

**CALIFORNIA ENERGY COMMISSION**1516 NINTH STREET  
SACRAMENTO, CA 95814-5512

May 13, 2003

To all retail providers:

As the recipient of previous letters from the California Energy Commission (Energy Commission), you are probably familiar with the general statutory and regulatory requirements of SB 1305 (Chapter 796, Statutes of 1997) and subsequent regulations. This letter aims to alert your company that the Net System Power, (CA POWER MIX), percentages are now available for the 2002 calendar year.

On April 16, 2003, the Energy Commission adopted the 2002 Net System Power fuel mix shown below:

<b>Fuel Type</b>	<b>2002 Net System Power</b>
Eligible Renewable	9.0%
-Biomass & waste	2.9%
-Geothermal	3.7%
-Small hydroelectric	1.9%
-Solar	0.0%
-Wind	0.5%
Coal	15.4%
Large hydroelectric	22.5%
Natural gas	42.2%
Nuclear	10.9%
Other	<u>0.0%</u>
Total	100.00%

For the first time, the Energy Commission also published the 2002 Gross System Power, which is shown below:

<b>Fuel Type</b>	<b>2002 Gross System Power</b>
Eligible Renewable	10.9%
-Biomass & waste	2.6%
-Geothermal	5.1%
-Small hydroelectric	1.6%
-Solar	0.3%
-Wind	1.3%
Coal	20.0%
Large hydroelectric	17.7%
Natural gas	36.5%
Nuclear	14.9%
Other	<u>0.0%</u>
Total	100.00%

The percentages in the Net System Power table above are given to the nearest tenth of a percent to increase the accuracy when calculating a product-specific fuel mix, but please note that the percentages should be rounded to the nearest whole percent when appearing in the Power Content Label. All future quarterly disclosures by your company should reflect these updated percentages for Net System Power until April 15, 2004, at which time a

revised Net System Power mix will become available. The complete *2002 Net System Power Calculation Report* is available from the Energy Commission's web site at <http://www.energy.ca.gov/sb1305/documents/>.

These retail disclosures intend to "establish a program under which entities offering electric services in California disclose accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services." We note that there are two issues that may be best understood with further information.

First, the Energy Commission reported that eligible renewables comprised 12 percent of 2001 Net System Power. However in 2002, renewables declined to 9 percent of Net System Power. The decrease of renewables in Net System Power does not indicate a decrease in renewable generation in 2002 in California. Rather, the proportion of renewables decreased because the amount of renewable generation claimed as specific purchases by retail providers for 2002 increased substantially. Because of the increased claims of renewable generation, renewables comprise a smaller part of Net System Power. In light of the newly enacted Renewable Portfolio Standard in California, the Energy Commission believes that consumers should clearly understand that the percentage of renewable generation is not declining as part of the state's generation sources as is shown in the 2002 versus 2001 Net System Power calculation.

Second, the Energy Commission's regulations require the term "CA Power Mix" be used to describe Net System Power in the right-hand column of the Power Content Label. The Energy Commission calculates Net System Power by taking all of the generation consumed by customers in California, which we have termed "Gross System Power," and then subtracting self-generation and retail providers' specific claims of generation. Thus, Net System Power does not represent the fuel mix of ALL the electric generation consumed by California customers, because it does not include specific claims of generation. There was a substantial increase of specific claims of generation in 2002. With this significant increase, the Energy Commission believes that consumers should clearly understand that Net System Power, designated as "CA Power Mix", does not accurately represent the fuel mix of generation consumed by customers in California.

Retail providers, at their option, may publish the 2002 Gross System Power values above in addition to their Power Content Label. Retailers may also add notes outside the Label that explain the issues discussed above. However, do not utilize the 2002 Gross System Power values in calculating the content of a particular product. Additionally, do not insert the 2002 Gross System Power values in the column entitled, "2002 CA Power Mix." Please utilize the 2002 Net System Power values for these purposes.

