

**ESSB 6001 Stakeholder Committee
 October 23, 2007 Meeting
 Decision Matrix:
 Unspecified Sources**

RCW 80.80.040(9) In developing and implementing the greenhouse gases emissions performance standard, the department shall, with assistance of the commission, the department of community, trade, and economic development energy policy division, and electric utilities, and to the extent practicable, address long-term purchases of electricity from unspecified sources in a manner consistent with this chapter.

Issue	What concerns are there (e.g. with current law)?	What approaches should be considered?	What is the reflected opinion (recommendation) of the committee?	What complicating factors (or minority opinions) are there?
<p>1) What is the definition of “unspecified sources” for the purposes of ESSB 6001?</p> <p>-Basic definition: The powerplant delivering the power is not identified; The purchase is not linked to a specific generating source.</p>				
<p>Do unspecified sources include circumstances where a delivery location (i.e., bus or substation) is specified, but a generator is not?</p>	<p>-point of delivery or receipt does not give generator -Is a rule necessary? -Is averaging appropriate? -Do all tier 1 contracts represent base load power plants that would meet the standard? -</p>	<p>-exceptions: 1.Substitute power 2. Shaping renewable resources</p>	<p>1. Average the annualized capacity factor of our resource portfolio and at such time that it became 60 percent we would apply the EPS to the resource portfolio based on emission factors provided by the Department (not fully supported)- Dave W 2. We would apply the EPS to the resource portfolio based on emission factors provided by the Department. (unknown) –Dick 3. We would apply the EPS to the resource portfolio based on the emission factors provided by the Department except that the portfolio</p>	<p>-Instead of applying the EPS to each individual unit providing power under an unspecified resources contract you would calculate the average emissions rate to see that it was equal or less than the EPS. -BPA develops products to meet regional needs not specifically WA utilities. -Need something specific for BPA. -For BPA use information filed with CTED. -imputing an emissions level of the dirtiest plant. -averaging a portfolio would allow for high emitting plants</p>

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			cannot contain any new resources that would not comply with the EPS on its own. –Howard (more support, still some unknowns) 4. Use California’s approach saying all long term financial commitments have to be with specified resources, except an unspecified contract where each of a group of specified resources passes the EPS. – Jessica and Don (mixed)	(above EPS). -law about stopping individual coal plants -EPS is based on a single plant with an annualized capacity factor of 60 percent or greater. -many of these options go to a BPA system that has an annualized capacity factor of less than 60 percent. -some of these options appear to put ecology with jurisdiction over public power contracts in violation of sec. 9.
Do long-term purchases include: -exchanges? -integration contracts for intermittent resources?				
If a power contract includes a mix of specified and unspecified generation sources, is the entire contract unspecified?				
Would power purchases from BPA qualify as specified or unspecified resources?				

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Is it possible for BPA to identify each underlying source of power for a particular contract?				
2) How are unspecified sources used in Washington?				
Are unspecified sources used in a significant percentage of long-term contracts?				
Why are unspecified sources typically used in a long-term contract?				
3) How does the definition of “baseload electric generation” apply to a contract that does not specify a generation source?				
The defined term “baseload” contemplates the operational characteristics of a power plant. Is this definition relevant to contract deliveries that may come from many unidentified power plants?				

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What would determine whether a power contract from unspecified resources would qualify as baseload electric generation as defined in the statute?				
4) Should the rule impute a greenhouse gas emissions value for unspecified resources?				
The CPUC rejected as inappropriate imputing an emission rate to use as an emission performance standard for unspecified sources.		Needs to be a level playing field between BPA Tier 2 and other potential power providers.	Committee members were split over whether the rule should include an averaged or imputed emission rate.	Concern that averaging would allow a high emitter to meet the EPS by being averaged in with “green” energy portfolios.
If this rule should include an imputed greenhouse gases emissions value for unspecified resources, what would be an appropriate basis for imputation?				
5) What other methods and procedures are available and practical for the department to address “long term purchases of electricity from unspecified sources in a manner consistent with this chapter.”?				

Issue	What concerns are there (e.g. with current law)?	What approaches should be considered?	What is the reflected opinion (recommendation) of the committee?	What complicating factors (or minority opinions) are there?
What emission factors would be appropriate to use if the resource mix supporting a contract can be determined, even if the exact power sources are not specified?				
Could a utility comply by certifying a resource mix and emissions calculation for which it bears the burden of proof?				
Should the rule adopt California's approach to limiting the acceptability of unspecified sources to certain circumstances?				
Should long-term financial commitments that do not specify sources be deemed not to comply with the EPS?				

California EPS rules:

1. California Public Utilities Commission (CPUC)

Interim EPS Rule R.06-04-009, Adopted 1/29/07:

Entire rule available at: <http://www.cpuc.ca.gov/PUBLISHED/Graphics/64074.PDF> (go to Attachment 7)

7. Substitute Energy Provisions

Contract commitments with a term of five years or more may contain provisions for the seller to substitute deliveries from specified powerplants with energy purchases from unspecified resources (“system” energy) under the following circumstances:

1. The contract is with one or more specified powerplants, each of which is EPS-compliant under the interim EPS rules.
2. For specified contracts with non-renewable resources or dispatchable renewable resources (or a combination of each), substitute energy purchases for each specified powerplant are permitted up to 15% of forecast energy production of the specified powerplant over the term of the contract, provided that the contract only permits the seller to purchase system energy under either of the following conditions:
 - a) The contract permits the seller to provide system energy when the powerplant is unavailable due to a forced outage, scheduled maintenance or other temporary unavailability for operational or efficiency reasons; or
 - b) The contract permits the seller to provide system energy to meet operating conditions required under the contract, such as provisions for number of start-ups, ramp rates, minimum number of operating hours, etc.

