



Renewables Portfolio Standard Program

Program and Compliance Information for New California Load-Serving Entities



California Public Utilities Commission
Energy Division – Renewable Procurement & Market Development Section
2019



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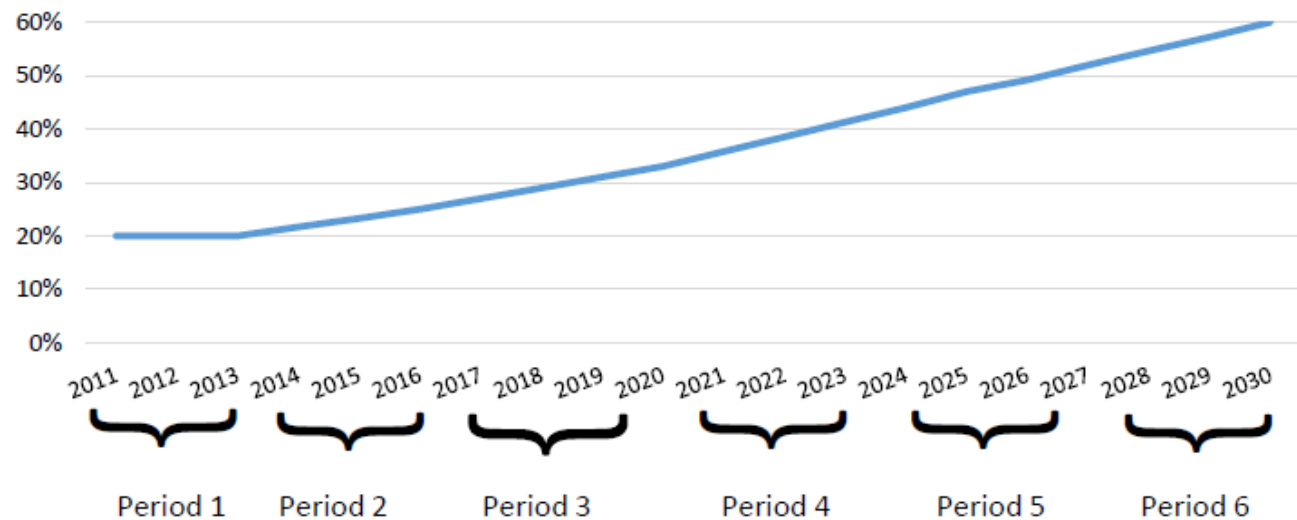


RENEWABLES PORTFOLIO STANDARD (RPS)

RPS REQUIREMENTS BY COMPLIANCE PERIOD

- SB 100 specifies that all load-serving entities **must procure at least 60 percent of their resources from eligible renewable energy resources by 2030**

RPS Compliance Period Requirements



Note: The SB 100 mandate for a 60% RPS has not yet been formally implemented by the Commission.

$$\text{RPS \%} = \frac{\text{Renewable Energy Procurement (MWh)}}{\text{Retail Sales (MWh)}}$$



DECISIONS AND PROCEEDING INFORMATION

- The current RPS Proceeding number is: R.18-07-003
 - All new load-serving entities should be a party to the proceeding and be added to the Service List
 - To become a party to a proceeding, visit the Public Advisor's Office [website](#)
 - To be added to a Service List, see the Process Office's [FAQ sheet](#)
- Decisions relevant to the RPS Program can be found here:
 - http://www.cpuc.ca.gov/RPS_Decisions_Proceedings/
- All CPUC decisions related to the RPS program are important, but the most relevant decisions are:
 - [D.11-12-052: Decision Implementing the Portfolio Content Categories for the RPS Program](#)
 - [D.12-06-028: Decision Setting Compliance Rules for the RPS Program](#)
 - [D.14-12-023: Decision Setting Enforcement Rules for the RPS Program](#)
 - [D.17-06-026: Decision Revising Compliance Requirements for the RPS Program in Accordance with SB 350](#)
 - [D.17-12-007: Decision Accepting Draft 2017 RPS Procurement Plans](#)
 - [D.18-05-026: Decision Implementing SB 350 Provisions on Penalties and Waivers for the RPS Program](#)



