

**NextEra Energy Resources Comments on the California Air Resources  
Board's Discussion Draft of the Proposed Changes to the GHG mandatory  
Reporting Rule (presented workshop format on 7/23/2013)**

Kyle Boudreaux  
Corporate Environmental Issue Manager  
Western Region and Canada  
561-691-7358  
[Kyle.Boudreaux@fpl.com](mailto:Kyle.Boudreaux@fpl.com)

NextEra Energy Resources (NextEra) supports the comments submitted to the Air Resources Board by the Western Power Trading Forum (WPTF) and the Independent Energy Producers (IEP). In addition, NextEra is submitting the following comments based on the materials covered in the July 23, 2013 workshop as well as other observed opportunities for improvements to the regulation. We appreciate that the document released by ARB staff is a discussion draft and would welcome questions related to our response and look forward to any opportunity to further expand on these comments.

### **ARB should clarify the treatment of RECs with respect to the RPS rules**

It is clear that ARB is attempting to make it easier for entities that import RECs into the state to claim the RPS adjustment when calculating their GHG liability. NextEra applauds the effort staff has put forward to this point. While the process is now easier to follow, it would be helpful if there were a guidance document that outlined the requirements importers of RECs need to follow to ensure their transactions can employ the RPS adjustment. If an importer finds out during verification that a small piece of documentation was missing or a phone conversation wasn't properly documented, it could result in a sizable financial impact even though the REC was imported according to California's RPS regulations. There also seems to be some question about short term transactions and if the RPS adjustment can be claimed in those situations. NextEra would appreciate any clarification staff could provide on this subject so we can ensure transactions being made in 2013 will be able to claim the RPS adjustment when reporting in 2014.

### **ARB needs to be very clear about what interpretations apply to this year's transactions**

Staff expressed during the workshop that some of the proposed revisions to the regulations were merely for clarification purposes. This was concerning to many stakeholders. NextEra believes that any substantive changes or items that needed regulatory changes for clarification should not be considered effective until the start of the reporting year immediately following the changes. In addition, NextEra suggests ARB should issue guidance for entities submitting data 2013 data in order to clarify what is a change and what interpretations are expected to be included in the 2014 reports (2013 data). This issue is very important due to the fact that entities have been potentially making transactions in 2013 based on incomplete or unclear regulations.

## **The identification of system power rates more clearly identifies California's actual carbon footprint**

NextEra supports ARB staff's proposal that specific emissions rates be applied to transactions for power imported from systems with an emission rates higher than the default rate. In several sets of comments submitted to ARB over the past several years, we have been supportive of emissions rates matching actual GHG liability whenever feasible. This level of accuracy can be accomplished in many ways but assigning a system rate to more closely match the actual emissions associated with the power that is being imported rather than allowing all imported power to enjoy a standardized rate is a step in the right direction. It must be very clear that transactions made without contracting with a specific power system or source should not be penalized for being assigned power with a higher emissions rate. There are still some stakeholders that are questioning the documentation procedures for these types of transactions. The NERC etags will show the source and the path the power has taken to reach the state. NextEra has several questions related to this change.

- How will ARB determine which transactions were contracted and which are not?
- Will recipients of unspecified power be required to produce documentation to prove they did not contract with a system or source that happens to have a higher emissions rate? If so, what does that look like?

Carbon liability must be a transparent cost liability that is disclosed prior to a deal being executed or the marketer importing the power should not be held accountable for a rate higher than the default.