Attached are two sample labels featuring the 2002 Net System Power mix. The top graphic is an example of a label for a company *not making specific purchase claims*. The bottom graphic is an example of a label for a company claiming 50 percent specific purchases (as evidenced in the first footnote) and 50 percent generic purchases (i.e. anything but specific purchases), and in this case the specific purchases are all renewable. For ease in calculating a product-specific fuel mix, the Power Content Label Calculator has been updated to reflect the 2002 Net System Power values. This Excel template can be downloaded from the web site listed above.

Finally, retail providers should know that the Legislature is considering statutory changes to the Energy Commission's Power Source Disclosure Program in order to address recent changes in California's electricity market. Previously, the Investor-Owned Utilities (IOU's) could only purchase undifferentiated power from the California Power Exchange. The program originally intended to aid customers in comparing the undifferentiated power offered by the utilities to claims of "green" electric service providers. The Legislature is considering modifications to the statute because of the IOU's ability to purchase differentiated power, the suspension of direct access, and the newly enacted Renewable Portfolio Standard which will require specific purchases of renewable generation. Currently, the vehicle for these changes is Senate Bill 185 (Sher). If the Legislature enacts changes to the law, the Energy Commission would likely follow by initiating a rulemaking that would make regulatory changes to conform to the modified statute passed by the Legislature.

As always, Energy Commission staff is available to answer any of your questions. Questions should be directed to Jason J. Orta at (916) 653-5851.

<b>POWER CONTENT LABEL</b>		
	<b>PRODUCT NAME*</b> (projected)	<b>2002 CA POWER MIX**</b> (for comparison)
<b>ENERGY RESOURCES</b>		
<b>Eligible Renewable</b>	<b>9%</b>	<b>9%</b>
-- Biomass & waste	3%	3%
-- Geothermal	4%	4%
-- Small hydroelectric	2%	2%
-- Solar	0%	0%
-- Wind	<1%	<1%
<b>Coal</b>	<b>15%</b>	<b>15%</b>
<b>Large Hydroelectric</b>	<b>23%</b>	<b>23%</b>
<b>Natural Gas</b>	<b>42%</b>	<b>42%</b>
<b>Nuclear</b>	<b>11%</b>	<b>11%</b>
<b>Other</b>	<b>0%</b>	<b>0%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>
<p>* 0% of <b>Product Name</b> is specifically purchased from individual suppliers.</p> <p>** Percentages are estimated annually by the California Energy Commission based on electricity sold to California consumers during the previous year.</p> <p>For specific information about this electricity product, contact Company Name. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or <a href="http://www.energy.ca.gov/consumer">www.energy.ca.gov/consumer</a>.</p>		

<b>POWER CONTENT LABEL</b>		
	<b>PRODUCT NAME*</b> (projected)	<b>2002 CA POWER MIX**</b> (for comparison)
<b>ENERGY RESOURCES</b>		
<b>Eligible Renewable</b>	<b>55%</b>	<b>9%</b>
-- Biomass & waste	-	3%
-- Geothermal	-	4%
-- Small hydroelectric	-	2%
-- Solar	-	0%
-- Wind	-	<1%
<b>Coal</b>	<b>8%</b>	<b>15%</b>
<b>Large Hydroelectric</b>	<b>11%</b>	<b>23%</b>
<b>Natural Gas</b>	<b>21%</b>	<b>42%</b>
<b>Nuclear</b>	<b>5%</b>	<b>11%</b>
<b>Other</b>	<b>0%</b>	<b>0%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>
<p>* 50% of <b>Product Name</b> is specifically purchased from individual suppliers.</p> <p>** Percentages are estimated annually by the California Energy Commission based on electricity sold to California consumers during the previous year.</p> <p>For specific information about this electricity product, contact Company Name. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or <a href="http://www.energy.ca.gov/consumer">www.energy.ca.gov/consumer</a>.</p>		