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Reliable Energy. Dependable Service.

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Mr. Gary Collord
California Air Resources Board
1001 I Street
Sacramento, California 95812

Subject: Comments for RES Concept Outline

Mr. Collord:

Introduction

The City of Roseville (City) is located in Placer County, about 16 miles northeast of Sacramento and 110 miles east of San Francisco.

Roseville Electric is a department within the City of Roseville. The City has owned and operated its electric distribution system since 1911. Roseville Electric serves an area of approximately 31 square miles, coterminous with the City's borders. As of June 30, 2009, Roseville served 52,300 customers, comprised of approximately 46,000 residential customers and 6,300 customers. In July, 2006, Roseville experienced a record peak load of 343 megawatts.

Roseville Electric appreciates this opportunity to provide comments on the California Air Resources Board (ARB) Proposed Concept Outline for the California Renewable Electricity Standard (RES). The outline asked for responses on specific issues as well as general input. Roseville has structured its comments below consistent with the outline.

In general, Roseville supports the ARB proposal for implementation of a 33% RES in California. It is important that ARB structure its regulations to allow the RES goals to be met in the most cost effective manner and that has no detrimental effect on system reliability. The ARB proposal provides a practical and achievable regulatory framework for meeting a 33% renewable goal in 2020.

Applicability

The City generally supports an exemption threshold, based on annual load, for application of the RES. The exemption threshold would mitigate the impacts to the few utilities that have a majority or all of their loads met through existing, carbon-free, long-term contracts for federal hydroelectric power.

The City does not support including the California Department of Western Resources or the Western Area Power Administration under the RES. Neither act as retail sellers in the traditional sense. CDWR and/or WAPA customers that do

act as retail sellers are captured under the RES as regulated parties, except for pump load and those small enough to be exempted under an annual load threshold.

Eligible Resources

Roseville supports the concept of ARB reviewing the eligibility criteria of currently available technologies as well as new technologies as they are developed. In particular Roseville requests ARB consider applying the RES regulations to each utility's load net of the portion met by large hydro. Reducing greenhouse gas emissions and increasing renewable generation are complimentary goals. It makes no sense, in Roseville's opinion, to apply a renewable energy requirement on load served by any zero emission resource including large hydro. ARB should also craft its regulations to allow credit for all zero emission resources so utilities are not put in a position of having to divest themselves of zero emission resources to meet the new RES.

Deliverability

The City fully supports the concepts presented by the ARB in Section 2.d, at 10. Allowing use of in- or out-of state resources increases the supply of renewable electricity options available to regulated parties for compliance. Greater availability of renewable energy supplies will create a more robust market and lower overall costs for electric rate payers. Permitting use of out-of-state resources would not preclude utilities from limiting their own options through their procurement processes should their management, shareholders, governing bodies, customers, etc. have a preference toward resource with a more refined characteristic (example: local or in-state sources).

RES Metric

The City is examining the ARB concept of a RES metric. In theory, using such a metric would increase transparency to the effectiveness of each renewable resource fuel type for GHG mitigation and would increase the overall efficiency of the market. Practically, however, implementing this metric at this time seems premature. An intensive life cycle analysis needs to be performed on a number of technology types, locations, facility size (to capture economies or diseconomies of scale, etc) to develop the proper set of conversions from MWh to GHG mitigation. The City encourages the ARB to adopt an energy-based metric for RES compliance.

Compliance and Reporting

The City generally supports the ARB concept of annual reporting with enforceable compliance targets at two- or three-year intervals. Annual reporting is crucial for both the regulated parties and the regulator to assess the progress and effectiveness of the regulations.

The City encourages the ARB to conform the RES reporting window and reporting deadlines to one of two options:

- (1) Existing ARB greenhouse gas reporting requirements pursuant to AB32, or
- (2) Existing RPS and/or Power Content Label reporting requirements pursuant to applicable laws.

The City supports enforceable compliance targets at two- or three-year intervals to allow regulated parties to respond to unforeseeable or cyclical fluctuations in the generation of RES-compliant resources (e.g. weather-dependent generation, delayed in-service dates of new generation and/or transmission projects, etc.).

Duplicative reporting requirements to state agencies are burdensome to all regulated entities. The City generally recommends that ARB work with the CEC and CPUC to identify any duplicative data needs that regulated parties file pursuant to state law and/or regulation. The City also generally recommends that the state agencies work to eliminate duplicative requests by combining them into a single filing, to the extent possible.

Absent that coordination, the City encourages the ARB to consider using an existing or creating a new data entry interface under the current web-based greenhouse gas reporting tool deployed by ARB for AB32 compliance.

Interconnection and Load Considerations

The City conditionally supports the ARB proposal to exclude renewable generation that is connected on the end-use customers' side of the billing meter ("behind the meter generation") based on whether the generator output is (a) measured by a meter that meets ARB standards, or (b) is not measured and the customer is simply billed by the utility on a net-metered basis.

If the device is measured, the electric output of the renewable electricity resource should count toward RES compliance, and the utility's RES quota should be based on the customer's gross total load (i.e. measured load plus measured behind the meter generation).

Generation from behind the meter generation that is not measured by a revenue quality meter should not be included for RES compliance, and the utility's RES quota should be based on the customer's net load (i.e. measured load only).

The City supports excluding future load deliveries to plug-in hybrid vehicles from RES compliance. Data in this area will be imperfect. There are a number of charging pedestals that are separately metered and billed—the City owns a small number of these including one at the regional mall. However, these vehicles will not always be charged at a separately metered location (e.g. charging at place of residence, etc.). Therefore, the City expects the ARB will continue to inventory available data and perform analyses to develop recommended methods to estimate electricity load growth due to this technology.

Other Considerations

The City generally supports the ARB proposal to include associated factors in establishing RES compliance credits. The City would expect that if there are factors that reduce a resource's RES compliance effectiveness that there would conversely be factors that increase its effectiveness. The City encourages ARB to develop methods that do not limit a resource's maximum RES effectiveness to a factor equivalent to 1 MWh. That is, 1 MWh of generation from a resource could

produce more than 1 RES compliance credit. The City does not support a systematic bias that only has the potential to reduce a resource's effectiveness.

Several factors listed by ARB are considerations made by utilities when performing feasibility studies and economic analyses when evaluating sites. In the case of line losses, utilities naturally capture this concept. However, the City acknowledges that the method in which RECs are created for renewable electricity resources do not reflect line losses. One REC is created for each MWh of output regardless of how the electrical output is ultimately generated and used. ARB could express the state's preference toward in-state and locally generated electricity by applying loss factors. If ARB adopts this type of standard, the City encourages not to artificially impose factors that simply demonstrate the state's preferences (example: 100% loss factor for out-of-state resources, in the extreme example). Rather, the City encourages ARB to utilize factors that mimic historic or known operational loss factors on transmission lines and that these factors be updated according to a pre-defined frequency using a formulaic methodology.

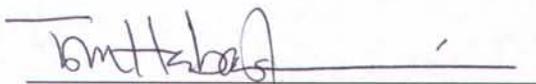
The City supports the ARB list of characteristics to consider. The City recommends ARB to also consider plant size (to capture economies or diseconomies of scale).

The City supports a method to account for some technologies' intermittent nature that causes them to rely on fast-response thermal energy.

Conclusion

Roseville appreciates this opportunity to comment on the ARB RES proposal. We encourage ARB to develop a regulatory framework with achievable goals and flexible compliance targets that supports cost effective new resource development and is considerate of the potential impact on system reliability.

The City of Roseville thanks the California Air Resources Board for the opportunity to submit these comments.



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