A “dispatchable” renewable resource for the purpose of this rule is one that is not defined as “intermittent” under section 3 below.

3. For specified contracts with intermittent renewable resources (defined as solar, wind and run-of-river hydroelectricity), the amount of substitute energy purchases from unspecified resources is limited such that total purchases under the contract (whether from the intermittent renewable resource or from substitute unspecified sources) do not exceed the total expected output of the specified renewable powerplant over the term of the contract.

CPUC analysis of issues:

- See Attachment A containing Sections 1.4 and 4.12 of the “Interim Opinion on Phase I Issues: Greenhouse Gas Emissions Performance Standard”.

Pg. 1: Based on the record in this proceeding, we conclude that imputing emissions rates to unspecified contracts would not be consistent with the requirements of SB 1368 for the following reasons.

...such proxies do not reflect the actual emissions from the underlying sources. As a result, using imputed emissions rates does not permit us to determine whether a commitment with an unspecified resource is consistent with SB 1368...Therefore, instead of imputing an emissions rate to unspecified contracts, we require in today's decision that all covered procurements be with specified resources that can demonstrate compliance with the interim EPS, except when substitute system energy is purchased to firm deliveries from unspecified powerplants under the limited conditions we describe below.

Full report available at:

http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/64072.htm

- “Interim Opinion on Reporting and Verification of Greenhouse Gas Emissions in the Electricity Sector”; Section C – Unspecified Resources. Issued 9/7/07.

Full report available at:

http://www.cpuc.ca.gov/word_pdf/FINAL_DECISION/72513.pdf

2. California Energy Commission (CEC)

Adopted Rule 8-29-07 Chapter 11 – Greenhouse Gases Emission Performance Standard (essentially mirrors the rule adopted by CPUC on 1/25/07)

Entire rule available at: http://www.energy.ca.gov/ghgstandards/documents/2007-08-29_business_meeting/2007-08-10_PROPOSED_15-DAY_CHANGES.PDF

Section 2901 Definitions

(o) “Unspecified energy” means energy purchased from unspecified resources.

Section 2906 Substitute Energy

(a) Except as provided for below, a contract with a term of five years or more that includes the purchase of unspecified energy is not compliant with the EPS.

(b) A new contract for covered procurement from identified powerplants may contain provisions for the seller to substitute deliveries of energy under any of the following circumstances:

(1) The substitute energy only comes from one or more identified powerplants, each of which is EPS-compliant.

(2) For specified contracts with non-renewable resources or dispatchable renewable resources, or a combination of each, unspecified energy purchases for each identified powerplant are permitted up to 15% of forecast energy production of the identified powerplant over the term of the contract, provided that the contract only permits the seller to purchase unspecified energy under either of the following conditions:

(A) The identified powerplant is unavailable due to a forced outage, scheduled maintenance or other temporary unavailability for operational or efficiency reasons; or

(B) To meet operating conditions required under the contract, including, but not limited to, provisions for the number of start-ups, ramp rates, or minimum number of operating hours.

(3) For specified contracts with intermittent renewable resources, the amount of substitute energy purchases from unspecified resources is limited such that total purchases under the contract, whether from the intermittent renewable resource or from substitute unspecified resources, do not exceed the total reasonably expected output of the identified renewable powerplant over the term of the contract.

Section 2909 Compliance Filings

Within ten (10) business days after a local publicly owned electric utility enters into a covered procurement, the local publicly owned electric utility shall submit a compliance filing to the Commission regarding the covered procurement. The compliance filing shall contain one paper copy with original signature and one electronic copy of the following:

(a) An attestation, signed under penalty of perjury by an agent of the local publicly owned electric utility authorized by its governing body to sign on its behalf, that:

(1) the governing body has reviewed and approved in a noticed public meeting both the covered procurement and the compliance filing;

(2) based on the governing body's knowledge, information or belief, the compliance filing does not contain a material misstatement or omission of fact;

- (3) based on the governing body's knowledge, information or belief, the covered procurement complies with this Article; and
 - (4) the covered procurement contains contractual terms or conditions specifying that the contract or commitment is void and all energy deliveries shall be terminated no later than the effective date of any Commission decision pursuant to Section 2910 that the covered procurement fails to comply with this Article.
- (b) The documentation for the covered procurement as listed in Section 2908(c) if the covered procurement is a new or renewed contract or 2908(d) if the covered procurement is a new ownership investment.
- (c) For any covered procurement utilizing carbon sequestration pursuant to Section 2904(c), documentation demonstrating that Subsections 2904(c)(1)-(3) have been met.
- (d) For any covered procurement that permits unspecified energy purchases, the source data and methodology the local publicly owned electric utility used in developing the level of expected output from the identified powerplants, in order to demonstrate that the limits for unspecified energy purchases were properly established.