RPS PROGRAM ADMINISTRATION

- California’s RPS program is jointly administered by the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC)
 - The CEC verifies that all facilities claimed for the RPS program are “RPS-Eligible” – see the [guidebook](#)
- The CPUC determines and enforces compliance with RPS procurement requirements for all retail electricity sellers in California
 - Annual Filings to the CPUC include:
 - RPS Procurement Plans
 - Public Utilities Code § 399.13(a)(1)
 - RPS Compliance Reports
 - Public Utilities Code § 399.13(a)(3)



RPS PROGRAM ADMINISTRATION: RPS PROCUREMENT PLANS

Info:

- Public Utilities Code § 399.13(a)(1)

Links:

- [Decision Accepting Draft 2017 RPS Procurement Plans \(D.17-12-007\)](#)
 - **For CCAs only:** Page 69 of [D.17-12-007](#) states: *“Effective 35 days from this decision’s issuance...new CCAs must file their RPS plans upon registering with the Commission or 90 days prior to delivering load, whichever event occurs first.”*
- [Ruling Identifying Issues and Schedule of Review for 2018 RPS Plans](#)
 - Outlines filing requirements for all retail sellers of electricity, including CCAs and ESPs



RPS PROGRAM ADMINISTRATION: RPS COMPLIANCE REPORTS

Info:

- Public Utilities Code § 399.13(a)(3)
- Annual RPS Compliance Reports: Due to the CPUC annually on August 1
- Final RPS Compliance Reports: Due to the CPUC 30 days after the CEC's Final RPS Procurement Verification Report for Retail Sellers is issued
 - See D.12-06-038 for more information

Links:

- [RPS Compliance and Reporting webpage with templates and FAQ](#)
- [RPS Program Decisions page](#)
- Relevant Decisions
 - [Setting Compliance Rules for the RPS Program](#)
 - [Setting Enforcement Rules for the RPS Program](#)
 - [Revising Compliance Requirements for the RPS](#)



OVERVIEW OF THE RPS COMPLIANCE PROCESS

- Compliance Reports must be submitted to the CPUC annually on August 1
 - Final Compliance Reports must be submitted to the CPUC 30 days after the issuance of the CEC's RPS Procurement Verification Claims Report for Retail Sellers
- D.11-12-052 requires Investor Owned Utilities (IOUs), Multi-Jurisdictional Utilities (MJUs), Electric Service Providers (ESPs), and Community Choice Aggregators (CCAs) to submit information to Energy Division sufficient to demonstrate that enough qualifying renewable energy credits (RECs) were retired to meet the California renewable portfolio standard requirements of the portfolio content category (PCC) classification in which they are claimed.
 - Retail sellers must submit WRGIS reports to the CPUC each year
 - Retail sellers must submit an hourly e-Tag summary report to determine the proper PCC classification of RECs generated from facilities located outside of a California balancing authority area.
 - Refer to D.11-12-052 for additional details related to RPS portfolio content category classification or see the PCC Review Process Handbook on the CPUC's [RPS Compliance website](#).



