

M e m o r a n d u m

To: Rob Oglesby

California Energy Commission

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Date : August 17, 2015

Telephone: CALNET (XXX)
(XXX)

From : **California Energy Commission - Suzanne Korosec**
1516 Ninth Street
Sacramento CA 95814-5512
Deputy Director, Renewable Energy Division

Subject: SG2 IMPERIAL VALLEY LLC'S REQUEST FOR CREATION OF RETROACTIVE
RENEWABLE ENERGY CREDITS IN WREGIS FOR RPS CERTIFICATION

This memo is in regard to SG2 Imperial Valley LLC's request for the creation of retroactive renewable energy credits (RECs) in the Western Renewable Energy Generation Information System (WREGIS) for Renewables Portfolio Standard (RPS) certification for the following facilities:

Arkansas, RPS ID No. 61844A, WREGIS GU ID W4480
Sonora, RPS ID No. 61645A, WREGIS GU ID W4481
Alhambra, RPS ID No. 61646A, WREGIS GU ID W4479

RPS staff recommends that the Executive Director grant the request based on the documentation SG2 Imperial Valley LLC submitted in support of its request, as described below.

Eligibility Date and Certification for the SG2 Imperial Valley LLC Facilities

The Energy Commission granted RPS precertification to SG2 Imperial Valley LLC's three photovoltaic facilities with an eligibility date of January 9, 2012, based on the date staff received SG2 Imperial Valley's precertification applications. The *RPS Eligibility Guidebook, 8th Edition*, requires that a precertified facility must apply for certification within 90 days of its commercial operations date (COD) to retain the eligibility date assigned during precertification. In order to apply for certification, the facility must be registered and approved in WREGIS.

On November 25, 2014, the three SG2 Imperial Valley LLC's facilities commenced commercial operations. On January 30, 2015, the Energy Commission received SG2 Imperial Valley's applications for certification for the Arkansas, Sonora, and Alhambra photovoltaic facilities. On February 10, 2015, RPS staff approved the Arkansas facility while the Sonora and Alhambra facilities were approved on March 11, 2015.

In order to count generation from pre-COD energy (also referred to as test energy) in WREGIS, a facility must be registered and approved in WREGIS within 75 days of the facility's COD. The applicant initiated the WREGIS registration process for the three SG2 Imperial Valley's facilities on January 28, 2015. However, the applicant did not provide complete documentation for the account until March 9, 2015. WREGIS approved the three facilities on March 18, 2015 (113 days after the facility's COD), thus the facilities are ineligible to request permission from WREGIS for the creation of certificates for test energy.

SG2 Imperial Valley LLC's Request for the creation of retroactive RECs in WREGIS

In 2014, RPS staff began developing a process to create retroactive REC to give the Energy Commission's Executive Director flexibility in addressing facilities that failed to properly register in WREGIS or report facility information to WREGIS within required deadlines. At the October 7, 2014, business meeting, RPS staff recommended a process that would allow the Executive Director to request the retroactive creation of RECs in WREGIS consistent with WREGIS Operating Rules Section 12.9, based on specific criteria. The Energy Commission unanimously approved the creation of retroactive REC process, which was set forth in Resolution 14-1007-10 and took effect immediately. Additionally, this process was incorporated and adopted into the *RPS Eligibility Guidebook, Eighth Edition* at the June 10, 2015, business meeting.

Pursuant to Resolution 14-1007-10, the Energy Commission's Executive Director may grant the request if the applicant has met the criteria and demonstrated a need for the creation of retroactive RECs in WREGIS. Furthermore, the applicant must also attest that the RECs in question have not been sold, traded, or transferred to any other individual or entity or used to satisfy any state regulatory or voluntary program; that the applicant will submit an audit report within 90 days after the request is approved; that the applicant will pay for all costs and expenses incurred by WREGIS staff to create the retroactive RECs; and that the information contained in the request is true, correct, and complete. In making a determination, the Executive Director may consider, without limitation, whether the applicant was diligent in registering in WREGIS within the WREGIS Operating Rules timeline, whether the applicant's failure to register in WREGIS was caused by circumstances beyond the control of the applicant, and whether the applicant or facility owner or operator will suffer financial consequences or other hardships if the request is not granted.

On July 17, 2015, SG2 Imperial Valley submitted to the Energy Commission a formal request for the creation of retroactive RECs in WREGIS in accordance with the criteria in Resolution 14-1007-10. The request was received by the Executive Office on July 22, 2015, and includes among other information the generating facility WREGIS GU ID, the vintage months and years for which the creation of retroactive RECs is being requested, and a brief explanation as to why retroactive RECs are needed.

In its request, SG2 Imperial Valley stated that they were unaware that some documentation had not been submitted to WREGIS to complete the registration and approval of their facilities. They are requesting the creation of retroactive RECs in WREGIS for the three facilities from March 2014 through November 2014. On August

7, 2015, Energy Commission staff contacted SG2 Imperial Valley for additional information about the need for retroactive RECs and the potential consequences if the request is not granted. SG2 Imperial Valley responded on the same day and clarified that the project is facing a loss of \$4,008,466 if the retroactive RECs are not created.

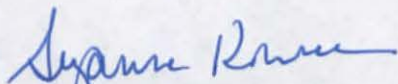
Staff's Determination and Recommendation

Based on the information provided by SG2 Imperial Valley to support its request, staff determined that SG2 Imperial Valley satisfied the requirements for granting the creation of retroactive RECs in WREGIS. In addition, the facilities are RPS certified and registered in WREGIS at the time of the request. The generation in question meets the criteria that no retroactive RECs will be permitted for any generation that predates the date of the request by more than 24 months or the RPS eligibility date assigned to the generating facility, whichever is earlier.

Therefore, staff recommends that the Executive Director approve the request for the creation of retroactive RECs in WREGIS for the Sonora, Alhambra, and Arkansas facilities for the vintage months/years of March 2014 through November 2014. This approval is subject to the condition that an audit report shall be submitted by SG2 Imperial Valley within 90 days after the request is approved and the audit report shall meet the criteria identified in the *RPS Eligibility Guidebook, Eighth Edition*.

If the Executive Director grants SG2 Imperial Valley's request, staff will forward the request to WREGIS staff for its consideration and approval. The Energy Commission will request WREGIS staff to create the retroactive RECs consistent with the WREGIS Operating Rules Section 12.9 and invoice SG2 Imperial Valley for all costs and expenses incurred by WREGIS staff. Furthermore, if the audit report verifies that the RECs in question are valid, the Energy Commission will notify the applicant that the created retroactive RECs may be used to satisfy an RPS procurement requirement.

If you have any questions, please do not hesitate to contact me.



SUZANNE KOROSEC
Deputy Director, Renewable Energy Division

cc: Christina Crume
Gabe Herrera

