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Submitted Via Electronic Transmission

October 17, 2014

Mary Nichols
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: *Northern California Power Agency Comments on 15-Day Changes to MRR Proposed Amendments*

Dear Mary:

The Northern California Power Agency (NCPA)¹ provides these comments in support of the October 2, 2014 Modified Text for the proposed amendments to the Mandatory Reporting Regulation (MRR) published on July 29, 2014. The modified text (15-Day Changes) to the proposed amendments address the stakeholder comments and concerns that were raised in written and oral comments to the Board,² and are consistent with the Board's direction to the Executive Director, as set forth in Resolution 14-32.³ CARB should adopt the 15-Day Changes that revise the proposed amendments to the MRR to:

- Adopt a definition for "sales in the CAISO" that properly reflects how such transactions are counted, and clarify the scope of reporting sales into the CAISO;
- Allow the continued use of a 1.0 transmission loss factor for specified imports under certain conditions;
- Clarify that new requirements in section 95111 regarding meter data requirements do not impact the RPS adjustment, and;
- Clarify the use of Environmental Protection Agency (EPA) versus Energy Information Administration (EIA) data for calculating emissions factors for specified out-of-state resources.

1 NCPA is a not-for-profit Joint Powers Agency, whose members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, and the Truckee Donner Public Utility District, and whose Associate Member is the Plumas-Sierra Rural Electric Cooperative.

2 Written Comments were submitted by NCPA and other stakeholders by September 15, 2014, and stakeholders also provided oral comments to the Board during the September 18, 2014 Board Meeting.

3 Resolution 14-32 was approved by the Board at the September 18 Meeting (<http://www.arb.ca.gov/regact/2014/ghg2014/res14-32.pdf>); Attachment B to Resolution 14-32 sets forth topics to be addressed in further revisions for 15-day comments (<http://www.arb.ca.gov/regact/2014/ghg2014/res14-32attachb.pdf>).

Reporting ISO Sales Data

The 15-Day Changes add much needed clarifications to Section 95111(a)(12) and should be adopted. Proposed section 95111(a)(12) requires non-IOU electrical distribution utilities (EDUs) to report “sales in the CAISO.” The 15-Day Changes clarify this requirement by adding new Section 95102(142) to the MRR that defines “Electricity sold into the CAISO markets.” The proposed definition properly excludes transactions under “section 11.29(a)(iii) of the CAISO Fifth Replacement Tariff dated May 1, 2014.” This definition accurately reflects the fact that the CAISO tariff allows for scheduling of electricity that is not actually a sale, and therefore, not subject to the restrictions in section 95892(d)(5) of the Cap-and-Trade Regulation. CARB should adopt this new definition as part of the 15-Day Changes. NCPA is also supportive of the proposed revision to section 95111(a)(12) which address necessary modifications to clarify the source and emissions factor data that is to be included in the report, and which excludes “EDUs that have had all of their directly allocated allowances allocated for the data year placed in their limited use holding account pursuant to section 95892(b)(2) of the Cap-and-Trade Regulation,” from the scope of the reporting requirement. These clarifications avoid unnecessary reporting by the non-IOU EDUs, without limiting CARB’s access to the information the agency needs to confirm compliance with the relevant provisions of the Cap-and-Trade Regulation. NCPA also supports the inclusion of the definition for “electrical distribution utilities” found in the Cap-and-Trade Regulation to the MRR.

Transmission Loss Factors

The 15-Day Changes to the calculation of the loss factor for specified imports should be approved. As originally proposed, the amendment to section 95111(b)(2) would have required the 1.02 transmission loss factor for all specified imports, regardless of how the losses are actually accounted for by the reporting entity. The 15-Day Changes reflect stakeholder feedback regarding the various contractual and other arrangements between parties that account for transmission losses, and strikes the unilateral application of a 2% adder to all imports; these changes should be adopted. As revised, this section would allow the reporting entity to apply the 1.0 loss factor under certain conditions, including upon providing “documentation that demonstrates to the satisfaction of a verifier and ARB that transmission losses (1) have been accounted for, (2) are supported by a California balancing authority, or (3) are compensated by using electricity sourced from within California.” This revision addresses Staff’s desire to ensure that all imports – including line losses – are properly counted, without imposing additional compliance burdens on reporting entities, or overstating the actual emissions imported into California. The change to the proposed amendments

should be approved by CARB. NCPA appreciates Staff's recognition of the myriad contractual arrangements used by stakeholders, and looks forward to working with CARB on regulatory guidance regarding the necessary documentation and demonstration CARB requires.

Use of EIA Data

The 15-Day Changes include necessary clarifications regarding the use of EPA versus EIA generation data for determining specified source emission factors. These changes will facilitate entity reporting and ensure that the California MRR and the EPA reporting requirements are harmonized, even after implementation of the EPA's Clean Power Plan Proposed Rule.

Meter Data Retention

CARB should adopt the 15-Day Changes that moves the provisions regarding new data retention and verification requirement to Section 95111(b)(2)(E), as this avoids any potential confusion regarding the scope of the required data and its implications on use of the RPS adjustment.

Conclusion

The proposed 15-Day Changes reflect the joint efforts of CARB staff and stakeholders to draft regulatory language that addresses both CARB's stated objectives in revising the MRR and stakeholder concerns. NCPA appreciates Staff's responsiveness to stakeholder comments and urges CARB to approve the 15-Day Changes addressed herein. The changes also reflect the direction provided by the Board in Resolution 14-32, and should be adopted. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com if you have any questions regarding these comments.

Sincerely,



C. Susie Berlin
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cc: Mary Jane Coombs
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