

CALIFORNIA  
ENERGY  
COMMISSION

# RECONCILIATION OF RETAILER CLAIMS, 2000

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Gray Davis, Governor

# CALIFORNIA ENERGY COMMISSION

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## Introduction

Public Utilities Code, Section 398.5(e) requires the California Energy Commission (Energy Commission) to prepare an annual report comparing the source of power that retailers have disclosed to consumers with the information that the Energy Commission has on the actual energy generated for consumption in California. The activities carried out to meet this mandate are referred to as the “Power Source Disclosure Program.”

This *Reconciliation of Retailer Claims, 2000* report fulfills that mandate for calendar year 2000. After reviewing the available data, the Energy Commission staff concludes that retailers’ claims submitted to date are accurate.

## Background

Senate Bill (SB) 1305 was enacted in 1997 to ensure that retail providers 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 providers of electricity to disclose fuel source information to consumers about the electricity being sold, using a format developed by the Energy Commission.

The law allows the Energy Commission to obtain information from retail providers and from generators (directly or through system operators), permitting some verification of the information disclosed to consumers. Specifically, all retail providers of electricity who make claims differentiating their power mix from the California Power Mix (net system power), 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 type consumed (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 (a default fuel source mix, established annually by the Energy Commission).

Using the detailed information from retail providers and generators, the Energy Commission then prepares and submits an annual report such as this one to the California Public Utilities Commission, comparing power source annual information disclosed to consumers (as directed in Public Utility Code, Section 398.4) with information on actual electricity generated in California.

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

Pursuant to SB 1305, the Energy Commission has implemented regulations specifying the following:

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

These regulations governing the “Power Source Disclosure Program” first went into effect October 21, 1998 and were amended March 5, 2001. They are found in Title 20 of the California Code of Regulations, beginning with Section 1390.

The format adopted for retail electricity source disclosure to consumers is called the “power content label” and is pictured to the 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, (CA Power Mix), is the power mix of electricity consumed on a statewide basis that is differentiated by fuel type after subtracting out power that has been specifically claimed by retail providers less self generation. Retail providers may use the California Power Mix as default and not make claims differentiating their power from the California Power Mix, or they may “claim specific purchases” which is their actual power mix differentiated by fuel type based on purchases from specific generating facilities. Retail providers that make any claims differentiating their power from the California Power Mix are required to disclose their actual power mix as well as the California Power Mix. As such, the power content label allows retail providers of electricity to distinguish their products from other electricity products in the market on the basis of power content.

<b>POWER CONTENT LABEL</b>		
<b>ENERGY RESOURCES</b>	<b>PRODUCT NAME*</b> (projected)	<b>2000 CA POWER MIX**</b> (for comparison)
Eligible Renewable	56%	12%
-Biomass & waste	-	2%
-Geothermal	-	5%
-Small hydroelectric	-	3%
-Solar	-	<1%
-Wind	-	2%
Coal	8%	16%
Large Hydroelectric	9%	19%
Natural Gas	18%	35%
Nuclear	9%	17%
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).

By law, all retail providers must display a label in product-specific written promotional materials and must send their customers quarterly label updates. Additionally, if a retail provider distinguishes its product from the California Power Mix, the company must submit detailed information about power purchases and sales to the Energy Commission. This submittal is called the *Annual Retail Provider Report*. The regulations require these retail providers to validate all power purchase and sales claims at the end of the year through an independent audit. The Energy Commission staff compares this information and historical generation data with 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.

## Third Year Status

### Annual Retail Provider Reports Received<sup>2</sup>

The Energy Commission received *Annual Retail Provider Reports* from thirty-seven companies. Thirty-one were retail providers, and six were wholesaler or pools from which twenty-three of the thirty retail providers purchased power. The following is the list of all companies that submitted reports:

- 3Phase Energy Services
- Abacus
- ACN Energy
- AES New Energy
- Association of Bay Area Governments
- Clean Earth Energy
- Commonwealth Energy Corporation
- Consumer Energy Services
- Enron Energy Marketing
- Enron Energy Services
- Go Green (a.k.a. clean n' green energy)
- GreenMountain.com
- New West Energy
- PowerCom Energy
- PowerSource
- Seattle Light
- Sempra Energy
- Tenderland Power Company
- United Energy Management
- UtiliSource
- Utility.Com, Inc.

<sup>2</sup> The City of Santa Clara, Silicon Valley Power, submitted the Annual Retail Providers Report (due March 1, 2001) on August 7, 2001, and therefore it was not available to be included in the year 2000 Net System Power determination.

- Alameda Power Authority
- Anaheim Public Utility District
- Los Angeles Department of Water and Power
- Modesto Irrigation District
- Palo Alto Electric Utility
- City of Redding
- City of Roseville
- Sacramento Municipal Utility District – green product only
- Turlock Irrigation District
- City of Ukiah
- Automated Power Exchange
- Bonneville Power Authority
- CalPol
- Enron Power Marketing
- Northern California Power Authority
- Ontario Natural

These companies collectively claimed specific purchases from 139 different generating facilities. Seventy-one of the 139 facilities are “renewable” as defined by the legislation. Forty-one of the 71 renewable facilities claimed are “registered” renewable generating facilities for purposes of the Energy Commission’s Renewable Energy Program (Renewable Technology Program), though only 30 of these registered renewable facilities actually received funding through the program. Fifty-seven of the 139 generating facilities were claimed by more than one retail provider.

