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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to
Develop Additional Methods to
Implement the California Renewables
Portfolio Standard Program.

Rulemaking R.06-02-012

**POST-WORKSHOP REPLY COMMENTS OF THE GREEN POWER
INSTITUTE ON TRADABLE RENEWABLE ENERGY CREDITS**

December 5, 2007

Gregory Morris, Director
Valerie Morris, Associate
Kendra Williams, Associate
The Green Power Institute
a program of the Pacific Institute
2039 Shattuck Ave., Suite 402
Berkeley, CA 94704
ph: (510) 644-2700
fax: (510) 644-1117
gmorris@emf.net

POST-WORKSHOP REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON TRADABLE RENEWABLE ENERGY CREDITS

Introduction

Pursuant to the October 16, 2007, *Administrative Law Judge's Ruling Requesting Post-Workshop Comments on Tradable Renewable Energy Credits*, as modified by the November 21, 2007, *Administrative Law Judge's Ruling Revising Schedule for Post-Workshop Comments*, the Green Power Institute (GPI) respectfully submits these *Post-Workshop Reply Comments of the Green Power Institute on Tradable Renewable Energy Credits*, in Proceeding R.06-02-012, **Order Instituting Rulemaking to Develop Additional Methods to Implement the California Renewables Portfolio Standard Program**. In these *Post-Workshop Reply Comments*, we address the issue of the definition of a REC, and the RPS Standard Term and Condition (ST&C) on RECs.

REC Attributes and the RPS Standard Term and Condition on RECs

We are pleased to see that most or all of the parties' *Post-Workshop Comments* affirm the principle that the net greenhouse gas benefits¹ of methane avoidance or destruction associated with renewable energy production from biomass and biogas fuels are not part of the REC. Biomass and biogas fuel-related benefits are outside of the REC as a matter of statute (PUC § 399.12(g)(2)), and are the property of the generator, should some type of credit or offset value be available at some point in the future for these benefits. We believe that this is indeed likely to be the case as the state develops its AB 32 greenhouse gas reduction program.

¹ That is, net of energy generation emissions, thus delivering the REC at zero net greenhouse gas emissions, identical to all other RECs, and compliant with the currently-approved standard term and condition on RECs.

Due to time constraints and a heavy work load in several related Commission proceedings, the GPI was not able to contact other commenting parties to this proceeding to explore the possibility of developing a consensus proposal on modifying the RPS standard term and condition regarding the definition of a REC, in time for purposes of preparing these *Reply Comments*. We are optimistic that such a consensus proposal might be possible to hammer out, if the interested parties were to make the effort. This could be done through a formal workshop process at the Commission, or through informal all-party discussions. We urge the Commission to keep this option open, and to encourage the parties to collaborate.

The GPI proposed revised language for the RPS standard term and condition on RECs in our November 13, 2007, *Post-Workshop Comments*. Several other parties, including SCE, SDG&E, and Sustainable Conservation, also proposed language revisions. One element that is common to the other proposals, and not included in the GPI's proposal, is the retention of the use of the term "Green Attributes" to define the components of a REC. The discussion of the other parties' *Post-Workshop Comments* seems to imply that the term Green Attributes is a matter of statute, but that is not the case. Green Attributes is a new term that was coined by this Commission during an earlier revision of the text of the ST&C for the REC, following the enactment of SB 107. The introduction of this new term was done, presumably, to represent the "renewable and environmental attributes" that are referred to in PUC § 399.12(g)(2) as the necessary ingredients of a REC. We strongly urge the Commission and other parties to drop this unnecessary and ambiguous term, and simply incorporate the language in the statute into the ST&C for the REC, as we have done in our proposed ST&C revision (GPI *Post-Workshop Comments*, page 18):

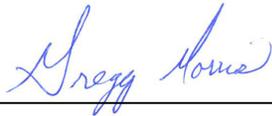
Proposed REC Definition

"Renewable Energy Credit" means a certificate of proof, issued through WREGIS, that one unit of electricity was generated and delivered by an eligible renewable energy resource. A Renewable Energy Credit includes **all renewable and environmental attributes** associated with the production of electricity from the eligible renewable energy resource and its displacement of fossil fuel energy use, except for any emissions reduction credits issued pursuant to Section 40709 of the Health and Safety Code, and any offsets, credits or payments associated with the

reduction of solid waste and treatment benefits created by the utilization of biomass or biogas fuels. If Seller receives any tradable credits or offsets based on the greenhouse gas reduction benefits attributable to its biomass or biogas fuel use, it shall provide Buyer with certification that its RECs have zero net greenhouse gas emissions, and that its fuel-related offsets or credits are created subject to approved state greenhouse gas emissions reporting protocols. One Renewable Energy Credit represents the counting rights associated with one (1) MWh of energy. (Emphasis added.)

Dated December 5, 2007, at Berkeley, California.

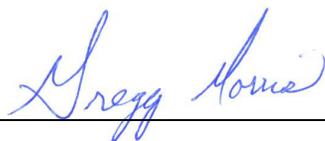
Respectfully Submitted,

A handwritten signature in blue ink that reads "Gregory Morris". The signature is written in a cursive style and is positioned above a horizontal line.

Gregory Morris, Director
The Green Power Institute
a program of the Pacific Institute
2039 Shattuck Ave., Suite 402
Berkeley, CA 94704
ph: (510) 644-2700
Fax: (510) 644-1117
email: gmorris@emf.net

PROOF OF SERVICE

I hereby certify that on December 5, 2007, I have served a copy of the POST-WORKSHOP REPLY COMMENTS OF THE GREEN POWER INSTITUTE ON TRADABLE RENEWABLE ENERGY CREDITS upon all parties listed on the Service List for this proceeding, R.06-02-012, and for proceedings R.06-05-027, R.06-03-004, and R.06-04-009, as specified in the ALJ's *Ruling*. All parties have been served by email or first class mail, in accordance with Commission Rules.



Gregory Morris