

**To:** WREGIS – Stakeholder Advisory Committee

**From:** Rob Campbell, Powerex

August 4, 2009

**RE:** NERC Tag/WREGIS Renewable Delivery Verification – Making it work for non-load serving entities

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**Purpose:** Identify functionality issues for non-Load Serving Entities with the current implementation of the NERC tag upload tool in WREGIS so that APX/WREGIS can scope changes to how NERC tags and WREGIS certificates are matched and retired.

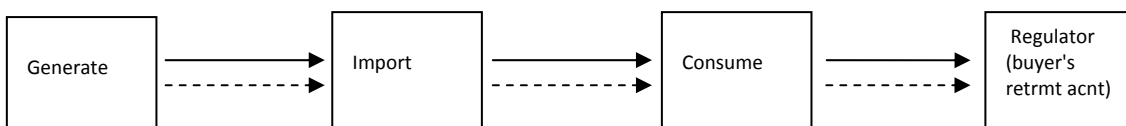
**Background:** As discussed in the WREGIS – Change Control Request form preceding this note, the current implementation of “NERC Tag Retirement in WREGIS for State RPS Compliance” functionality in WREGIS does not allow 3<sup>rd</sup> parties (Marketers) to schedule an RPS eligible import on behalf of California RPS regulated entities.

**Detailed Issue:**

1. In “organized markets” such as the Cal ISO, imported energy is not scheduled directly to the Load Serving Entity (LSE) as it is in bilateral markets, it is scheduled to the Cal ISO. Parties then conduct an incremental schedule to complete the transaction, i.e. the RPS regulated LSE is not necessarily on the physical path of the NERC tag.<sup>i</sup>
2. For imported energy, the California ISO scheduling practice is that the importer is shown as both:
  - a. the Purchasing Selling Entity (PSE) on the first leg of transmission inside the California ISO and
  - b. the PSE on the final line of the physical portion of the NERC tag.An importer can either be a marketer or an entity serving load in the California ISO<sup>ii</sup> but since marketers are not RPS regulated entities their eligible imports are not pulled into WREGIS (see #3.)
3. The WREGIS NERC tag Renewable Delivery Verification Functionality (NERC Tag upload) queries a WECC database of accepted NERC tags by comparing a list of RPS regulated Load Serving Entities with the Purchasing Selling Entity (PSE) on the final line of the physical portion of the NERC tag<sup>iii</sup>.
4. Eligible imports associated with renewable generation and WREGIS certificates from the generator are then matched in a WREGIS retirement account.
5. The result is that marketers that import on behalf LSE's are not able to pass evidence of an eligible import of out of state renewable energy to the LSE via WREGIS.

## Generalized Import of Out of State import of Renewable Energy.

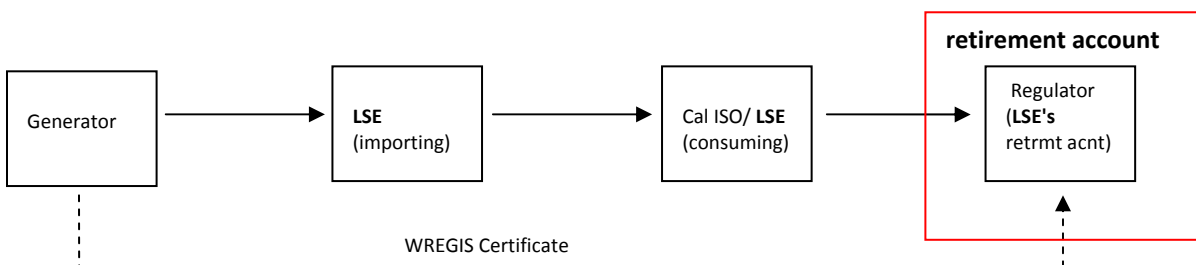
To illustrate the issue the following graphic demonstrates the "generic" out of state import through to retirement. (Straight Arrow = Energy, Dotted Arrow = WREGIS Certificates, the final segment represents the transfer of "evidence" of eligible delivery to the retirement account.)



In the simplified graphic above, energy and WREGIS certificates are generated, imported and consumed. The importer could be the final consumer or could be a third party marketer. Once an eligible import is made, the evidence of the import and the associated WREGIS certificate are passed to a retirement account (effectively passing the information to the regulator.)

## Current Implementation of Delivery Verification using NERC Tags in WREGIS:

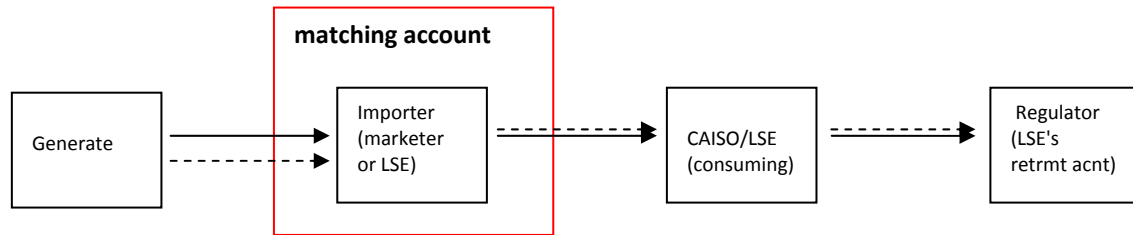
The current implementation of the NERC tag upload notionally allows for any entity to register with WREGIS and have its eligible deliveries uploaded into WREGIS but it only allows the eligible delivery to be matched with the corresponding WREGIS certificate in a retirement account. Functionally this means that only RPS regulated entities that have also made the eligible delivery can match the import with the corresponding WREGIS certificate.



## Ideal Implementation of Delivery Verification in WREGIS

An ideal implementation of the upload functionality in WREGIS would not limit the group of importers of renewable energy to only those that were also RPS regulated entities.

Eligible imports could be matched upstream of retirement in a "matching" account and then the WREGIS certificate, along with evidence of delivery could be passed to the buyer. The buyer then could retire the combined WREGIS certificate and eligible delivery in its retirement account for compliance verification.



Once the import and the WREGIS certificate are joined in the matching account then the delivery matched WREGIS certificate could be transferred to the buyer and then into the buyer's retirement account.

This solution does not impair the ability of LSE's that are also importers to import/receive credit for those imports, it simply expands the field of potential importers those that are not LSE but who may contract with LSE's for delivery of renewable energy.

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<sup>i</sup> There are two sets of LSE's involved in this issue that complicate the story: RPS Regulated LSEs and the "LSE" on the NERC tag which is defined as the PSE on the final line of the physical path of the NERC tag. NERC tags sinking in the California ISO show the importer (often a marketer) as the last PSE on the NERC tag. The WREGIS NERC tag upload takes a list of RPS regulated LSE's and looks for those LSE's in the WECC tag database, marketers are not RPS regulated LSEs (however they are "LSE's as defined on the NERC tag) and consequently don't show up in the query.

<sup>ii</sup> The importer is also the PSE on the first leg of transmission on the physical path as well (not simply the PSE on the last line of the physical path.)

<sup>iii</sup> The query does a fair bit more than this - it also looks for the right combination of source sink pairs, and unique identifiers in the Miscellaneous token/value of the final line of the physical path of the NERC tag see WREGIS user documentation on WREGIS website.