	Number of Generators	
	<u>1999 Report</u>	<u>2000 Report</u>
Purchased from Generators	79	139
Generators claimed by more than one Retail Provider	38	57
Renewable Generator	45	71
Registered Renewable Generator	27	41
Registered Generator Receiving Funds	19	30

The most significant change in the retailer claims was the addition of the Los Angeles Department of Water and Power. Their total specific claim of 21,763 gigawatt hours dwarfed the previous year's total of 6,535 gigawatt hours.

## **Generation Reports Received**

In 2000, twenty-eight separate parties reported to the Energy Commission on the output of 553 generating facilities, accounting for 280,684 gigawatt hours of electricity. The investor-owned utilities provide information on QF generation aggregated by fuel type. The Energy Commission also received net import flows across each of the interstate interties from the Los Angeles Department of Water and Power, Imperial Irrigation District and the California Independent System Operator.

## **Availability of Generation Data**

To prepare this report, it was necessary to gather calendar year 2000 generation data for all 139 generating facilities claimed by the 30 retail providers. For analyzing the year 2000 claims, the Energy Commission supplemented its SB 1305 generation reports with the data from the United States Energy Information Administration (EIA) and the Renewable Energy Program, as described below.

## **Data from the 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 of the reporting forms publicly available on the Internet. In many cases, however, generation data are available only in aggregate and not on a plant specific basis. The Energy Commission staff was able to obtain plant specific generation data from EIA on utility-owned generating facilities and some non-utility owned facilities. The availability of the EIA data is important to the development of this report because it provides primary data in some cases and it serves as a check for data provided as part of the Generation Data Reporting program and the Renewable Energy Program.

## **Data from the Renewable Energy Program**

Although many renewable generating facilities have “registered” with the Renewable Energy Program, not all are eligible to receive funding through either the “Existing” or “New” Renewable Resource Accounts. However generating facilities that are registered and eligible for funding submit generation data to the Existing Renewable Account and the New Renewable Account. These two accounts have growing databases containing generation data for many of California’s renewable generating facilities. These data are useful in filling some of the gaps left by other data sources.

## **Reconciling Retail Providers’ Claims**

For calendar year 2000, the actual comparison of retail claims with generation data was more complicated than last year. The number of retail providers (including wholesalers and pools) went from 26 to 37 and the number of generators went from 79 to 139 which increased the claims of specific purchases. This growth increased the amount of time and difficulty of checking retailer’s claims. Retailers claimed specific purchases totaling about 31,493 gigawatt-hours from generators that produced in excess of 140,327 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. For purposes of the SB 1305 program, it is not necessary to determine the disposition of all the power generated by a given generating facility.

<b>Retail Provider Claims</b>		
	<u>1999 Report</u>	<u>2000 Report</u>
Specific Renewable Purchases (GWH)	2,154	3,880
Total Specific Purchases (GWH)	6,535	31,493
<b>Reporting Retail Providers</b>		
ESP	14	21
Municipal Utility	9	10
<u>Wholesaler/ Pool</u>	<u>3</u>	<u>6</u>
Total	26	37

For all generators the Energy Commission staff was able to obtain generator-specific data, the amount of generation far exceeded the claims. Plant-specific generation data for two particular generating facilities could not be found from any of the data sources listed in the previous section, but affidavits submitted under the Power Source Disclosure Program 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 continue to make efforts 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 into their other products, thereby increasing the renewable mix of these other products.

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

For the analysis of the year 2001 data, the Energy Commission anticipates having access to more complete data sets through filings with the Energy Commission and from the EIA. At the same time, the Energy Commission also anticipates a greater number of retail claims from municipal retail providers but a reduction in the number of traditional ESP type of providers. Municipal providers want to differentiate their product from the California mix (CA Power Mix) and the high cost associated with this commodity during the year 2001. The decline in the number of ESP type providers is the result of the uncertainty in the regulations governing the direct access market and funding programs to support the renewable energy market products.

In addition, the Energy Commission completed rulemaking (OIR 00-SB-1305) this year which is to accomplish the following objectives:

1. Establish a certificate program that would simplify the reporting and tracking of generation and the green attributes associated with the generation.
2. Specify an “Agreed Upon Procedure” in place of the required audit for verification of the *Annual Retail Provider Reports*. The “Agreed Upon Procedure” is less expensive and better suited to verifying the data submitted in the *Annual Retail Provider Reports*.
3. Implement clarifying changes to the regulations, which will simplify the reporting for retail providers.

The Energy Commission believes that, with these changes, municipal utility type energy service providers will increase their participation in the Power Source Disclosure Program even though ESP providers may decrease their participation in the program.

A significant number of changes were made to the *Annual Retail Provider Reports* after they had been submitted on time (March 1, 2001), and several reports were submitted late. These changes and late submissions created problems in determining the total amount of Specific Purchases used to calculate Net System Power, which must be reported by April 15 of each year. The staff will take additional steps to provide known retail providers with software packages to assist in the preparing the *Annual Retail Provider Report*. The staff will increase the level of outreach to providers prior to the reporting date to assist in answering question related to the reporting of specific purchases in the *Annual Retail Provider Reports*.