

Comments on the July 23, 2013 Mandatory Reporting Workshop for Electric Power Entities¹

A general comment regarding the proposed changes to the mandatory reporting regulation is that any material change to existing regulations or interpretation of existing regulations, should only take effect prospectively on Jan 1, 2014 and not be applied retroactively for electricity imports in 2013. Specific comments on the material presented at the July 23rd workshop are as follows:

Sale and Resale of Specified Source Electricity (slide 4) – The proposed language suggests that a sale or resale of specified source power would require each seller to warrant the sale of specified source electricity from source through the market path. While the rationale for requiring a seller to warrant that it is selling specified power makes sense, it is not clear if it makes sense for such seller warrants to extend to sales upstream or downstream in a chain of transactions in the market path.

The general principle for qualifying for specified source emissions rates has been that there be a contract with the specified source that identifies it as the source of supply as opposed to randomly being matched up with the specified source on an exchange. The challenge in implementing this principle arises when an entity purchases from a specified source and resells to another entity. The proposed language addresses this challenge by requiring each seller to warrant that it is selling specified power. It would be helpful to clarify if such seller warrants are essential for all transactions for specified source power or only for those transactions where there is a resale by an entity other than the specified source owner or an Asset Controlling Supplier (ACS).

Busbar claims for specified power (slide 5) – The proposed revision would require supporting documentation for busbar claims of specified power. While the requirement for supporting documentation is understandable, there are still some questions on the handling of transmission losses that could be addressed using specific examples. The regulation applies a Transmission Loss Factor (TLF) of 1.02 to all imports that are not measured as busbar. For imports measured at busbar, no TLF adjustment is required.

Consider a transaction for 50 MW of specified source power from a busbar to a California delivery point where the specified source owner transfers title to a marketer at busbar and the marketer takes the power to the California delivery point. The NERC e-tags show a constant quantity for 50 MW². The emissions calculation in this example would be based on 50 MW since the transaction occurs at busbar. Next, consider the case where the marketer takes title to specified power at the California delivery point and is the first deliverer. The specified source owner is responsible for scheduling from busbar

¹ Slides from the July 23rd webinar are available at <http://www.arb.ca.gov/cc/reporting/ghg-rep/revision-2013/revision-2013.htm>

² NERC e-tags in this example are assumed not to reflect any quantity variation due to losses consistent with applicable scheduling practices.

to the California delivery point. In this case, the emissions calculation would be based on 51 MW (50×1.02) by application of the TLF. It is not clear why the two scenarios should be treated differently as there is no difference in either the dispatch or the emissions and the only difference being where title transfers from the specified source to the first deliverer.

ACS Power (slide 6) – There has been discussion of whether an ACS can ever sell unspecified power or whether an ACS must always sell specified power. Since an ACS can clearly sell power that is not imported into California, a more appropriate characterization of this question would be whether all power sales from an ACS pursuant to a bilateral contract with the ACS can be claimed as specified power. The answer to this question during the July 23rd presentation in case of one specific ACS was yes. Subsequently, there had been discussion that the answer may be different for another ACS. If so, it would be useful to clarify how the rules may vary from one ACS to another and the underlying rationale.

Emissions rates for system power above default rate (slide 8) – Under this proposal, imports from power systems with blended emissions rates higher than the default emissions rate would be subject to system-specific emissions factors and will no longer be eligible for the default emissions rate. It would help to clarify if a system-specific emissions factor will be published for all Balancing Authorities (BAs) that have blended emission rates higher than the default rate. If so, the applicability of the default emissions factor would appear to be limited to unspecified power imports from BAs that have blended emissions rates lower than the default rate.

Since the July 23rd presentation, there has been discussion about applying the system-specific emissions factor to only the operators of the resources in the BA but not to marketers who purchase power from the BA and then deliver to California. If so, it is not clear what would be the rationale for the different treatment of two transactions with the same dispatch and emissions other than the identity of the first deliverer.

Thank you for considering these comments. For any follow-up discussion, please contact Harry Singh at 212 357 6449, or via e-mail at Harry.Singh@gs.com.

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