

Attachment A: Summary of Major Revisions to the Renewables Portfolio Standard Eligibility Guidebook and Overall Program Guidebook for the Renewable Energy Program

The following summarizes the major changes staff is proposing to the *Renewables Portfolio Standard Eligibility Guidebook* and the *Overall Program Guidebook for the Renewable Energy Program*, by section. The draft guidebooks, with the staff's proposed changes shown in underline/strikeout format, will be available on the Energy Commission's website at:

www.energy.ca.gov/portfolio/documents/index.html

Staff, with input and guidance from lead Commissioner, Carla Peterman, is recommending the following revisions to the guidebooks, listed by section:

Renewables Portfolio Standard Eligibility Guidebook

I. Introduction

- Addresses the following new laws affecting the RPS:
 - Assembly Bill 920 (AB 920, stats. 2009, ch. 376) amends Section 2827 of the Public Utilities Code and requires electric utilities to develop a tariff to compensate wind and solar net energy metering customers for electricity they produce in excess of their on-site load at the end of a 12-month period (net surplus generation).
 - Assembly Bill 1954 (AB 1954, stats. 2010, ch. 460) amends Section 399.12 and directs the Energy Commission to set, for each renewable technology, the de minimis quantity of nonrenewable fuels that can be counted as renewable for the RPS. AB 1954 sets the de minimis amount of nonrenewable fuel that is used in the same generation process as the renewable fuel is used at no more than 2 percent, but permits the Energy Commission to adjust this de minimis quantity to a maximum of 5 percent for individual facilities if certain conditions are satisfied.
 - Senate Bill X1-2 (SB X1-2, stats. 2011, 1st ex. sess., ch. 1) codifies the state's 33 percent by 2020 RPS target and charges the Energy Commission with new responsibilities for certifying electrical generation facilities as eligible renewable energy resources for the RPS for retail sellers of electricity and local publicly-owned electric utilities (POUs) and for developing an accounting system to verify the RPS compliance of retail sellers and POUs. SB X1-2 also charges the Energy Commission with new responsibilities for adopting regulations specifying enforcement procedures for POU compliance with the RPS.
- Identifies outstanding issues that may be considered in future guidebook revisions.
 - Storage Facilities: Recognizes the importance of energy storage technology for renewable energy resources and anticipates that new storage technologies may need to be addressed in future guidebook revisions. Changes were also made to previously included language to clarify that methods of storing renewable energy that are integrated into the electrical generation facility as part of the generation process are considered part of the electrical generation facility and not a separate, independent storage facility for the purpose of RPS eligibility.
 - 33 percent RPS by 2020 Implementation: Notes that as the Energy Commission and the CPUC modify the RPS program due to implementation of SB X1-2, and the Energy Commission develops and incorporates regulations for the POUs into RPS policies, outstanding issues that require further exploration will be incorporated in a future edition of this guidebook.

- Pipeline Biomethane: References Resolution No. 12-0328-3, which was adopted by the Energy Commission on March 28, 2012, and suspends RPS eligibility guidelines related to biomethane, subject to certain specified conditions and limitations.
- Precertification: Staff plans to explore options to revise the precertification process with stakeholders.
- Existing Renewable Facilities Program: RPS-certified facilities that use nonrenewable fuels that participated in the Existing Renewable Facilities Program (ERFP) and met its eligibility requirements on December 31, 2011, will be allowed to continue using the same amount of nonrenewable fuel and count 100 percent of generation as RPS eligible. However, funding for the ERFP has been exhausted, and the issue of the allowable amount of nonrenewable fuel used by these facilities for the RPS will be addressed in a future revision of the *RPS Eligibility Guidebook*.
- Adds Appendix D for historical legislation relevant to the RPS.

