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Wade McCartney
California Air Resources Board

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RE: Amendments to the Regulation For The Mandatory Reporting of Greenhouse Gases

TransAlta appreciates the opportunity to comment on the proposed amendments to the *Regulation For The Mandatory Reporting of Greenhouse Gases*. Our comments below focus only on the requirements for reporting by electric power entities. TransAlta supports many of the proposed amendments, specifically the anticipated updates requiring sellers of specified power to warrant that the transacted product is, in fact, specified source electricity from the generation source along each segment in the market path. TransAlta correspondingly welcomes changes to section 95103(h), which note this requirement would apply to 2014 data reported in 2015, and therefore be applied prospectively. Building on this support, TransAlta suggests that ARB modifies two sections related to these proposed amendments in order to enhance regulatory clarity in the market:

1. In section 95111(a)(4), TransAlta suggests the following modification to the proposed regulatory language: *For power contracts executed after December 31, 2013 the sale or resale of specified source electricity is permitted among entities on the e-tag market path insofar as each sale or resale is for specified source electricity in which sellers have purchased and sold specified source electricity, such that each seller warrants the sale of specified source electricity from the source through the market path.*

   Consistent with previous submissions, TransAlta also recommends that ARB should make additional clarifications which acknowledge that a power trade which occurs when one version of the MRR is in place should be verified under those regulatory requirements, and not the regulations in effect at the time of first delivery. Without this clarification, forward contracting of power is extremely difficult. ARB has commented publically several times that the Regulation is not intended to disrupt commercial transactions, and will not be applied retroactively. A modification to this effect would dramatically reduce the risk of forward contracting and allow companies to develop confident long term strategies knowing that contract terms will not be disrupted due to future regulatory amendments and verification requirements.

2. TransAlta requests ARB to clarify who is eligible to be the first seller of a specified source in the market path, by altering the specified source definition as follows: (432) *"Specified source of electricity" or "specified source" means a facility or unit which is permitted to be claimed as the source of electricity delivered. The reporting entity must be a Generation Providing Entity of the source or have either full or partial ownership in the facility/unit, or have a written power contract to procure electricity generated by that facility/unit. Specified*

facilities/units include cogeneration systems. Specified source also means electricity procured from an asset-controlling supplier recognized by the ARB.

The definition change would make is clear who has the ability to sell power from a source as specified, and act as the first seller in a specified source transaction chain.

In addition to those items which TransAlta supports, there are other changes to which we are opposed. TransAlta does not support the proposed updates in section 95111(a)(5)(B), specifically based on the explanation of these changes outlined in the FSOR. ARB's expectation that the seller controls whether the specified attributes are conveyed with the transaction does not align with other parts of the regulation which denote specification. In the FSOR, CARB notes that the ability of a seller to market specified power is analogous to selling power and RECs. In such a transaction, ARB feels the specified source themselves would determine whether the specified ACS attributes convey in a transaction for specified ACS power. Thus, in order to claim certain types of specified power, EPEs must provide some evidence that the ACS attributes were in fact conveyed at each point along the market path shown on the eTag.

The concept that specified source transactions are like RECs is not appropriate. RECs can be unbundled from a source, and used as standalone commodities for compliance. Further, the electric power entity is required under the Regulation to report all direct delivery of electricity as from a specified source for facilities or units in which they are a generation providing entity (GPE) or have a written power contract to procure electricity. A power contract for a specified source is a contract that is contingent upon delivery of power from a particular facility, unit, system, or asset controlling supplier's system that is designated at the time the transaction is executed. The Regulations do not reference any requirement for an ACS or other type of specified source owner to convey any additional "attributes" to solidify specified source transactions. In addition to the explanation in the FSOR being inconsistent with the regulations, this modification also places an additional layer of regulatory risk and administrative burden on power importers, who must decipher what qualifies as a satisfactory "warranty" to convey these specified attributes. A move in this direction and away from the concept of contingency only adds unnecessary risk to the first deliverer.

I appreciate your consideration of these comments as you finalize your amendments.

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