

**Comments of the Western Power Trading Forum
to the California Air Resources Board on the Proposed Modifications
to the Administrative Fee Regulation to Fund Implementation of AB32**

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The Western Power Trading Forum¹ (WPTF) appreciates the opportunity to provide input to the California Air Resources Board (ARB) on its proposed revisions to the regulation for the Administrative Fee to fund implementation of activities under Assembly Bill 32. The public notice indicates that the regulation has been modified “to calculate the fee for in-state and imported electricity in the same manner by using the “first deliverer” approach now specified in section 95201(a)(4).” WPTF agrees that both the Administrative Fee Regulation and the cap and trade program should be consistent in their treatment of imported power, particularly the attribution of emissions. However, we are concerned that the Administrative Fee regulation does not yet meet this objective.

First, the definition of imported power in section 95201, paragraph 56 now excludes "transactions for which imported power is simultaneously exchanged for exported power." While ARB has not yet finalized the rules for the cap and trade program, discussions to date within the Western Climate Initiative suggest that the First Jurisdictional Deliverer approach will exclude ‘wheel-through’ of power, but not power exchanges. The reason for this distinction is that in a wheel-through, the import and export of power are captured as a single transaction, whereas a power exchange involves two separate transactions. Because power exchanges involve separate transactions, it will be extremely difficult for ARB staff to track and verify claims of power exchanges. WPTF therefore requests that the exemption for power exchanges be removed from the definition of imported power.

¹ WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 60 members participating in power markets within the WCI member states and provinces, as well as other markets across the United States.

Our second concern regards the definition of ‘specified source’ in section 95201, paragraph 94, of the modified regulation. As currently drafted, this definition presumes that power imports can be specified only through ownership or power contracts. However, ongoing discussions within the WCI are considering other possible mechanisms for identifying and attributing emissions to specified sources, including the use of the Western Renewable Energy Generation Information System. To ensure consistency with whatever rules are ultimately adopted for the FJD approach, this regulation should not define the means for identifying ‘specified sources’, but simply refer to rules to be adopted under the cap and trade regulation.

Finally, in our previous comments on the Administrative Fee Regulation, WPTF raised a concern that entities that are subject to a cap and trade program could be subject to dual assessment of fees – once for the purchase of allowances under the cap and trade program and again under the Administrative Fee Program. Given that ARB has not yet determined how allowance value will be distributed and used, we recognize that this issue can not be resolved now. Therefore, we strongly urge ARB to review the Administrative Fee regulation once the cap and trade regulation has been finalized to ensure that capped entities do not pay twice for the same emissions.