II. Eligibility Requirements

- RPS Targets
 - Revises information about RPS targets and introduces compliance periods for retail sellers and POUs.
 - Adds criteria for allowing RECs associated with energy procured by POUs to be used for RPS by a retail seller.
- Table 1: Updated to coincide with eligibility revisions and required forms throughout the guidebook.
- Pipeline Biomethane: References the suspension of RPS eligibility guidelines related to biomethane as specified in Resolution No. 12-0328-3, which the Energy Commission adopted at its March 28, 2012, Business Meeting.
 - The suspension allows power plants that are RPS-certified to continue using biomethane under the contracts with fuel sources identified in their applications for certification, and allows precertified facilities to remain precertified. Consideration of the status of pending applications for RPS certification and precertification submitted to the Energy Commission before the March 28, 2012, suspension date was deferred until a future Energy Commission Business Meeting. The suspension took effect March 28, 2012, and will remain in effect until the Energy Commission takes subsequent action to lift the suspension.
- Hydroelectric: Provides the eligibility requirements for existing small hydroelectric units up to 40 MW in size that are operated as part of a water supply or conveyance system in accordance with changes in law under SB X1-2.
- Renewable Facilities using Multiple Resources
 - Reorganized and revised to include changes pursuant to AB 1954, as described above. Allows solar thermal facilities using direct steam generation systems with no thermal storage capacity to use nonrenewable fuel for increasing or maintaining the system's thermal energy, within certain limits, without the nonrenewable fuel being counted toward the facility's annual de minimis amount. Requires appropriate measurement and documentation for de minimis use of nonrenewable fuels. Allows a facility using a de minimis quantity of nonrenewable fuel to count up to its allowable amount of nonrenewable fuel as "renewable" for the RPS if the facility's use of nonrenewable fuel is less than 10 percent on an annual bases.

- Provides requirements for measuring renewable generation from multifuel facilities, and requires submission of amended applications for certification for significant changes in fuel amounts. Modifies one of the pre-approved methods for measuring the contribution of each fuel for noncombustion, thermal technologies.
- Revises and explains the process for claiming the use of nonrenewable energy resources as RPS eligible, including the Energy Commission's process for determining eligibility and labeling nonrenewable RECs in WREGIS as "California RPS Eligible" after data are available for the previous year.
- De minimis Quantity: Allows for adjustments to the de minimis quantity for individual facilities up to a maximum level of 5 percent if the facility meets several conditions.
- Non-renewable fuel allowances: Outlines rules for an eligible ERF facility to count 100 percent of its generation as RPS eligible. The applicant must provide additional information to assist the Energy Commission in making its determination regarding the nonrenewable fuel use.
- Repowered Facilities: The prime generating equipment that must be replaced is revised:
 - For solar thermal facilities to include the solar boiler.
 - For small and conduit hydroelectric facilities to clarify that, along with the turbine, only the structures directly supporting the turbine must be replaced.
- Facilities with a First Point of Interconnection to the Transmission Network Out-of-State of California.
 - Clarifies the criteria of an out of state facility from being based on the facility's location to being based on its first point of interconnection to the transmission network being outside the state.
 - Revises exemptions for multijurisdictional utilities and POUs whose service territories are primarily located outside California if certain criteria are met in accordance with Section 399.17 and Section 399.30, subdivision (i), of the Public Utilities Code, as enacted by SB X1-2.
 - Modifies the criteria for out-of-country facilities that must demonstrate 1) that the facility will not cause or contribute to a violation of a California environmental quality standard or requirement and 2) that the facility is developed and operated in a manner as protective of the environment as a similar facility located in California in accordance with Section 25741, subdivision (a)(2) and (3), of the Public Resources Code, as amended by SB X1-2.
 - Changes the eligibility requirements and documentation for facilities with a first point of interconnection to the transmission network outside California that commenced commercial operations before January 1, 2005.
- Energy Delivery Requirements: This section is deleted pursuant to changes in law under SB X1-2, which deletes the delivery requirements for RPS-eligible renewable electricity under former Section 25741, subdivision (a), of the Public Resources Code and former Sections 399.12, subdivision (b), and 399.13, subdivisions (c) and (d), of the Public Utilities Code.
- Eligibility of RECs for Distributed Generation Facilities and Onsite Load
 - Allows the eligibility of renewable distributed generation facilities for the RPS in accordance with changes in law under AB 920 and SB X1-2 and does not exclude a facility's participation in a rate-payer funded incentive program or net metering in applying for RPS certification or precertification.
 - Requires that RECs be tracked in WREGIS.

- Tradable Renewable Energy Credits: Clarifies the rules regarding trading RECs within WREGIS and RPS Compliance.

