



**Comments of the Natural Resources Defense Council (NRDC)  
on the  
Proposed Concept Outline for the California Renewable Electricity Standard**

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The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer the following comments on the Proposed Concept Outline for the California Renewable Electricity Standard (RES). NRDC is a national environmental organization with over 250,000 members and activists in California.

Achieving a 33% share of renewable electricity is an essential part of the state's AB32 strategy and a key policy step toward building a clean energy economy. We urge the California Air Resources Board (CARB) to work together with the relevant state agencies, the full array of stakeholders, and the state legislature to craft a renewable procurement standard that is robust, flexible and consistent with the requirements of AB32.

**1. Applicability**

NRDC supports the staff proposal to apply the RES consistently to retail sellers of electricity across the state. We recognize that some smaller sellers who would otherwise fall under the requirements of this regulation might face particular circumstances that justify an exemption. Additional analysis should be conducted to evaluate whether a fixed threshold based on total sales is the optimal approach and, if so, at what level of consumption the threshold should be set.

**2. Eligibility**

NRDC believes that CARB should not expand the list of eligible resources beyond what is currently eligible under the Renewable Portfolio Standard (RPS). The current list of eligible resources is the product of extensive discussion and debate. Any effort to expand this list will be very contentious and is inconsistent with the extremely short timeline CARB has to adopt a final standard. Any future expansion to the list of eligible resources should be based on a full analysis of the potential environmental impacts of the proposed change.

### **3. Compliance**

The RES should include a firm mandate requiring 33% renewables by 2020 along with interim compliance targets to ensure steady progress towards the 2020 goal. NRDC agrees with staff that annual compliance targets are too frequent. Instead, compliance targets established at two- or three-year intervals provide a reasonable balance between flexibility and the need to ensure steady progress. Unlike the compliance targets, it is reasonable and appropriate to establish annual reporting requirements on regulated entities.

Waivers for failure to meet compliance targets should be carefully crafted to ensure they are limited to those factors that are out of the control of the regulated entity. The regulation should also be drafted so as to incent utilities to take all of the possible actions they can to meet the targets including development of distributed resources and more efficient use of existing transmission capacity.

NRDC supports the recommendation to base RES compliance on a MWh metric. Introduction of a GHG metric raises a number of significant problems in terms of identifying an appropriate avoided emission factor for different resources given the variability in locations and time of generation. If CARB decides to develop a GHG metric approach, staff will need to provide a detailed analysis of how it will address the numerous complications identified in the workshop and in parties' comments.

### **4. Delivery**

CARB should strive to develop a delivery requirement that balances the need for flexibility with the need to ensure that California consumers receive the economic and environmental benefits from renewable resources. As part of this effort, CARB staff should consider both the current delivery requirement and the delivery requirements adopted in SB14 in light of recent renewable contracts. As part of an overall delivery requirement, NRDC supports allowing regulated entities to use a limited amount of renewable energy credits (RECs) to comply with the RES.