SMUD

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
AIR RESOURCES BOARD

COMMENTS AND RECOMMENDATIONS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT ON THE NOTICE OF PROPOSED ACTION FOR ADOPTION OF REGULATIONS FOR THE MANDATORY REPORTING OF GREENHOUSE GAS EMISSIONS

December 5, 2007

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The Sacramento Municipal Utility District (SMUD) requests that the California Air Resources Board modify the Proposed Regulation Order -- Regulation for the Mandatory Reporting of Greenhouse Gas Emissions ("Reporting Regulations") to avoid additional reporting of the carbon content of substitute energy used for firming intermittent renewable resources and unit specific contracts. The electric power grid must be operated in balance between the amount of generation and the amount of load on the system at all times. In order to maintain this balance, schedules showing the amount of power moving from the source to the sink must be filed with the entity operating the grid at each location into, out of or through which the power passes. Once these schedules are provided, the power must move along that path to maintain balance on the electric grid. Sometimes the primary power supply facility is unable to provide power or is unable to produce all the energy scheduled. One example of this type of event is a wind project where wind is forecast but fails to arrive. In these instances the entity filing the schedule must provide substitute energy from another facility. The process of using this substitute energy is called firming, and it is vital to maintaining the electric grid.

To maintain reliability firming resources are typically not another individual power plant but instead are either a market purchase (from the general market) or a system purchase (from a fleet of facilities). Under the regulations adopted by the California Energy Commission and the decisions of the California Public Utilities Commission implementing Senate Bill 1368, setting the emission performance standard, firmed contracts meeting specific requirements were evaluated at the emissions level of the underlying resource. This method is also consistent with current reporting to the California Climate Action Registry (CCAR). According to Assembly Bill 32 the regulations developed to implement the bill, "where appropriate and to the maximum extent feasible, incorporate the standards and protocols developed by the California Climate Action Registry. . . " (Cal. Health and Safety Code Section 38530[b][3].) Furthermore for entities like SMUD "that voluntarily participated in the California Climate Action Registry prior to December 31, 2006, and have developed a greenhouse gas emission reporting program, shall not be required to significantly alter their reporting or verification program. . . " *(Id.)*

The Reporting regulations currently require reporting of the amount and carbon content of the substitute energy provided under intermittent renewable or unit specific resources. Section 95111(b)(1)(A)(10) provides: "Specify purchases of substitute energy and provide the same information required for other types of power purchases in this article as applicable." This

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section is inconsistent with current CCAR practice, is inconsistent with Section 38530 (b)(3) of AB 32 and is inconsistent with the electric reliability function played by substitute energy.

To address this problem SMUD recommends the following additions to the regulations:

§ 95111(b)(2)(H) Power purchased from identified California eligible renewable resources in which the generating facility is an intermittent resource in which the reporting entity has retired the WREGIS certificate. The retail provider or marketer shall specify the energy purchases from the intermittent renewable resource or from substitute unspecified resources that do not exceed the total reasonably expected output of the identified renewable powerplant over the term of the contract at the emissions level of the intermittent renewable resource.

§ 95111(b)(2)(I) Power purchased from specified non-renewable or dispatchable renewable resources, or a combination of each, where substitute energy does not exceed 15% of forecast energy production over the life of the identified powerplant over the life of the contract, when such substitute energy can be provided only when the identified powerplant is unavailable due to forced outage, scheduled maintenance or other temporary unavailability for operational or efficiency reasons, or to meet operating conditions required under the contract such as number of start ups, ramp rates or minimum operating hours. The retail provider or marketer shall report emissions information at the emissions rate of the identified powerplant.

SMUD believes these proposed additions to the Reporting Regulations will remedy the problems identified above and urges the California Air Resources Board to add these provisions to the Reporting Regulations.

Dated: December 5, 2007

Respectfully submitted,

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FACSIMILE TRANSMISSION

Date: December 5, 2007

To:

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From: Jane E. Luckhardt

Re: 1990 Statewide Greenhouse Gas Emissions Level and 2020 Emissions Limit Comments

File No.: Number of Pages, Including Cover:

Message:

Webster: Per our conversation this morning, attached are comments e-filed with ARB today. Give me a call if you have any questions. -- Lois

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