

## CALIFORNIA ENERGY COMMISSION

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## Frequently Asked Questions Regarding Historic Carryover for the California Renewables Portfolio Standard for Local Publicly Owned Electric Utilities

[http://www.energy.ca.gov/portfolio/pou\\_rulemaking/documents/](http://www.energy.ca.gov/portfolio/pou_rulemaking/documents/)

**Last Updated: December 24, 2013**

### 1. How can I certify a facility to claim its generation for historic carryover (HCO)?

A: Using the CEC-RPS-HCO form, a local publicly owned electric utility (POU) must report information on the facility and its contract(s) with the facility. In addition to submitting that HCO form, a POU is required to demonstrate that the facility met the requirements of the *Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook)* in effect at the time the contract or ownership agreement was executed. The *RPS Guidebook, Seventh Edition*, identifies three methods to demonstrate compliance with a previous edition of the *RPS Guidebook*, and only these three methods will be accepted, as follows:

- a) The Energy Commission certified the facility under the guidebook in place when the contract or ownership agreement was executed. In this case, the RPS ID for the facility will suffice to demonstrate that the facility met the RPS-eligibility requirements of the guidebook in effect when the contract or ownership agreement was executed.
- b) The Energy Commission certified the facility under a different edition of the guidebook than what was in place when the power purchase agreement (PPA) or ownership agreement was executed, or the facility applicant is pursuing certification under a different edition of the guidebook. The POU must supply the RPS ID of the facility and any supplemental information required by the edition of the *RPS Guidebook* in effect when the contract or ownership agreement was executed.
- c) Facilities not currently RPS certified or represented in a pending RPS application, where the POU is unable to apply for the certification of the facility as an agent of the facility owner. The POU must submit an unsigned CEC-RPS-1 form, under

the current *RPS Guidebook*, with the necessary supporting documentation required by the edition of the guidebook in effect when the contract or ownership agreement was executed.

Specific information on historic carryover can be found in the *RPS Guidebook, Seventh Edition*, on pages 73-74, and the CEC-RPS-HCO form can be found, with additional instructions, in Appendix B: Forms. Demonstrating that the facility met the RPS-eligibility requirements of the appropriate guidebook does not exempt the POU from demonstrating compliance of electricity procurement or delivery.

**2. Other than the CEC-RPS-HCO reporting form, what documentation does a POU need to submit as part of a complete historic carryover report?**

A: A POU must submit copies of all contracts and ownership agreements associated with procurement claims made on the CEC-RPS-HCO form. A POU must also submit a completed CEC-RPS-TRACK form and/or WREGIS report that includes all claims, per facility per generation month, made in the Procurement Detail tab of the CEC-RPS-HCO form. A WREGIS report is required for any REC claims that are tracked in WREGIS. All RECs not tracked in WREGIS must be reported using the CEC-RPS-TRACK form.

For any claims from out-of-state facilities, a POU must submit a WREGIS e-Tag report for any e-Tags available in WREGIS. For any e-Tags not available in WREGIS, the POU must submit a CEC-RPS-eTag form. See FAQ #7 above for more information.

A POU must submit a signed attestation for each submitted form and WREGIS report.

**3. In cases where the contract or ownership agreement with a facility was executed prior to the beginning of the RPS, or the adoption of the first guidebook, which guidebook applies to historic carryover claims from this facility?**

A: Contracts and ownership agreements executed before the adoption of the first *RPS Guidebook* must demonstrate compliance with the first *RPS Guidebook* adopted by the Energy Commission, dated April 2004.

**4. In cases where the facility does not meet the requirements of the RPS Guidebook in place when the contract or ownership agreement was executed, can the electricity procured under this contract be eligible for historic carryover?**

A: In some cases it can. A facility that does not meet the requirements of the *RPS Guidebook* in place when the contract or ownership agreement was executed may be used for historic carryover only if the facility meets the requirements of a subsequent *RPS Guidebook*. However, only generation from this facility, beginning with the adoption month of the *RPS Guidebook* under which the facility could have been certified (unless that guidebook specifies an earlier date), can be used for historic carryover, and only if all procurement requirements were also met and demonstrated.

