



**Comments of Iberdrola Renewables  
On CARB's Proposed Regulation to Implement the California Cap-and-Trade Program**

Iberdrola Renewables appreciates the opportunity to provide comments on the California Air Resources Board ("CARB") Proposed Regulation to Implement the California Cap-and-Trade ("C&T") Program (released July 27, 2011). Iberdrola Renewables is a non-transmission owning public utility engaged in the development and operation of wind, solar, biomass and thermal energy facilities, natural gas and electric marketing, gas storage and hub services, and in providing other energy services. Iberdrola Renewables, with its affiliates and subsidiaries, is the second largest wind energy generator in the United States, with nearly 5,000 megawatts of operating wind energy generating capacity. Iberdrola Renewables supports the overall objective of California's cap-and trade program and would appreciate the opportunity to work with CARB staff to address the issues raised below.

**Support for the Independent Energy Producers Association Comments**

Iberdrola Renewables is a member of the Independent Energy Producers Association ("IEP") and fully supports the comments submitted by IEP in this process. Iberdrola Renewables submits additional comments on the topics below.

Resource Shuffling Definition Clarity

The cap-and-trade regulation must allow for ordinary grid operations which facilitate the delivery of renewable energy resources into the state of California. Under the current definition, Iberdrola Renewables is concerned normal provision of balancing and operating reserves to enable the reliable import of renewable energy would be defined as "fraudulent," which it is not. The import of renewable energy into the state of California is an important component of California's renewable portfolio and necessary for California to meet its RPS requirements. Significant work has gone into the development of the California RPS requirements which will govern the portfolio content requirements. It is critical that the cap-and-trade regulation be aligned with the RPS requirements to ensure effective and consistent delivery of reliable renewable energy into the state of California.

The use of E-tags for Identification of Ownership May Not be Sufficient for All Transactions

CARB's proposal to use the E-tag as the evidence of ownership and title transfer may not work. There exist numerous injections points into the state of California – each with different physical and contractual elements. Seeking to use etags as a standardized approach for identification of the entity that owns the energy when it crosses the California border is especially problematic for certain transactions where the title transfer location is a node outside of California. The following examples illustrate the potential inaccuracy that may result from standard utilization of the e-Tag for designation of ownership.

## Deliveries at the California Oregon Border (“COB”)



- The Southern Intertie segment, or the California Oregon Border (“COB”), consists of three 500 kV AC lines from the John Day Substation to COB.
- Deliveries to COB all commence with transmission title on the Southern Intertie with a Point of Receipt of John Day and a Point of Delivery to either Malin or Captain Jack.
- With Malin and Captain Jack residing in the state of Oregon and being a market-recognized trading hub for Northwest deliveries into California, this is the location at which title of energy transfers to the Purchase & Selling Entities (PSE’s) continuing deliveries to California.
- In this transaction, the e-Tag accurately identifies the entity who has title of the energy when it crosses the California border.

## NERC E-tag: Delivery to California via COB

cat1 BPAT\_PPMIRTIR39956\_CISO

Long Short Print Tag Approval Request Approval XML Log

Current Tag	
0	Creation PPMIRT (PSE) 08-10 04:32 APPROVED

Tag Information			
GCA	PSE	Tag Code	LCA
BPAT	PPMIRT	IR39956	CISO

Time Zone: PD  
Transaction type: Normal  
Tag MWh at generator (original / final): 125 / 125

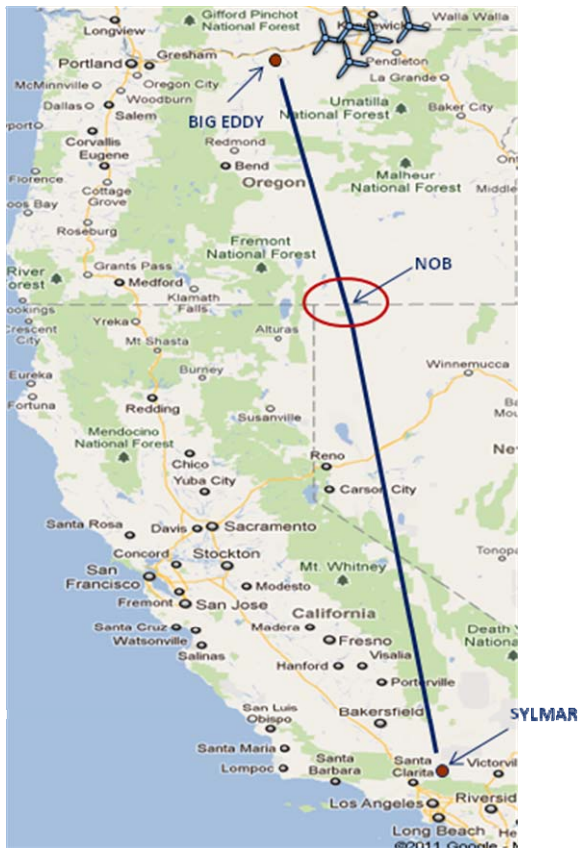
Contact Information	
PSE Code	PPMIRT
PSE Contact	James Norwood
PSE Phone	(503)796-7013
PSE Fax	(503)796-6903
Gen Contact	Tagging Mailbox
Gen Phone	(360)418-2878
Gen Fax	(360)418-8740
Load Contact	CISO Scheduling
Load Phone	(916)351-2495
Load Fax	(916)351-2337
Comment	IBR-NCPA (bart)

