

**Archive of Email Comments Received 6/05/09 during the Public Meeting on Including Imported Electricity in the Cap-and-Trade Program**

**SDG&E**

From Dave Barker, SDG&E

Could you explain the individual boundary approach again and explain how uncertainty is created for downstream entities?

**Ellison, Schneider & Harris, LLP**

A pure merchant resource (assuming there are any) could bid into CAISO (that is, it is not delivering per a contract obligation, but is making a speculative bid into CAIS), but there are no emissions unless there is a dispatch that would call for a schedule into Calif. At that point, as Mr. Dagli describes, there would be an e-tag back to a resource. The question becomes who is the purchaser through CAISO?

It is highly unlikely that this would be a “cleaner” resource, since cleaner is typically more efficient, and typically newer project, which would only have been built either with a long-term PPA or as a ratebased project.

CAISO has reported for many years that revenues out of its markets are not sufficient to support new generation.

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