MCE Clean Energy
My community. My choice.

MCE
1125 Tamalpais Avenue
San Rafael, CA 94901

August 10, 2016

Assembly Member Phil Ting
State Capitol, 6026
Sacramento, CA 95814

RE: Assembly Bill 1110 (Ting): Greenhouse gases emissions intensity reporting: retail electricity suppliers

OPPOSE UNLESS AMENDED

Dear Assembly Member Ting:

Marin Clean Energy (MCE) strongly supports the development of a uniform greenhouse gas (GHG) accounting methodology for retail sellers of electricity. However, Assembly Bill 1110 as amended on August 4, 2016 will lead to inaccurate calculations of GHGs, prescribes a detailed unworkable methodology, and discourages aggressively meeting and exceeding the RPS standards. Therefore, MCE must respectfully oppose unless amended so that large portions of the language are struck and replaced with a simple proposition: **"Not later than June 1, 2017, the energy commission shall institute a proceeding for the purpose of determining a uniform greenhouse gas emissions accounting methodology for retail sellers."**

MCE is a local government agency that administers the first community choice aggregation (CCA) program in the State of California. MCE's mission is to address climate change by reducing energy-related greenhouse gas (GHG) emissions. By October, MCE will serve approximately 250,000 customer accounts in Marin County, Napa County, and individual cities in Contra Costa and Solano counties.

Last year, MCE engaged in negotiations on the bill and requested that the bill become a two-year bill in order to more fully participate in the drafting process. New language that is substantially different than originally contemplated in the bill was presented in early August. At this point in the session, more time is needed to handle the complexities of calculating a uniform GHG methodology.

1. **The CEC Should Determine the Best Methodology for Calculating GHG Emissions Using an Open, Transparent Process**

The bill's granular requirements on procurement are not easily understood and are overly prescriptive to state agencies that could come up with a better measurement on their own using a transparent process with input from market participants and technical experts. The bill as written is a dramatic departure from longstanding regulatory compliance conventions including the Renewable Portfolio Standard (RPS).

The California Air Resources Board (CARB) engages in a Mandatory Reporting Requirement (MRR) process that sets a default emissions rate for unspecified energy sources. The bill creates a separate calculation process that is duplicative, complex, and extremely confusing to implement. For example, instead of its current directives, the bill should propose that CARB's rate should be updated on a yearly basis to reflect the most current energy mix on the grid. This kind of simple, reasoned policy consideration is lacking in the current legislative process of the bill; therefore, the California Energy Commission (CEC) should be given the authority to determine the most appropriate GHG calculation methodology with input from knowledgeable stakeholders.

2. **Greenhouse Gas Emissions Must Be Accurately Reported**

As amended on August 4, 2016, AB 1110 would have several problematic impacts on retail electricity sellers as well as GHG accounting methodology. The bill specifies the retail seller would report GHG emissions according to the first deliverer of the energy to the state. This would lead to a double-counting of emissions that are assigned to retail sellers because some renewable energy is "firmed and shaped" with conventional energy in order to solve issues related to intermittency (the sun setting, the wind ceasing to blow). Later imports of GHG-free energy are then used to balance the earlier use of conventional power, but this is counted as from an unspecified source because the renewable energy has already been counted. The bill as written would count the emissions from the conventional energy twice—once when it is delivered as "firmed and shaped" and once when it is delivered as unspecified in order to balance out the earlier purchase.

This double-counting is supposed to be prevented through another code section indicating the CEC shall ensure no double-counting occurs; it is unclear what the CEC is supposed to do if the methodology proposed in the bill necessitates double-counting.

The bill also advocates for using CARB's process for ensuring compliance with Cap-and-Trade as the method of calculating customer information related to greenhouse gas emissions. However, that system is set up to monitor smoke stack emissions, and neither retail providers nor electric utilities in California currently use that system for communicating with customers since it is solely a compliance tool.

Retail sellers already report their renewable energy purchases to the CEC as part of its Power Source Disclosure Program, which informs the Power Content Label for each retail seller. Therefore, the CEC should be able to determine the best methodology to accomplish the bill's goal of achieving a consistent GHG accounting methodology to report to customers from all retail sellers of electricity.

3. Extensive California Renewable Energy Procurement Should Be Encouraged

The four existing CCAs in the state all exceed the Renewable Portfolio Standard's (RPS) mandates on renewable energy. The bill would limit the ability of CCAs to buy energy that complies with RPS standards and is commonly used to adjust for GHG calculations because it would limit those adjustments to a different standard than the RPS. Because CCAs exceed the standards to an extensive degree, the bill disproportionately affects CCAs that are leading the renewable energy revolution in California. This would likely raise costs to CCA customers. If CCAs are discouraged from exceeding RPS standards, it undermines CCA-funded construction of new renewable facilities in California. MCE alone has committed over $500 million for new renewable energy facilities in California.

The CEC should carefully examine the potential effects of the bill on local renewable development, cost to customers, and job creation in a proceeding that robustly considers the arguments and expertise of all stakeholders.

While MCE strongly supports consistent GHG accounting methodology for use by all retail sellers in California, the bill will lead to inaccurate calculations of GHGs, prescribes a detailed unworkable methodology, and discourages aggressively meeting and exceeding the RPS standards. MCE therefore respectfully opposes the bill unless significant portions of the bill are deleted and the following language is included: **"Not later than June 1, 2017, the energy commission shall institute a proceeding for the purpose of determining a uniform greenhouse gas emissions accounting methodology for retail sellers."**

Sincerely,

Dawn Weisz
Chief Executive Officer
Marin Clean Energy