



# Valley Clean Energy Community Advisory Committee

December 3, 2018

Davis Senior & Community Center

# Suspension of Forward PCC-2 Renewable Procurements

- Action – Support staff recommend that the VCE Board of Directors approve a resolution authorizing staff to resume the procurement of PCC-2 Renewable Power for VCE's projected 2019 needs.

# Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- May 30, 2018 the CAC reviewed the staff recommendation to suspend PCC-2 Procurements
- California Energy Commission is updating new rules related to revisions in the Power Source Disclosure/Power Content Label (PSD/PCL) rules as required by AB 1110 signed into law September 26, 2016.
- AB 1110 Directs CEC to develop methodology for calculating greenhouse gas emissions (GHG) intensity for inclusion on the annual power content label required for all load serving entities.
- New reporting begins for 2019 deliveries, which are reported in 2020.
- The CEC was supposed to have adopted the updated rules by January 1, 2018.
- At the time, the CEC staff proposal was not favorable to GHG emissions reporting for PCC-2 power, which CCAs have relied on reduce the costs of renewable procurements.
- On June 6, 2018, the Board adopted staff's recommendation to suspend.



# Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- RECs indicate ownership of the renewable, carbon neutral attributes of the underlying resource and its displacement of conventional electricity generation.
- Historically, entities have used the ownership of RECs to offset the carbon emissions of the electricity actually used to serve them.
- This has been the operative assumption behind CCA CO2 emissions/intensity calculations.

Table 1. VCEA 2019 Carbon Intensity Calculation Comparisons  
No PCC-2 CO2 Emissions

	Content		Retail Load, MWhs	CO2 Emissions Intensity Per Product		CO2 Emissions Per Product		CO2 Emissions Intensity/ Contribution to Total	
Renewable	42%		299,543	0 lb/MWh		0 MT		0 lb/MWh	
PCC-1 <sup>1</sup>		23.25%	165,818		0 lb/MWh		0 MT		0 lb/MWh
PCC-2 <sup>2</sup>		18.75%	133,724		0 lb/MWh		0 MT		0 lb/MWh
Large Hydro <sup>3</sup>	33%		235,355	0 lb/MWh		0 MT		0 lb/MWh	
Unspecified Market Power <sup>4</sup>	25%		178,299	962 lb/MWh		77,838 MT		241 lb/MWh	
<b>Total</b>	100%		713,197			77,838 MT		<b>241 lb/MWh</b>	

# Resumption of 2019 Forward PCC-2 Renewable Procurements - Background

- CEC staff most recent proposal submitted for the rulemaking continues the position that load serving entities will have to report the carbon emissions associated with the underlying power.
- The CEC is not expected to decide the issue until sometime in 2019.

Table 2. VCEA 2019 Carbon Intensity Calculation Comparisons  
PCC-2 CO2 Emissions Based On Unspecified Imports

	Content		Retail Load, MWhs	CO2 Emissions Intensity Per Product		CO2 Emissions Per Product		CO2 Emissions Intensity/ Contribution to Total	
Renewable	42%		299,543	430 lb/MWh		58,379 MT		180 lb/MWh	
PCC-1 <sup>1</sup>		23.25%	165,818		0 lb/MWh		0 MT		0 lb/MWh
PCC-2 <sup>2</sup>		18.75%	133,724		962 lb/MWh		58,379 MT		180 lb/MWh
Large Hydro <sup>3</sup>	33%		235,355	0 lb/MWh		0 MT		0 lb/MWh	
Unspecified Market Power <sup>4</sup>	25%		178,299	962 lb/MWh		77,838 MT		241 lb/MWh	
<b>Total</b>	100%		713,197			136,217 MT		<b>421 lb/MWh</b>	

# Resumption of 2019 Forward PCC-2 Renewable Procurements – Additional Considerations

- AB 1110 gives new CCAs the option to not report GHG emissions for 24 to 36 months following formation.
- For VCE, this means it would not have to report GHG emissions for 2019 (in 2020), and possibly for 2020.
- PCC-2 power is used by VCE as a bridge to long term PCC-1 renewable contracts, and will be phased out.

# Suspension of Forward PCC-2 Renewable Procurements Recommendation

- With the CEC not set to act until sometime in 2019, and because VCE needs to complete its renewable procurement, staff is recommending completing the 2019 PCC-2 procurement.