**5. What generation, if any, can be used from a facility that met either the requirements of the RPS Guidebook in place when the contract or ownership agreement was executed, or the requirements of a subsequent version of the RPS Guidebook?**

A: Facilities that met the requirements of the *RPS Guidebook* in effect when the contract or ownership agreement was executed, or that met the requirements of a subsequent *RPS Guidebook*, may be used for historic carryover from the contract or ownership execution date or the adoption date of the applicable *RPS Guidebook* (unless the guidebook specifies an earlier date), whichever is later. However, changes to delivery and procurement requirements in the subsequent *RPS Guidebooks* may still apply to the procurement of that generation consistent with the requirements placed on retail sellers.

**6. If a facility met the requirements of an edition of the RPS Guidebook in place before the execution of the contract or ownership agreement, but not the requirements under the edition in place as of the execution date or later, can any generation from this facility be used for historic carryover?**

A: No. Since the facility did not meet the eligibility requirements under an *RPS Guidebook* in effect during the life of the contract or ownership agreement, then the generation from this facility cannot be used for California's RPS.

**7. Since the RPS Guidebook only references Investor Owned Utilities (IOUs) or retail sellers when discussing eligibility for specific resource types or facility characteristics, how should this be applied to POUs?**

A: As stated in section 3206(a)(5)(B) of the Energy Commission’s regulations, *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*, “Both the historic carryover and the procurement applied to the POU’s annual procurement targets must be from eligible renewable energy resources that were RPS-eligible under the rules in place for retail sellers at the time of execution of the contract or ownership agreement, except that the generation from such resources need not be tracked in the Western Renewable Energy Generation Information System.” Thus, any requirements or statements, except those requiring tracking in the Western Renewable Energy Generation Information System (WREGIS), relating to retail sellers or IOUs in the historic *RPS Guidebooks* should be read as applying to POUs for the purpose of historic carryover.

**8. Is evidence of delivery from out-of-state facilities necessary for historic carryover?**

A: Yes. All requirements that were placed on retail sellers must also be met by the POU procuring electricity from out-of-state facilities. Generation from out-of-state facilities must meet the delivery requirements of the *RPS Guidebook* in effect when the generation occurred to be eligible for historic carryover procurement. For out-of-state generation to count as RPS-eligible under the *RPS Guidebook, Second Edition*, and earlier guidebooks, it is required, among other things, that the facility enter into a power purchase agreement with the POU and the electricity be delivered to a market hub (also referred to as “zone”) or point of delivery (also referred to as “node”) located within California. Please see the Eligibility of Out-of-State Facilities, Delivery Requirements, and Generation Tracking System sections of the applicable *RPS Guidebook*. POUs will need to submit documentation demonstrating that the North American Electric Reliability Corporation (NERC) electronic tag (e-Tag) requirements were met on a monthly basis.

Out-of-state procurement generated in December 2007 or later falls under the requirements of the *RPS Guidebook, Third or Fourth Editions*. These editions of the *RPS Guidebook* provide that the electricity may be delivered into California at a different time than when the RPS certified facility generated electricity. Further, the electricity delivered into California may be generated at a different location than that of the RPS-certified facility. In practical terms, out-of-state energy may be “firmed” or “shaped” within the calendar year.

To verify that these requirements were met, the POU will need to complete:

1. The CEC-RPS-Delivery form reporting delivery information including the Purchasing/Selling Entity (PSE) code, each Point of Receipt (POR) and Point of Delivery (POD), and the monthly kWh amounts delivered for each claim.

OR

1. Schedule 3 of the CEC-RPS-eTag form.

AND

2. At least one representative e-Tag for each claim.

If a POU elects to complete the CEC-RPS-Delivery form, other documentation, including additional e-Tags and an Excel file listing the information on all of the e-Tags used in the delivery of each claim, may be requested during the verification process.

**9. Given that prior to the adoption of the third edition of the RPS Guidebook, the Energy Commission required delivery from out-of-state generation into the California Independent System Operator (ISO), how should this requirement be applied to a POU if the POU is not within the California ISO balancing authority area?**

A: The POU may demonstrate delivery to a California Balancing Authority as defined in section 3201 (f) of the Energy Commission's regulations, *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*.

