

WREGIS NERC E-TAG WORKING GROUP
23 November 2009 Teleconference

Minutes
- DRAFT -

Present
Rob Campbell, Powerex (Working Group Chair) Nicole Finerty, Evolution Markets Mary Frantz, WREGIS Lisa Hopkins, Powerex Andrea Jackson, PGE Bobbi Jessop, WREGIS Ernie Lee, PG&E John Morton, PGE David Owen, Powerex John Pappas, PG&E/WREGIS Committee Chair Kip Pheil, ODOE RJ Schembs, Viasyn Katie Sloan, SCE Jeremy Weinstein, PacifiCorp Kate Zocchetti, CEC
<u>Not on participant list:</u> Simon Cheng, SCE Lars Kvale, APX Kerry Thompson, SCE James Webb, APX Tracy (last name?), Grays Harbor PUD

The meeting commenced at 10:03 am PST / 11:03 am MST.

I. INTRODUCTION

Roll call was taken. Rob Campbell reiterated the team's "big picture" goal: *Redevelop WREGIS delivery functionality to accommodate a broader range of delivery and tracking needs for associating deliveries of renewable energies into member jurisdictions, including simultaneous and non-simultaneous deliveries.* Rob identified today's goal: work through and develop a comprehensive list of design criteria for redesign efforts. Upon refinement of a list, the next step will be to on structural ideas.

II. REVIEW PROPOSED DECISION CRITERIA

Rob tabled his November 20, 2009 discussion paper "Proposal – New Import Matching Tool".

1. Regulatory and Linking

a) Data Breadth to Accommodate Different Jurisdictions

It was agreed that the NERC etag must include a sufficiently broad range of data to meet the needs of all entities involved. *The system needs to be designed (if possible) with sufficient flexibility to accommodate evolving definitions of delivery.*

b) Imbedded Test for an "Eligible Delivery"

Given that the system will be used for multiple jurisdictions, does the test for an eligible delivery occur at retirement or when the certificate is matched with the NERC etag? Does

there need to be a test inside WREGIS or does it get cascaded down? How much of the functionality needs to be captured as opposed to uploaded? What does each entity need to see?

It was suggested that ideally any certificate generated would show its entire delivery path, thereby providing all the energy information any entity could ever require. Although this would require the system to capture a phenomenal (and probably prohibitive) level of detail, it would also provide the flexibility to give certainty to the ultimate purchaser in terms of RPS compliance.

Potential scenarios were discussed for the NERC etag matching functionality uploading into WREGIS. It was noted the committee had previously concluded drilling down the e-tag detail to the generator level would not be feasible. Likewise, establishing a systematic test at the front-end is too optimistic at this phase of effort. For now the aim is to find a way to bring third-party entities into the matching process. Following that, if the group identifies additional closely related changes that could improve system, they can be listed as adders for future consideration/inclusion. Ultimately this group's goal is not just to change the system so that it works better for third parties, but also to identify operational efficiencies that will benefit everyone. We need to broaden the range of importers, find operational efficiencies through design, and find any other quick and easy hits that could also be added.

c) GHG Tracking

It was suggested that the system need not contemplate the implementation of tracking specified and unspecified imports for GHG regulation purposes, although it depends on the approach to GHG accounting. It was pointed out that the concept of a generation attribute tracking system using some kind of e-grid is on the table at a national registry level. The group agreed this is outside the scope of its work, though possibly a topic for a future GHG working group once more implementation methodology has been developed.