RPS COMPLIANCE: PROCUREMENT QUANTITY REQUIREMENT

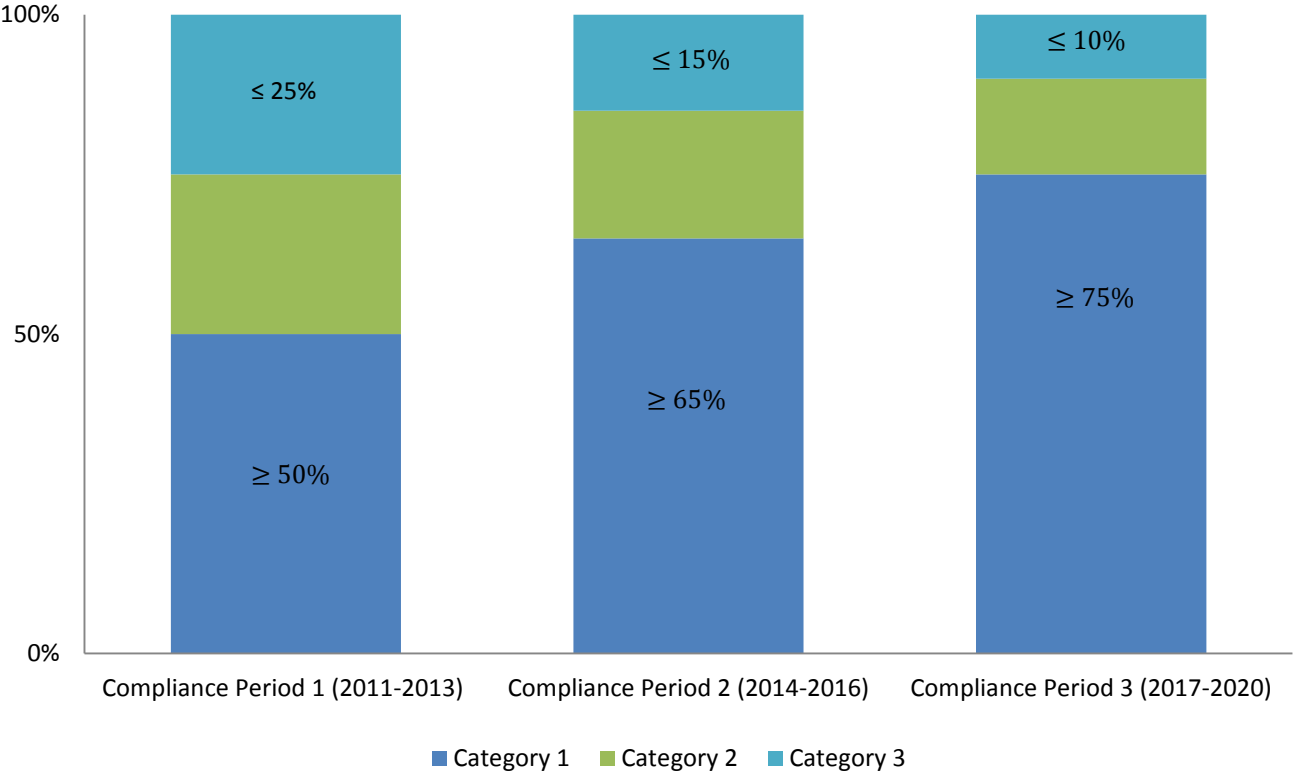
	Compliance Period 3				Compliance Period 4				Compliance Period 5			Compliance Period 6		
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
% of Retail Sales	27.0%	29.0%	31.0%	33.0%	35.8%	38.5%	41.3%	44.0%	47.0%	49.2%	52.0%	54.6%	57.2%	60.0%

- The Procurement Quantity Requirement (PQR) is defined as the statutory percentage of RPS-eligible procurement required per year in a compliance period multiplied by the total retail sales of each year in the compliance period.

Example PQR Calculation				
	Compliance Period 3			
Year	2017	2018	2019	2020
% of Retail Sales	27.0%	29.0%	31.0%	33.0%
Retail Sales (MWh)	200,000	200,000	200,000	200,000
PQR	240,000			



RPS COMPLIANCE: PORTFOLIO BALANCE REQUIREMENT



Note: Portfolio Balance Requirements for Compliance Period 3 apply to all subsequent Compliance Periods



RPS COMPLIANCE: LONG-TERM CONTRACTING REQUIREMENT

- Pursuant to D.17-06-026:
 - Beginning with the 2021-2024 compliance period, each retail seller must demonstrate that at least 65% of the RECs it counts towards its PQR in the compliance period are associated with long-term contracts
 - Long-term contracts are characterized as:
 - Contracts that are at least 10 years or more in duration;
 - Contracts that are initially 10 years or more in duration, that may be extended for any period of time; and
 - Contracts with an initial term of less than 10 years and the contract is amended by an extension of at least 10 continuous years of duration.



