Noble Americas Energy Solutions LLC ("Noble Solutions") wishes to file comments on the **Workshop to Discuss Revisions to Mandatory Reporting Regulation** held on May 30th 2012. Noble Solutions apologizes for the late comments as a result of our unfamiliarly with submitting comments in this fashion.

Noble Solutions is an Energy Service Provider ("ESP") and is also defined as a Retail Provider under Cap-and-Trade Regulations Noble Solutions has previously commented on the RPS Adjustment regulations in Cap-and-Trade. Noble Solutions position is that RPS Adjustment can meet both ARB's objectives and still allow for the flexibility to bank and retire REC's given to retail providers under the California RPS program. Section 95111(5) states that "RPS Adjustment may only be claimed by Retail Providers where adjustments are used to comply with California RPS compliance". ARB's proposed modification limits the use of RPS Adjustment to Retail Providers. Retail Providers routinely purchase REC's for California RPS Compliance from marketers who import the bundled REC's on behalf of the Retail Providers. Certain risk adverse Retail Providers do not prefer to import electricity due to congestion risk and may instead contract with a marketer for imported REC's to avoid such risk. Therefore, Marketer's must have the same ability to claim RPS Adjustment as retail providers so long as those REC's are transferred to a California retail provider and used for California RPS Compliance. Under RPS rules, to fully count a REC that was either directly delivered (Category 1) or used substitute energy (Category 2) a retail provider will need to have a contract prior to the generation, thus such REC's cannot be resold by the marketer. As a result, Marketer's ability to claim RPS Adjustment is limited to REC's used for California RPS Compliance so long as a retail provider uses those REC's for California RPS Compliance. If Marketers cannot claim RPS Adjustment Category REC's imported on behalf of a Retail Provider, it will result in an increased costs for REC's which is ultimately passed through to ratepayers. Furthermore, there are currently RPS contracts in the market where marketers are importing on behalf of retailers.

Further, Section 95111(5) requires "The status of RECs shall be reported as retired or not retired. RECs not retired are assumed to have been banked for future use." A REC has a 36 month shelf life. In other words, a Retail Provider, may defer a REC's retirement up to 36 months from initial generation. RPS rules require that once a REC is retired, the REC must be used in the compliance period in which it was retired. Therefore, if a Retail Provider has a REC that was generated in Compliance Period 1 and is long REC's for Compliance Period 1, it may defer the retirement of the REC to Compliance Period 2 and use it for RPS Compliance in Compliance Period 2. Currently the EPE workbook for Importers and Exporters does not allow RPS Adjustment to be claimed when the flag for Retirement is set to No. Noble Solutions recommends the following change in language to 95111(5):

> *Calculation of Ccovered Emissions. For imported electricity with covered emissions as defined pursuant to section 95102(a), the electric power entity must calculate and report covered emissions pursuant to the equation in section 95852(b)(1)(B) of the cap-and-trade regulation and include the following information:*
>
> *$CO_2e_{RPS\ adjust}$ = Sum of CO_2 equivalent mass emissions adjustment is calculated using the following equation for electricity generated by each eligible renewable energy resource located outside the state of California and registered with ARB by the reporting entity pursuant to section 95111(g)(1), but not directly delivered as defined pursuant to section 95102(a). Electricity included in the RPS adjustment must meet the requirements pursuant to section 95852(b)(4) of the cap-and-trade*

regulation (MT of CO_2e). The RPS Adjustment may only be claimed ~~***by Retail Providers***~~ *where adjustments are used to comply with California RPS requirements.*

The reporting of RPS Adjustments shall include information for Cap and Trade accounting purposes, as well as information for GHG inventory reporting. The status of RECs shall be reported as retired or not retired. RECs not retired are assumed to have been banked for future use. ***The status of the REC should not preclude the Electric Power Entity from using RPS Adjustment. The Electric Power Entity must match the REC to the import tag to claim RPS Adjustment.***

Category 2 transactions require a forward purchase of both the RPS-eligible energy and the substitute energy, coupled with the CEC and ***CPUC (D.1112052 Section 3.6.1)*** that the import and REC be generated within the same calendar year. Thus, for GHG accounting purposes, the energy and the RPS attribute for Category 1 and Category 2 transactions will always be linked, (and will always be verifiable in WREGIS) irrespective of when the RECs may be retired for RPS compliance purposes. Noble Solutions recommends the EPE Importers and Exporters Workbook in the tab "RPS Adjust" under Column W Row 13 should be changed to "REC's Matched to Tags".

Furthermore, for GHG accounting purposes Category 2 will always be linked and will always be verifiable in WREGIS, irrespective of when the REC's may be retired for RPS compliance purpose.

Noble Solutions has attached a matrix detailing the goals and requirements of various stakeholders. Noble Solutions does not see any conflicts arising out of the various requirements. If carefully considered, Noble Solutions believes language can be crafted to satisfy all of ARB's objectives and meet a retail provider's requirement for flexibility, banking and retiring REC's without ratepayers incurring excess costs.

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RPS Adjustment Checklist of Requirements

ARB Requirements	Retail Provider Requirements	Marketer Requirements	Possible Language/Solutions/Mitigating Factors
Same Year Emissions Accounting	Requires 36 months of pre-retirement life to cross California RPS Compliance periods for short term (less than 10 years) RPS contracts – once REC's are retired they must be used in same compliance period per CPUC rules		To Claim RPS adjustment the REC must have been generated in the same year in which the electricity was imported (*verified via WREGIS matching report*) – *prevents retiring REC so retail provider can use across compliance periods and meets same year emissions accounting*
REC's Should be Used for California RPS Compliance	After retirement, requires ability to bank forward under excess procurement for long term RPS contracts (not available for short term contracts) – should not have to use retired REC's for RPS compliance in same compliance period.		California Retail Providers must use REC's, for which RPS adjustment is claimed, for California RPS compliance (*can be verified by ARB on compliance reports in later years but not in same year since retail provider can bank forward, however mitigating factor is that per CPUC rules, F&S rec's cannot be resold unless unbundled causing significant financial impact to retail provider*)
REC's Not be resold for another Jurisdictions RPS Compliance			Covered by above language
	Requires the use of RPS adjustment for REC's imported on behalf of a retail provider (important for retail provider as well so that costs are not increased to ratepayers/consumers if there is carbon cost pass through in contract language)	Requires the use of RPS adjustment for REC's imported on behalf of a retail provider	An entity claiming RPS Adjustment must sell the REC to a California retail provider. (*Possible solutions for tracking: 1. EPE report allows marketer to point to retail provider* *2. Retail provider claims REC's on EPE report allowing marketer to claim RPS Adjustment, as a result retail provider must use REC's for California RPS compliance* *4. Changing Column W Row 13 in "RPS Adjust" tab in EPE Import and Export Workbook to reflect matching of tags and rec's instead of requiring retirement.* *3. Transfer of REC's between marketer and retail provider can be tracking via WREGIS Transfer History Report*
Tracking and Verification			

1. There are no conflicting requirements that are clearly visible at this time