

**STATE OF CALIFORNIA**  
**ENERGY RESOURCES CONSERVATION AND**  
**DEVELOPMENT COMMISSION**

**RECONCILIATION OF**  
**RETAILER CLAIMS, 1998**

Adopted by the Energy Commission at the  
October 6, 1999 Business Meeting

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Publication No: **P500-99-016**

## **Acknowledgements**

The following individuals contributed to the development of this report, either by collecting the data, assisting with the analysis of data, or editing the report:

Robert Grow  
Caryn Holmes  
Donna Stone  
David Vidaver  
Ron Wetherall

## Introduction

As required in the Public Utilities Code, Section 398.5(e), this report compares the source of power that retailers have disclosed to consumers with the information that the California Energy Commission has on the actual energy generated in California. This *Reconciliation of Retailer Claims, 1998* report fulfills the mandate for calendar year 1998. Given the available data, the Energy Commission believes that retailers' claims submitted to date are accurate.

## Background

Senate Bill 1305 was enacted in 1997 to ensure that retail suppliers of electricity disclose to consumers accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services. (Public Utilities Code, Section 398.1(b)) Toward that end, the law requires retail suppliers of electricity to disclose fuel source information to consumers about the electricity being sold, using a format developed by the California Energy Commission.

The law allows the Energy Commission to obtain information from retail suppliers and from generators (directly or through system operators), permitting some verification of the information disclosed to consumers. Specifically, all retail suppliers of electricity who make claims differentiating their power mix are required to submit detailed information about their power purchases and retail sales to the Energy Commission after the end of the year. At the same time, the law requires all electricity generators that report meter data to a system operator to also report generation, fuel type and fuel consumption (as a percentage of generation) data to the system operator on a quarterly basis.<sup>1</sup> System operators must then make the generation and fuel source information available to the Energy Commission for the dual purposes of verifying information disclosed to consumers and calculating net system power. Using the detailed information from retail suppliers and generators, the Energy Commission is then mandated to prepare and submit an annual report such as this one to the California Public Utilities Commission, comparing power source annual information disclosed to consumers (as directed in Section 398.4) with information on actual electricity generated in California.

Pursuant to SB 1305, the Energy Commission adopted regulations specifying:

- 1) guidelines and formats for disclosure of generation-related information to system operators
- 2) guidelines and formats for retail disclosure of fuel source information to consumers; and
- 3) guidelines for annual submissions to the Commission by retail suppliers.

<sup>1</sup> Generators that do not report information to system operators but whose electricity is being claimed as a specific purchase report this data directly to the Energy Commission.

These regulations went into effect October 21, 1998 and are found in Title 20 of the California Code of Regulations, beginning with Section 1390. The Energy Commission calls the activities carried out under these regulations the Power Source Disclosure program.

The format adopted for retail electricity source disclosure to consumers is called the power content label and is pictured at right. Using this label, consumers can compare the power

content — or resource mix — of a given electricity product against that of the California Power Mix (i.e. net system power). The California Power Mix is the fuel mix of electricity consumed on a statewide basis net of power that has been claimed by retail suppliers. Retail suppliers may use the system power fuel mix as a default, or may claim their actual fuel mix based on purchases from specific generating facilities. As such, the power content label allows retail suppliers of electricity to distinguish their products from other electricity products in the market on the basis of power content.

By law, all retail suppliers must display a label in product-specific written promotional materials and must send their customers quarterly label updates. If a retail supplier distinguishes its product from the California Power Mix, the company must, by law, submit detailed information about power purchases and sales to the Energy Commission. This submittal is called the *Annual Retail Supplier Report*. In addition, the regulations require these retail suppliers to validate all power purchase and sales claims at the end of the year through an independent audit. The Commission staff compares this information and historical generation data to the claims made via the Power Content Label. In this way, the Energy Commission is helping to ensure that consumers will have confidence in the accuracy of the Power Content Label.

POWER CONTENT LABEL		
ENERGY RESOURCES	PRODUCT NAME* (projected)	1998 CA POWER MIX** (for comparison)
Eligible Renewable	55%	11%
-Biomass & waste	-	2%
-Geothermal	-	5%
-Small hydroelectric	-	2%
-Solar	-	<1%
-Wind	-	1%
Coal	10%	20%
Large Hydroelectric	11%	22%
Natural Gas	16%	31%
Nuclear	8%	16%
Other	<1%	<1%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

\* 50% of Product Name is specifically purchased from individual suppliers.  
 \*\* Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.

For specific information about this electricity product, contact Company Name. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or [www.energy.ca.gov/consumer](http://www.energy.ca.gov/consumer).

## First year status

### Annual retail supplier reports received

The Energy Commission received *Annual Retail Supplier Reports* from seven companies — six retail suppliers and one wholesale pool from which two of the six retail suppliers purchased power. The companies are the following:

- clean n green energy
- Edison Source
- GreenMountain.com
- Keystone Energy Services, Inc.
- PG&E Energy Services
- Sacramento Municipal Utility District
- Automated Power Exchange.

These companies collectively claimed specific purchases from 26 generating facilities. All but one of these facilities are renewable as defined by the legislation. Seven of the facilities claimed are registered renewable generating facilities for purposes of the Energy Commission's Renewable Technology Program, though only four of these actually receive funding through the program. Only two generating facilities were claimed by more than one retail supplier.