2. Business Processes

a) All Participants

Renewable deliveries can be made and recognized for regulatory purposes within WREGIS, by both RPS-regulated entities and non-RPS regulated entities (third parties).

b) Title Transfer Timing Issues

How would changes affect timing of title transfers of a "perfected" certificate, i.e. one in which RECs are generated and matched with deliveries? Under current California state regulations, renewable energy generated in, say, January and delivered in July cannot be matched up in the system (i.e., certificates matched to deliveries in WREGIS), and title cannot be transferred, until the July delivery is complete. This results in delays. It was observed that while timing is not a significant issue, there may be concerns about a difference between what's generated and what's tagged – is there a mechanism to true-up what's metered against what's tagged? Currently the system matches certificates and NERC etags in a retirement account based on what is actually in WREGIS, but the meter may differ from that in either direction. However this is not perceived as a big issue at this time.

c) Eligible Delivery Certainty

Does the entity that has been transferred the WREGIS Certificate and Evidence of Eligible Delivery know that renewable energy delivery is eligible when the package is transferred or only upon retirement? In abandoning as unfeasible an embedded test for eligible delivery, certainty is cascaded down the chain and verification occurs with the regulator. This needs to be addressed at the contractual level. The CPUC currently reviews contract paths but does not review every entity's contracts.

It was observed that the NERC registry does not currently identify the state location of any given site. It can be challenging to determine location and the potential exists for points to be

registered to the wrong state if more than one state has, for example, a site with the same name. Currently there is no unified central list of points by state.

b) Tag Confidentiality

Is any confidential data on the NERC passed downstream and how is the confidentiality of the data managed? If a process were developed to match the NERC etag with the WREGIS certificate upstream of retirement, data would have to go from the importer to the registered entity, while still maintaining the confidential information contained in the NERC etag. The group must eschew changes that would contravene basic guidelines on etag confidentiality.

a) Authority

Does the entity responsible for the import always have the authority to put the RPS ID in the Misc/Token field? Are there any CAs or TPs who would reject the etag? This is a detailed scheduling question. So far no one has been identified who would reject the tag.

b) Operational Efficiency

Will the system make the administration of the process more efficient for market participants? It is important to be mindful that the system needs to be more, not less, efficient in terms of the number of pieces that are connected.

No further items were identified for addition to the list.

3. System Architecture

Does the proposed change affect: OATI/WIT Query? WREGIS Certificate Structure? Data on the NERC tag (in the Misc/Token Field or a field other than the Misc/Token Field)?

The conceptual structures outlined in the discussion paper (Matching Account, LSE in the Misc/Token, Pass Along NERC Tag Data, Other) were provided for information and future discussion. They will need to be refined to determine what is possible for APX to undertake.

The concept of a "Matching Account" was discussed. An intermediate WREGIS account (i.e., not a retirement account) is proposed whereby NERC etag data is matched with WREGIS certificates and then a "perfected" package of WREGIS certificate and delivery is passed downstream by the importer (importers being both third party importers and regulated entities). The issue was raised of whether the certificate is then reissued or reconfigured to reflect the fact that it's been delivered; this is a potential structure issue that could prove costly and perhaps impossible to manage.

Currently the consumer, as long as it is also an importer, is in a position to match the certificate and the etag together in a retirement account (please refer to Rob Campbell's memo of August 4, 2009). In order for that to occur upstream, the certificate would have to be changed. Right now the matching and retiring occur simultaneously precisely so that the certificate does not have to be changed.

If a system were established whereby the importer matches up the etags to various REC bundles early on and then the system maintains that parallel match in a database, could that ever be reshuffled and if so, who would be enabled to make that happen? Note: this leads to the second item in the list of conceptual structures: LSE in the Misc/Token.

III. **WRAP UP AND NEXT STEPS**

Rob Campbell noted that the group now has some criteria and can work on new structural approaches to test against the current structure. Volunteers were requested to pursue this in more detail before the next meeting.

ACTION: Kate Zocchetti (CEC), Jeremy Weinstein (PacifiCorp) and John Pappas (PG&E) will meet off-line to develop conceptual structure ideas for the group's consideration at its next meeting.

Finally, Katie Sloan (SCE) advised that Carrie Thompson (SCE) will henceforth replace her on this working group.

The meeting concluded at 11:00 am PST.

The next meeting will occur on:

To be proposed via Meeting Wizard