OVERVIEW OF THE RPS COMPLIANCE REPORT PROCESS

Step 1

Submit all Compliance Report documents to Energy Division staff through the CPUC's Secure FTP website (<https://kwftp.cpuc.ca.gov>) with rpscompliance@cpuc.ca.gov as the recipient address

- Submission materials: 1) RPS Compliance Report (.xlsx); 2) narrative of compliance report (.pdf); 3) static contract information report (.xlsx), 4) RPS Hourly Meter and e-Tag Reconciliation Report and RPS e-Tag Summary Report (.xlsx), 5) confidential versions of all RPS contracts for claimed facilities included in Compliance Report (.pdf)
Note: Detailed instructions are included in the reporting templates posted online

Step 2

- Send paper copies (confidential and public versions) of the Compliance Report to the assigned Administrative Law Judges for the RPS proceeding and Serve a public PDF version of the Compliance Report to the RPS proceeding Service List

Step 3

- Ensure that annual WREGIS reports (RTSL) are sent to CPUC staff. See the CEC's [WREGIS Reporting Instructions](#) document for more information.



OVERVIEW OF THE RPS COMPLIANCE REPORT PROCESS

Step 4

- CPUC staff will notify the retail seller if there are any high-level reporting errors detected in the Compliance Report (i.e. annual retail sales numbers are omitted, REC retirement tabs are blank, etc.) or if a retail seller fails to timely submit their report

Step 5

RPS Compliance Citation Program:

- If CPUC staff does not receive a submission after a notification of failure to submit, staff is authorized to penalize retail sellers for non-compliance with the mandatory filing deadlines and reporting requirements of the RPS program by the citation program initiated in Resolution E-4257 and updated by Resolution E-4720. The latter Resolution authorizes staff to issue a citation to retail sellers indicating the failure to submit compliance reports or supporting documents.

Step 6

- CPUC staff will review the reports and documents received and make a compliance determination (per compliance period) based only on Final information submitted, the CEC's Verification Report, and WREGIS REC retirement records
- CPUC staff will notify retail sellers of compliance status via a formal compliance determination letter



NON-COMPLIANCE: PENALTIES

- Current penalty amount of \$50 per renewable energy credit (REC) is applied to the REC shortfall in a retail seller's RPS procurement obligation
 - The \$50/REC penalty amount is applied to a retail seller's shortfalls in meeting both procurement quantity requirements (PQR) and portfolio balance requirements (PBR) in a compliance period
 - The total penalty for a shortfall in RECs needed to meet both a retail seller's PQR and PBR is the larger of the penalty for PQR shortfall alone or PBR shortfall alone

CPUC Decision References: D.14-12-023; D.18-05-026



NON-COMPLIANCE: PENALTY CAP

- The Penalty Cap refers to the maximum penalty that a retail seller subject to the cap would be required to pay for a compliance period
 - For large IOUs, the cap is set according to the numbers of years in the compliance period: \$75 million for the first RPS compliance period (2011-2013), \$75 million for the second RPS compliance period (2014-2016), \$100 million for the third compliance period (2017-2020), and \$25 million each year for all following years.
 - For all other retail sellers, the penalty cap is set as the lesser of the penalty cap for the large investor-owned utilities or a cap figured as 50 percent of the retail seller's PQR for the compliance period multiplied by the penalty amount of \$50 per REC.

