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November 30, 2018

Mary Nichols, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

Re: *Comments on 15-Day Changes to Cap-and-Trade Program Proposed Amendments*

Dear Ms. Nichols:

The Golden State Power Cooperative (GSPC) urges the Board to adopt, with the refinements set forth herein, the proposed 15-day changes to the Cap-and-Trade Regulation amendments related to the use of allowance value. GSPC supports the proposed changes to the provisions regarding the electrical distribution utilities' (EDUs) use of allowance value, and in particular the recognition that the value can be used for wildfire risk reduction, as well as outreach and education, and that the proposed methodologies for estimating the expected GHG emissions reductions are necessary to ensure that the provisions are not unduly restrictive or contravene the intent of the legislature. However, the 15-day changes do not address all of the concerns that were raised during the November 15 Board meeting, and GSPC notes the following refinements and clarifications that should be incorporated into the 15-day changes amendments in section 95892(d).

#### **Clarification regarding Other GHG Emission Reduction Activities**

*Wildfire Risk Reduction:* GSPC appreciates the 15-day changes that explicitly recognizes that EDU allowance value may be used for wildfire risk reduction activities in section 95892(d)(3)(C). The Board should adopt this proposed change, and in doing so, direct staff to immediately adopt an interim tracking mechanism for quantifying emissions reductions to ensure that EDUs can immediately begin expending allowance value on such measures that are in conformance with Public Utilities Code sections 8386 and 8387.

*Existing Programs and Measures:* In order to protect the integrity and viability of existing investments in GHG reduction measures and programs, this section should clarify that all existing measures and ongoing programs funded by emissions allowances will continue to be deemed acceptable uses of allowance value. This clarifying provision in section 95892(d)(3)(C) will ensure that already approved and successfully implemented projects and programs are not jeopardized.

Renewable, Zero-Carbon, Energy Efficiency, and Fuel Switching: The provisions of section 95892(d)(3)(C) must clarify that that programs that meet the state's emissions reduction objectives, and indeed, are consistent with implementation of new statutory provisions, must be authorized use of allowance value. This includes programs and measures in compliance with Senate Bill 100. EDU use of allowance value for projects that support the reduction of carbon emissions and investment in other zero-carbon resources should not only be authorized, but encouraged. Specifically, section 95892(d)(3)(C) should clarify that "other GHG emission activities include renewable energy or zero-carbon facilities." This should also recognize funding for cogeneration and combined heat and power projects that have higher efficiency rates than traditional combustion generation, reduce local emissions by utilizing excess thermal heat, and otherwise meet the requirements and objectives of the regulation and enabling legislation. Again, as noted in GSPC's October 22 comments, it is imperative that section 95892(d)(3)(C) be interpreted to include any renewable energy investments that advance the state objective of achieving carbon neutrality, regardless of whether they meet the requirements of Public Utilities Code section 399.16(b)(1) or under Public Utilities Code section 399.16(d).

## **Conclusion**

All of the refinements and clarifications noted above are clearly within the scope of the existing 15-day changes and the oral statements of CARB staff that the concerns raised by stakeholders in this regard are recognized in the 15-day changes. As such, GSPC urges the Board to direct that these clarifications be included in the proposed amendments to the regulation. In the alternative, the Board adopt the current amendments without these refinements, that you direct staff to expressly include these changes in proposed amendments in the next rulemaking proceeding, and that such proceeding be initiated immediately.

Respectfully submitted,



C. Susie Berlin

**LAW OFFICES OF SUSIE BERLIN**

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