### Generation reports received

For the fourth quarter of 1998, forty-two separate parties reported on the output of 503 generating facilities, representing 883 unique units and accounting for 51,383 gigawatt hours of electricity. For the most part, the information reported does not include the units owned by and associated gigawatt hours produced by qualifying facilities (QFs). Generation information for QFs was obtained by way of the utilities, aggregated by technology type. The Energy Commission also received net import and export flows across each of the interstate interties from the Los Angeles Department of Water and Power and the California Independent System Operator.

## Availability of generation data

To prepare this report, it was necessary to gather calendar year 1998 generation data for all 26 generating facilities claimed by the seven retail suppliers. This task provided a challenge because the retail suppliers were not required to submit generation data under SB 1305 until the fourth quarter of 1998. Thus, the Energy Commission had access to information from generators or system operators only for the last quarter, and alternative sources of generation data were needed. For analyzing the 1998 claims, the Energy Commission supplemented its SB 1305 data with the data from the Energy Information Administration (EIA) and the Renewable Technology Program, as described below.

## **Energy Information Administration**

Generating facilities with a capacity above one megawatt are required to submit generation data to the EIA using one or more various forms. The EIA has made data from some forms publicly available on the internet. In many cases, however, generation data is available only in aggregate and not on a plant specific basis. Energy Commission staff was able to obtain plant specific generation data on utility-owned generating facilities but not for non-utility owned facilities. Six of the 26 generating facilities claimed by retail suppliers fall into this latter category. The Energy Commission staff understands that the non-utility generation data may be released by the EIA in the next few months; some of the needed data, however, was not available for purposes of producing this report, necessitating the use of estimation techniques.

## **The Renewable Technology Program**

Although many renewable generating facilities have registered with the Renewable Technology Program, not all are actually eligible to receive funding through either the Existing or New Renewable Resource Accounts. Generating facilities that are registered and eligible for funding must submit generation data to the program to receive their production credit. These programs, therefore, have growing databases containing generation data for many of California's renewable generating facilities. These data were useful for filling in some of the gaps left by other data sources.

## **Reconciling Retail Suppliers Claims**

For calendar year 1998, the actual comparison of retail claims with generation data was relatively simple because there were few sources to be compared, and the amount of generation claimed was small compared to the reported generation. Retailers claimed specific purchases totaling about 350 gigawatt-hours from generators that generated in excess of 4,300 gigawatt-hours. The staff checked to ensure that retail claims for a given generator were less than or equal to the amount of generation reported by that generator. If two retail suppliers made claims for a single generating facility, then the generation for that facility needed to be equal to or greater than the total amount claimed from both retail suppliers. It was not necessary to determine the disposition of all the power generated by a given generating facility.

For all generators for which the Energy Commission staff was able to obtain generator-specific data, the generation far exceeded the claims. Plant specific generation data for one particular generating facility could not be found from any of the data sources listed in the previous section, but affidavits submitted to the Renewable Technology Program Customer Credit Subaccount corroborated the claims made for that facility. While affidavits may not give the same level of assurance as meter data or data submitted to the EIA, the Energy Commission staff believes that this source is sufficient for the purposes of this report. The staff will make every effort to close this data collection gap for next year's report.

Given the information available, all companies reporting to the Energy Commission appear to have purchased sufficient amounts of power of the specified fuel types to

meet their claims to consumers. In fact, the companies purchased far more renewable power than was required. In these cases, retailers transferred the excess renewable power to other products.

Because adequate generation data may not always be available to completely verify retail claims, the Energy Commission developed regulations to implement a requirement for an independent audit or the Retail Supplier Report. This year, the Energy Commission worked with the Center for Resource Solutions — a non-profit organization that oversees the Green-e electricity product certification program — to develop a set of auditing procedures. All but one of the seven companies reporting to the Energy Commission sell Green-e certified electricity products and were required to undergo an independent audit as part of that certification. Because the information to be verified for the Green-e program was similar to the information to be verified for the Power Source Disclosure program, it made sense for the Green-e auditor to verify information for the Energy Commission's purposes at the same time.

Since the SB 1305 regulations were adopted, the Energy Commission and the Center for Resource Solutions have learned that audit may not be the best term to describe a review of retailer claims. An audit, as professionals in the field commonly employ the term, would be either infeasible or prohibitively expensive without necessarily providing a level of information matched to our needs. Therefore, in order to meet its program needs for 1998, Green-e modified its audit requirements and allowed retail suppliers to provide verification of their purchases and sales using a specially tailored format. Shortly thereafter, Green-e received positive verification reports for all of its participating companies and requested that the Energy Commission accept these reports for purposes of the Power Source Disclosure program. The Green-e reports appear to be sufficient, and since they also represent the most practical way to conduct the mandated comparison, Energy Commission staff agreed to accept the Green-e reports for 1998. The one company that was not Green-e certified was able to provide staff with data sufficient to verify its purchases and sales.

The Energy Commission is currently receiving technical assistance from the auditing firm PriceWaterhouseCoopers, LLP, in developing a verification process that will be cost-effective and universal in its application. The improved procedures will be available for the verification of retail claims made in calendar year 1999. Changes to the regulations will be made accordingly.

## **Expectations for Next Year's Report**

For the analysis of 1999 data, the Energy Commission anticipates having access to more complete data sets through filings with the Energy Commission and from the Energy Information Administration. At the same time, the Energy Commission also anticipates a much greater number of retail claims, which will increase the complexity of the analysis and the need for reliable generation data.