WECC Reserve Requirements				
BPAT (BA)				

Market Path				
PSE	Product	Contract	Misc	
PPMIRT	G-F		No	
NCPA01			No	
APX01			No	
PGAESO	L		No	

Physical Path							
CA	TP	PSE	POR	POD	Sched Entities	Contract	Misc
BPAT		PPMIRT	Source: LeanJnr2BPA				No
	BPAT	PPMIRT	LeanJnr2	JohnDay	BPAT		No
	BPAT	PPMIRT	JohnDay	Malin500	BPAT		No
	CISO	PGAESO	MALIN500	NP15	CISO		Yes
CISO		PGAESO	Sink: CISO NP15				No

## Deliveries at the Nevada Oregon Border (“NOB”)



- The Nevada Oregon Border (“NOB”) transmission segment is comprised of major transmission facilities consisting of a 1000 kV DC line between Celilo Substation and the Oregon-Nevada border.
- Deliveries to the Nevada Oregon Border all commence with transmission with a Point of Receipt of Big Eddy and a Point of Delivery to Sylmar.
- Unlike COB, NOB is a contractually defined geographical point in which the Bonneville Power Administration and the California ISO change ownership and is also considered the Point of Receipt in which the CAISO takes title of the energy.
- In this transaction, the e-Tag may not properly identify the entity with ownership of the energy at the time it crosses the California border.

## NERC E-tag: Delivery to California via NOB

[Coti](#) [PSEI\\_SESMW0023994\\_CISO](#)

[Long](#) [Short](#) [Print](#) [Tag Approval](#) [Request Approval](#) [XML Log](#)

Current Tag	
0	Creation SESMW (PSE) 08-09 11:27 APPROVED

Time Zone: PD  
Transaction type: Normal  
Tag MWh at generator (original / final): 200 / 200

Tag Information			
GCA	PSE	Tag Code	LCA
PSEI	SESMW	0023994	CISO

Contact Information	
PSE Code	SESMW
PSE Contact	sesapx_sc1
PSE Phone	(888)896-8629
PSE Fax	(619)684-8355
Gen Contact	PSEI BA Preschedule
Gen Phone	(425)885-3515
Gen Fax	(425)882-4669
Load Contact	NA Prescheduling
Load Phone	(916)351-2495
Load Fax	(916)351-4486
Comment	

WECC Reserve Requirements			
PSEI (BA)			

Market Path			
PSE	Product	Contract	Misc
PSEMKT	G-F		No
PSEI			No
PSEMKT			No
PPMIRT			No
CALPWE			No
CITI01			No
GLNDGL			No
MCPI01			No
PSCMPS			No
SESWE	L		No

Physical Path							
CA	TP	PSE	POR	POD	Sched Entities	Contract	Misc
PSEI		PSEMKT (1)	Source: MIDC				No
	PSEI	PSEI	MIDC	MIDCRemote	PSEI		No
	BPAT	CALPWE	MIDCRemote	BigEddy	BPAT		No
	BPAT	CALPWE	BigEddy	NOB	BPAT		No
	CISO	SESWE	NOB	SYLMAR	LDWP		Yes
	CISO	SESWE	SYLMAR	SP15	CISO		Yes
CISO		SESWE	Sink: SESWE_SP15				Yes

### Buyers of Offset Credits Should Not be Liable for Offset Revocation

Iberdrola Renewables agrees that offsets will be an important part of the cap-and-trade regulation to provide options for entities with compliance obligations. Iberdrola Renewables is concerned by the proposed ability for CARB to invalidate a previously validated offset credit up to eight years after issuance. The existing provision for offset invalidation will create risk and uncertainty in the offset market, and place liability on entities holding or using offset credits to meet their compliance obligation. The end result will be an inefficient offset market comprised only of bilateral agreements between large entities, as small businesses and projects will not be able to absorb the resulting contractual complexity, eight years of subsequent performance assurance, and compliance and other risks presented by retroactivity. If clear requirements for offset verification and certification are established, a mechanism for revocation should not be required.

Iberdrola Renewables appreciates the opportunity to comment on the July 2011 Cap and Trade 15-Day Language and looks forward to engaging with CARB staff to implement efficient and workable regulations.