III. Certification Process

- Deletes provisions for the Energy Commission to pre-approve electricity delivery structures for out-of-state facilities applying for RPS certification and pre-approve biogas delivery structures for facilities wishing to participate in the RPS and/or the CPUC's Self Generation Incentive Program.
- Provides details on the "eligibility date" or "beginning on date" for facilities, and requires a WREGIS ID number for certification.
- Provides a grace period for facilities serving POU's to apply for RPS certification and count generation from January 1, 2011, if the Energy Commission receives an application for certification before October 1, 2012. If a POU claims generation from a facility that applies for certification after October 1, 2012, only generation after that date will be counted toward the POU's RPS procurement requirements.
- Provides an extension for utility-certified facilities to re-apply for certification on their own behalf if their original utility contract expired, was voluntarily extended, or was otherwise renegotiated. The utility that initially certified the facility may only count generation under the initial contract with such a facility; generation that occurs after the termination of the initial contract may only be counted for the RPS by a utility if an application for certification of the facility is received before October 1, 2012.
- Describes the process of aggregating small facilities, such as distributed generation facilities, for certification as a single unit.
- Clarifies the process to amend a certification/precertification application.
- Introduces two new application forms.
 - The CEC-RPS-3 form allows small facilities to receive certification as part of an aggregated unit.
 - The CEC-RPS-4 form allows the application for POU certification of more than one facility on a single form, if the facilities are all under contract with a single POU.

IV. Tracking and Verification

- Incorporates changes in law under SB X1-2, and defers providing instructions on certain reporting requirements until the *RPS Eligibility Guidebook, Sixth Edition*.
- Removes energy delivery data reporting and verification requirements beginning in January 2011 in accordance with changes in law under SB X1-2.
- Allows POU's to use the Interim Tracking System for tracking and reporting generation through October 2012; starting with compliance year 2013, POU's must use WREGIS for tracking and reporting.
- Clarifies that while law under SB X1-2 now has multiyear compliance periods, retail sellers and POU's must continue to report annually to the Energy Commission on the amount of RPS eligible electricity they procure per facility. Delays the requirement to report annual RPS procurement by June 1 for the previous year until detailed instructions on reporting, tracking and verification are provided in the sixth edition of the *RPS Eligibility Guidebook*.

V. Forms

- Revises RPS forms to conform to changes in the *RPS Eligibility Guidebook*.
- Replaces the CEC-RPS-1A/B forms and all supplemental forms with the CEC-RPS-1 form.

- Deletes the CEC-RPS-1:S4 and S5 forms; the information collected by these forms is incorporated into the CEC-RPS-1 and the CEC-RPS-1:S1 forms, respectively.
- Introduces the CEC-RPS-3 form for applications of aggregated facilities using a single RPS ID number.
- Introduces the CEC-RPS-4 form for the mass application of facilities under contract with and delivering electricity to a POU as of January 1, 2012.

Overall Program Guidebook

- Incorporates changes in law under SB X1-2.
- Revises the process for considering certain Energy Commission action, so that the action is considered by the Energy Commission's Executive Director, rather than a designated Energy Commission committee. The revised process addresses the following actions:
 - Cancelling REP funding awards and RPS certification.
 - Determining an awardee's eligibility for continued funding award payments.
 - Considering petitions for reconsideration by an applicant or awardee disputing the denial, reduction, cancelation or revocation of REP funding or RPS certification.
 - Considering petitions for reconsideration by an awardee disputing the amount of a funding award payment.
- Revises the process for appealing actions related to REP funding, RPS certification, and the dispute of funding award payments to incorporate the Energy Commission existing regulations for complaints and investigation, as set forth in Title 20, California Code of Regulation, Section 1230, et seq. These revisions will allow the Energy Commission to take advantage of its existing regulations in an effort to utilize a single, more centralized process for addressing petitions and complaints consistently.

Glossary of Terms

Revises, adds or deletes the following terms:

- Annual Procurement Target
- Balancing Authority
- Balancing Authority Area
- Baseline
- Billing month
- Biodiesel
- Biomass
- California Balancing Authority
- Central station facility
- Commercial operation
- Conduit hydroelectric facility
- Distributed generation facility
- Distribution network
- Electrical corporations
- Eligible renewable energy resource
- Fossil Fuel
- In-state renewable electricity generation facility
- Investor-owned utility
- Local publicly owned electric utility
- Market price referent

- Multi-jurisdictional utility
- NERC e-Tag
- Net metering
- Procurement/Procure
- Procurement entity
- Project
- Renewable Energy Certificate (REC)
- Renewable energy public goods charge
- Renewables Portfolio Standard (RPS)
- RPS Collaborative Workplan
- SB 90 funding award
- Small hydroelectric
- System operator
- Water supply or conveyance system