California's Renewables Portfolio Standard

Heather Raitt
California Energy Commission

May 12, 2005
CA Renewables Portfolio Standard

- Designed to increase diversity, reliability, public health and environmental benefits of California’s energy mix
- Legislative goal of 20% of retail sales from renewables by 2017, increase by at least 1% per year
- California’s 2003 Joint Energy Action Plan recommends accelerating goal to 20% by 2010
- Governor Schwarzenegger’s goal is 33% by 2020
- CPUC and Energy Commission are implementing RPS collaboratively
California Energy Commission’s RPS Roles

- Certify eligible renewable resources
- Make Supplemental Energy Payments to generators for above market costs for eligible new and repowered facilities (begin or re-start commercial operations Jan. 1, 2002 or later)
- Design and implement an accounting system to track and verify RPS compliance
RPS Certification

- Pre-certification for proposed projects
- Certification for on-line facilities
- Cert status must be updated every 2 years
- Certified facilities are posted on the Energy Commission’s website
- Applicants sign attestation under penalty of perjury that information is true and correct
- Applicants are subject to audit
RPS Eligibility

- Must meet fuel specific criteria given in law

- Facilities located out-of-California must:
  - Secure contract to sell to investor owned utility or CA Independent System Operator
  - Deliver to in-state market hub or substation

- Participate in tracking system
Renewable Energy Certificate & CA RPS

- Allows the use of RECs for accounting purposes only
- CPUC Decision [www.cpuc.ca.gov/word_pdf/FINAL_DECISION/27360.doc](http://www.cpuc.ca.gov/word_pdf/FINAL_DECISION/27360.doc)
  
  “…we will need a clear showing that a REC trading system would be consistent with the specific goals of [CA’s RPS including providing public health, economic development, job creation, and environmental benefits to California], would not create or exacerbate environmental justice problems, and would not dilute the environmental benefits provided by renewable generation.”

- Various bills introduced this year proposed allowing unbundled RECs for RPS compliance, but such provisions were struck out
- CA RPS Standard Contract Terms and Conditions define “Environmental Attributes”
  [www.cpuc.ca.gov/Published/Final_decision/37401.htm](http://www.cpuc.ca.gov/Published/Final_decision/37401.htm)  June 9, 2004
Delivery Requirement

- RECs and electricity must be sold together as a bundled product to satisfy CA RPS compliance
  - Adopts “…the general presumption that all environmental and renewable attributes associated with the production of electricity be transferred to the utility and retired…”
  - The transfer of environmental attributes for RPS compliance need not include fuel related subsidies or local subsidies received by the generator for the destruction of particular pollutants
- Delivery requirement applies to in-state and out-of-state facilities
- Out-of-state facilities annually report to CEC their compliance with NERC tag delivery requirements
Tracking and Verification

- **Interim system:**
  - Generators submit third-party verified monthly meter reads on an annual basis
  - Utilities submit monthly procurement per facility on an annual basis
  - CEC compares generation data against utility procurement claims to verify amount of eligible procurement

- **Long-term:** Utilities will file compliance reports through the electronic tracking system, Western Renewable Energy Generation Information System (WREGIS)
  
  www.westgov.org/wieb/wregis

- To determine RPS compliance, CPUC compares CEC’s verification analysis with the Annual Procurement Target that is set by the CPUC
How WREGIS Works

- For each MWh of renewable energy generated by a participating generator, WREGIS issues a WREGIS certificate.
- The WREGIS certificate will be transferred between accounts when the buyer and seller notify WREGIS.
- WREGIS certificates can be retired to show compliance with various regulatory and voluntary programs.
What Does WREGIS Do?

- Verifies generator characteristics
- Issues certificates to generators based on data received from Reporting Entities
- Verifies transfer of WREGIS certificates in specific accounts
- Protects against double counting
- WREGIS is not a trading platform
Energy Commission RPS Guidelines

- **Renewable Portfolio Standard Eligibility Guidebook** describes the criteria and process for certifying renewables as eligible for California’s RPS & SEPs (Publication #500-04-001F)

- **New Renewable Facilities Program Guidebook** describes the requirements applicants must satisfy to receive SEPs (Publication #500-04-026)

- **Overall Program Guidebook for the Renewable Energy Program** describes how the Renewable Energy Program will be administered (Publication #500-04-026)

- Available at: [www.energy.ca.gov/portfolio](http://www.energy.ca.gov/portfolio) click “documents page”
For More Information

www.energy.ca.gov(portfolio

Heather Raitt
916-654-4735
hraith@energy.state.ca.us