CPUC Decision References: D.14-12-023; D.18-05-026



NON-COMPLIANCE: WAIVER REQUEST OF PROCUREMENT QUANTITY REQUIREMENTS

- A retail seller that is deemed out of compliance with the RPS program's procurement quantity requirements may file a motion for a waiver request of their procurement quantity requirements
 - CPUC Decision D.14-12-023 (Ordering Paragraphs 2 - 13) establishes a process and criteria for retail sellers to request a waiver for the penalty for non-compliance with the PQR



SUPPLEMENTAL INFORMATION



PORTFOLIO CONTENT CATEGORY CLASSIFICATIONS

- The CPUC is responsible for reviewing if/how a retail seller's RPS procurement fits in each of the PCC classifications (D.11-12-052) after the CEC verifies the number of RPS eligible RECs that a retail seller can use to meet their RPS compliance obligations
- There are three primary categories of REC classification:
 - PCC 1
 - PCC 2
 - PCC 3



PORTFOLIO CONTENT CATEGORY 1

GENERALLY IN-STATE RESOURCES

Requirements for PCC 1: *RPS procurement from facilities with a first point of interconnection within a California Balancing Authority (CBA), or facilities that schedule electricity into a CBA on an hourly or sub-hourly basis*

- Requirements specific to facilities directly interconnected to CBA:
 - Contract must purchase generation from a facility with first point of interconnection in the WECC and within the metered boundaries of a CBA
 - Contract must purchase generation from a facility with first point of interconnection in distribution system used to serve end users within the metered boundaries of a CBA
- Requirements specific to facilities that are not directly interconnected to CBA:
 - Contract must purchase generation from that facility scheduled into a CBA without substituting electricity from any other source
 - Contract must purchase real-time ancillary services may be required to maintain an hourly or sub-hourly import schedule, but only generation from an RPS eligible facility may count as PCC 1
 - Contract must purchase generation from that facility is scheduled into a CBA pursuant to a dynamic transfer agreement
- RECs that do not meet the delivery requirements for PCC 1 (e.g. are not properly scheduled) may end up classified as PCC 3.



PORTFOLIO CONTENT CATEGORY 2

GENERALLY OUT OF STATE RESOURCES

Requirements for PCC 2: *Bundled Procurement Pairing RECs with Incremental Electricity and/or Substitute Energy from Outside a CBA*

- Contract must include the simultaneous purchase of Energy and RECs from the RPS-eligible generation facility.
- The purchased energy must be available to the buyer, i.e., energy cannot be sold back to the generator.
- An initial contract for substitute energy is acquired after the RPS-eligible energy is purchased.
- The initial contract for substitute energy is acquired before the initial date of generation of the original contract.
- RECs that do not meet the delivery requirements for PCC 2 (e.g. do not import system energy from outside CA) may end up classified as PCC 3.



PORTFOLIO CONTENT CATEGORY 3

Requirements for PCC 3: *REC Claims Outside Portfolio Content Category Classifications 1, 2 – Including Unbundled RECs*

- A procurement contract for unbundled RECs, originally associated with RPS eligible generation.
- Generation from procurement contract for RPS eligible generation that does not qualify to be counted in either PCC 1 or PCC 2.



PORTFOLIO CONTENT CATEGORY 0

Requirements for PCC 0: *REC Claims Outside Portfolio Content Category Classifications 1, 2, and 3*

- Procurement claims from contracts executed before June 1, 2010, or January 13, 2011 for ESPs, are not subject to the PCC classifications established in D.11-12-052, and thus qualify for PCC 0.
 - Contracts that qualify for PCC 0 classification will lose their eligibility for PCC 0 classification if a contract amendment is executed that increases the nameplate capacity or expected quantities of annual generation.



CONTACT INFORMATION

CPUC RPS Compliance Staff Contact Information

- RPS Compliance Inbox: rpscompliance@cpuc.ca.gov
- RPS Compliance Staff:
 - Amanda Singh: amanda.singh@cpuc.ca.gov, (415) 703-2452
 - Brandon Gerstle: brandon.gerstle@cpuc.ca.gov, (415) 703-3661