**10. What additional eligibility requirement must out-of-state facilities satisfy?**

A: Prior to the enactment of SBX1-2, a facility was considered "out-of-state" if it was not physically located within the state or did not have its first point of interconnection to the electricity transmission system within the state. For an out-of-state facility to be eligible for the RPS, the applicant was required to demonstrate that the facility would not cause or contribute to a violation of any of California's Laws, Ordinances, Regulations, or Standards (LORS). Additionally, if the facility was located out of the country, it was required to demonstrate that it would be developed and operated in a manner that is as protective of the environment as a similar facility located in the state. POUs seeking to claim generation from such a facility for historic carryover must also make this demonstration, unless a facility representative has already done so.

For a facility to have its first point of interconnection to the electricity transmission system within the state, it must be shown that the electricity generation from the facility enters the political boundaries of California before any end-use customer load can be served.

**11. What is required to demonstrate compliance that the facility will not cause or contribute to a violation of any of California’s Laws, Ordinances, Regulations, or Standard (LORS)?**

A: For most facilities, the POU will only need to submit a completed CEC-RPS-1 form, which includes the CEC-RPS-1-S3 form. If the minimum thresholds for environmental areas are not met, or the conditional thresholds are applicable, additional information must be submitted consistent with the current edition of the *RPS Guidebook*.

**12. What is incremental geothermal?**

A: When the RPS program was initiated in 2003 pursuant to SB 1078 (Stats. 2002, ch. 516), generation from geothermal resources was only partially eligible for the RPS. Generation from a geothermal facility originally commencing operation prior to September 26, 1996, was eligible only to establish or adjust a retail seller's baseline quantity of eligible renewable energy resources, except for output certified as incremental geothermal production by the Energy Commission. Incremental geothermal production is generation that results from eligible capital expenditures that satisfy the following criteria: 1) it is a substantial capital project that results in replaced generating equipment or increased steam converted to generation, 2) it does not cause an increase in the decline rate of the geothermal reservoir, and 3) it is a capital project completed after September 26, 1996.

These limitations on the RPS-eligibility of geothermal facilities were in place until the law was amended by SB 107 (Stats. 2006, ch. 464) effective January 1, 2007.

**13. If early editions of the RPS Guidebook provide eligibility to some facilities only to establish or adjust an IOU’s baseline of eligible renewable energy resources, may generation from these facilities be used for historic carryover?**

A: Yes. Facilities eligible only to establish or adjust the baseline may be counted toward a POU’s 2004-2010 procurement to determine historic carryover. The baseline was used by the CPUC to establish an initial annual procurement target (APT) for each

retail seller. APTs in subsequent years were calculated by adding an incremental procurement target (IPT) to the prior year's APT. The Energy Commission's *Renewables Portfolio Standard 2005 Procurement Verification* report, published in August 2007, verified the generation procured by retail sellers in 2004 and 2005. This report reflected "an APT-based reporting methodology. Unlike the 2004 Verification Report, in this report any RPS-eligible procurement may be used to satisfy any portion of the IPT. The IPT is strictly a numerical target and there is no need to separately track baseline, annual, and incremental procurement." (page 5)

Since electrical generation facilities that are eligible only to establish or adjust an IOU's baseline were eligible for the annual procurement target, generation from facilities with the same eligibility restrictions in the early editions of the *RPS Guidebook* may be counted toward a POU's 2004-2010 procurement to determine historic carryover.

**14. How will changes to the requirements for a facility using multiple energy resources (including nonrenewable energy sources) over the life of the RPS program apply to generation from such a facility that is used for historic carryover?**

A: The use of a nonrenewable energy resource can only result in generation eligible for the RPS if allowed by the *RPS Guidebook* in place at the time the generation occurred, unless subsequent changes in the law or the guidebook were not applied.

**15. Can generation from distributed generation facilities be used for historic carryover?**

A: If a POU procured the generation and RECs as a bundled product from a facility generally characterized as "distributed generation" and the facility owner did not receive any ratepayer funded incentive, including SB 1 funding, then the generation from this facility may be eligible for historic carryover, assuming all other requirements of the applicable *RPS Guidebook* are met. If the POU procured only the RECs or the facility received ratepayer funded incentives, generation from the facility is not eligible for historic carryover, consistent with the eligibility requirements for retail sellers at that time. These limitations do not apply to net-metered generation where the retail seller or POU acquired bundled energy as part of an AB 920 net surplus compensation tariff.