

Comments of the Western Power Trading Forum
to the California Air Resources Board on 45 day Proposed Changes to the Mandatory Reporting
Regulation

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The Western Power Trading Forum (WPTF) offers comments to the California Air Resources Board (CARB) on its 45-day proposed amendments to the Mandatory Reporting Regulation. WPTF generally supports CARB's ongoing efforts to clarify reporting provisions related to electricity power entities. However we have concerns with some aspects of proposed changes in three areas:

- Application of the transmission loss factor to imports that are directly connected to a California Balancing Authority
- Data Sources for Calculation of Emission Factors for Specified Sources
- Allocated generation under the Mid-C Hourly Coordination Agreement in lieu of meter data.

Additionally, WPTF remains concerned about the lack of transparency regarding guidance and training for entities providing verification services. Comments on each of these areas follow.

Application of the transmission loss factor to imports that are directly connected to a California Balancing Authority

In the 45 day amendments, staff has proposed a revision to section 95111(b)(2) that would require a transmission loss factor of 2 percent to be applied to all electricity imports, including specified imports measured at the busbar.

WPTF supports this proposed amendment with one exception. Certain out-of-state resources, although considered imports under the cap and trade regulation, are in fact connected directly to the California Independent System Operator or other California balancing authority area. These resources effectively operate as in-state resources and should be treated as such. Therefore, WPTF requests that CARB further modify the regulation to explicitly exempt resources that are physically connected to a California balancing authority area from use of the 1.02 transmission loss factor:

(2) Calculating GHG Emissions from Specified Facilities or Units. For electricity from specified facilities or units, the electric power entity must calculate emissions using the following equation:

Where:

CO₂e = Annual CO₂ equivalent mass emissions from the specified electricity deliveries from each facility or unit claimed (MT of CO₂e).

MWh = Megawatt-hours of specified electricity deliveries from each facility or unit claimed.

EF_{sp} = Facility-specific or unit-specific emission factor published on the ARB Mandatory Reporting website and calculated using total emissions and transactions data as described below. The emission factor is based on data from the year prior to the reporting year.

EF_{sp} = 0 MT of CO₂e for facilities below the GHG emissions compliance threshold for delivered electricity pursuant to the cap-and-trade regulation during the first compliance period.

TL = Transmission loss correction factor.

TL = 1.02 to account for transmission losses between the busbar and measurement at first point of receipt in California.

TL = 1.0 for deliveries from resources with a first point of interconnection with a California balancing authority.

Data Sources for Calculation of Emission Factors for Specified Sources

WPTF is concerned about an additional proposed change to section 95111(b)(2)(a) that would require CARB to use greenhouse gas (GHG) emissions data reported to the Energy Information Administration (EIA) rather than GHG data reported to the US Environmental Protection Agency as the basis for calculating emission factors for specified sources. The rationale for this change is not clear. WPTF considers GHG data reported to EPA to be more accurate than that reported to EIA and for this reason recommends that CARB continue to rely on EPA as the first source of GHG data for calculation of emission factors. For facilities that do not report to EPA, EIA GHG data may be used.

Staff has not indicated whether this proposed change is related to the recent regulatory advisory concerning updated emission factors. If CARB’s concern relates to the timing of the availability/publication of EPA’s GHG data, WPTF recommends that CARB simply use lagged data and calculate emission factors for each specified source in advance of the import year. The true emission rate of most facilities will not significantly differ year to year, thus use of a lag will not undermine the quality of the data. Additionally, this will provide more certainty to electricity importers regarding the associated carbon liability before undertaking the transactions. Since CARB already prospectively calculates the emission factors for asset controlling supplier, this change will better align treatment of all imports under the regulation.

Allocated generation from the Mid-C Hourly Coordination Agreement in lieu of meter data

WPTF supports the clarification of the ‘lessor of analysis’ in section 95111(g)(1)(N). However, we request that CARB also include an explicit provision for mid-Columbia hydroelectric (Mid-C) resources to ensure that the regulation is consistent with the previous CARB guidance provided in March 2013¹ that allocated generation under the Mid-C Hourly Coordination Agreement will be accepted in lieu of meter data for these resources.

(N) For verification purposes, retain meter generation data from all specified sources to document that the power claimed by the reporting entity was generated by the facility or unit at the time the power was directly delivered. This is applicable to imports from specified sources for which ARB has calculated an emission factor of zero, and for imports from California Renewable Portfolio Standard (RPS) eligible resources, excluding: (1) grandfathered contracts under the California RPS program that “count in full” under Public Utilities Code Section 399.16(d); (2) dynamically tagged power deliveries; (3) untagged power deliveries; and (4) nuclear power. Accordingly, a lesser of analysis is required pursuant to the following equation:

$$\text{Sum of Lesser of MWh} = \Sigma \text{HMsp} \min(\text{MGsp}, \text{TGsp})$$

Where:

ΣHMsp = Sum of the Hourly Minimum of MGsp and TGsp (MWh).

MGsp = metered facility or unit net generation (MWh).

TGsp = tagged or transmitted energy at the transmission or sub-transmission level imported to California (MWh).

¹ http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/epe_1pg.pdf

For the five hydroelectric resources located at the Mid-Columbia, allocated generation data under the Mid-C Hourly Coordination Agreement is required instead of meter generation data.

Additionally, we understand that the exemption for untagged power delivers would also apply to power that is deemed imported to California via the Energy Imbalance Market. We ask that CARB clarify whether this interpretation is corrected.

Lack of transparency regarding guidance and training for entities providing verification services

WPTF remains concerned about the lack of transparency regarding verification requirements for electricity importers. As we noted in our formal comments² on the record last year, the only verification guidance that was publicly available on CARB's website at that time was dated 2011 and corresponds to the 2007 version of the MRR.³ In light of the significant changes to the regulatory requirements for electric power entities since 2007, we requested that CARB update its guidance and training materials for verifiers and make these materials publicly available on the website. While we suspect that verification training materials have been updated, they are still not publicly available for reporting entities.

Because of the complexity of electricity import transactions and underlying contracts that enable specification of such contracts under the MRR, we believe that the ability of electricity imports to prepare for successful verification would be greatly enhanced by publication of verification training materials. We therefore respectfully request for staff to publish and maintain up-to-date verification materials, including technical guidance for specific categories of reporting entities, on its website.

² See WPTF comments on 2013 15 day amendments to MRR at <http://www.arb.ca.gov/lists/com-attach/55-ghg2013-WmtTZFd7VjQGNVB9.pdf>

³ http://www.arb.ca.gov/cc/reporting/ghg-ver/revised_verification_guidance.pdf