2003 through 2005 targets are based on the methodology adopted in decision 06-10-050, R.06-05-027 on October 19, 2006.				

Table 17 on Page 29 should be revised as follows:

Table 17: Difference between SCE RPS Procurement and Targets				
Eligibility	2004 Procurement (MWh)	2005 Procurement (MWh)	2004 Percent Above Target	2005 Percent Above Target
Qualifying APT Procurement	13,247,481	12,924,401	<u>11.41%</u>	<u>2.41%</u> -

Section 4: Procurement Verification Findings

Comparison of Procurement and Targets

San Diego Gas & Electric

Table 20 on Page 31 should be revised as follows:

Table 20: SDG&E RPS Procurement

	RPS Procurement for SDG&E (MWh) ¹				Percent of Retail Sales			
	2001	2003	2004	2005	2001	2003	2004	2005
APT	na	na	446,625	604,741	na	na	2.82%	3.78%
IPT	na	na	150,439	158,116	na	na	0.95%	0.99%
Incremental Procurement ^{2,3}	na	na	381,666	378,741	na	na	2.41%	2.37%
Total procurement ³	145,760	na	677,966	825,366	0.97%	3.66%	4.29%	5.16%
Procurement from Facilities Without RPS-Certification ⁴	na	na	114	0	na	na	0.00%	0.00%
Procurement from Facilities in Which Procurement Exceeds Generation by 5 percent or greater ⁵	na	na	na	na	na	na	na	na
Procurement from Distributed Generation Facilities ⁶	na	na	na	na	na	na	na	na
Procurement Eligible Towards the APT ⁷	na	na	677,852	825,366	na	na	4.29%	5.16%
Retail sales ⁸	14,998,806	15,043,865	15,811,591	16,001,516	na	na	na	na

¹ For 2001, total renewable procurement was reported in the "Report to the California Public Utilities Commission: Utility Procurement of Renewable Energy-2001 and 2002" which was filed by SDG&E under Rulemaking 01-10-024. The data for 2003 through 2005 are derived from SDG&E's RPS-Track submittals to the Energy Commission.

² Incremental procurement is the amount of RPS-eligible procurement that is procured in a given year over the previous year's APT.

³ Incremental Procurement and Total Procurement are divided by the current year's retail sales.

⁴ Since 2004, in order to be eligible for the RPS, facilities must be certified by the California Energy Commission pursuant to the *RPS Eligibility Guidebook*.

⁵ Procurement from each facility was compared to generation from those facilities. In facilities where there was more than one generation total available, the highest one was selected.

⁶ Page 3 of the *RPS Eligibility Guidebook* states the following: "The law includes solar energy as an eligible resource for the RPS, but several issues need to be clarified to determine how best to include distributed photovoltaic resources, as well as other forms of customer-side renewable distributed generation."

⁷ This total is the Total Procurement for a given year less Procurement from Facilities that do not have RPS-Certification and less procurement from facilities in which total procured exceeds annual generation by 5 percent or greater (none), and less procurement from distributed generation (DG).

⁸ Attachment A of CPUC D.06-10-050 indicates the APT and IPT are calculated based on the previous year's retail sales. The APT for 2004 is the sum of the 2003 Initial Baseline Procurement Amount and the 2004 IPT, which is 1 percent of the previous year's retail sales. The APT for 2005-2009 is the sum of the previous year's APT and IPT, the IPT is 1 percent of the previous year's retail sales.

Table 21 on Page 32 should be revised as follows:

Table 21: SDG&E RPS Procurement Targets¹				
Target	2004 Target MWh	2005 Target MWh	2004 Percent of 2003 Retail Sales	2005 Percent of 2004 Retail Sales
IPT	150,439	158,116	1.00%	1.00%
APT	446,625	604,741	2.97%	3.82%

¹ The 2003 through 2005 targets are based on the methodology adopted in decision 06-10-050, R.06-05-027 on October 19, 2006.

Table 22 on Page 32 should be revised as follows:

Table 22: Difference Between SDG&E RPS Procurement and Targets				
Eligibility	2004 Procurement (MWh)	2005 Procurement (MWh)	2004 Percent Above Target	2005 Percent Above Target
Qualifying APT Procurement	677,852	825,366	51.77%	36.48%