

November 30, 2018

VIA ELECTRONIC SUBMISSION

Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments of PacifiCorp on the November 15, 2018 Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation and the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

PacifiCorp respectfully submits these comments on the November 15, 2018 proposed amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Trade Program) and the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR).

PacifiCorp does not own or operate emitting resources in California and is subject to the Cap-and-Trade Program and MRR solely as an electricity importer: PacifiCorp imports energy into California through service to its California retail load, bilateral wholesale sales, and the Energy Imbalance Market (EIM). PacifiCorp's comments are provided in two parts: one from its perspective as a Multi-Jurisdictional Retail Provider (MJRP) serving retail load in California and one from its perspective as an electricity importer via the EIM.

I. MJRP Comments

PacifiCorp reiterates its concern with respect to the interaction between the calculation of Outstanding EIM Emissions and the development of PacifiCorp's compliance obligation associated with its retail service territory in California. Because PacifiCorp's California retail service territory is not part of the CAISO balancing authority area, energy reported as imported to California by PacifiCorp as an EIM Participating Resource Scheduling Coordinator is not used to serve PacifiCorp's California retail load. The simultaneous treatment of PacifiCorp as an EIM Participating Resource Scheduling Coordinator and an EIM Purchaser creates an inequitable double penalty for PacifiCorp's retail customers in California.

PacifiCorp, as an EIM Participating Resource Scheduling Coordinator, contributes to the total sum of "Deemed Delivered EIM Emissions" as well as the total amount of electricity delivered to California via the EIM through energy imports and emissions reported pursuant to section 95111(h)(1)(C). Energy and emissions delivered to California by PacifiCorp as an EIM Participating Resource Scheduling Coordinator are considered wholesale electricity sold from specified sources and are subtracted from the calculation of PacifiCorp's system emission factor pursuant to section 95111(b)(4). The subtraction of low- and zero-emitting specified source energy from the calculation of PacifiCorp's system emission factor serves to increase the system

emission factor and therefore the compliance obligation associated with PacifiCorp's California retail service territory.

At the same time, under the proposed EIM Purchaser framework, the same low- or zero-emitting energy reported as delivered to California by PacifiCorp as an EIM Participating Resource Scheduling Coordinator will be multiplied by the default emissions factor to calculate the EIM Outstanding Emissions. Applying responsibility for those emissions to PacifiCorp's California retail service territory as an EIM Purchaser creates a second penalty where PacifiCorp's California retail service customers will be made responsible for emissions not used to serve their load. PacifiCorp is differently situated than other electrical distribution utilities in California because its California retail load is not served by energy reported as imported to California by EIM Participating Resource Scheduling Coordinators. To avoid this inequitable treatment for PacifiCorp retail customers in California, PacifiCorp should not be considered an EIM Purchaser. In the alternative, low- and zero-emitting specified sources deemed delivered from PacifiCorp resources to California should not be subtracted from the calculation of PacifiCorp's system emission factor or should be subtracted at the default emissions rate as used to calculate EIM Outstanding Emissions.

II. Energy Imbalance Market Comments

For a number of reasons, PacifiCorp continues to have significant legal and practical concerns with California Air Resources Board (ARB) regulation of secondary dispatch emissions, which result from activity entirely outside of California and with only a causal link to California load. For all of the reasons articulated in comments submitted on the 45-day language proposal, PacifiCorp also opposes the introduction of the EIM Purchaser concept. These concerns have not changed, however, they are not restated here. Rather, PacifiCorp's focus is on the long-term consequences of ARB's one-sided focus on out-of-state emissions and the need to re-evaluate the calculation of EIM Outstanding Emissions following changes implemented to the CAISO's attribution methodology on November 1, 2018.

It is PacifiCorp's expectation that, following the change made to the resource attribution methodology implemented by the CAISO on November 1, greater quantities of energy from emitting resources will be attributed to California from EIM Entities. As PacifiCorp has noted previously, ARB's theory regarding secondary dispatch emissions deemed delivered to California via the EIM paints a one-sided picture of the overall emissions impact of California's participation in the EIM. This methodology captures emissions increases that occur well outside of California but at the same time ignores emissions reductions that also occur outside of California. This issue is not just about California's emissions accounting but is of critical importance to understanding and quantifying the environmental benefits of greater grid integration and of California's extensive renewable build-out. It is PacifiCorp's view that the ultimate decarbonization of its own resource portfolio will not be possible (or will come at much greater cost) without greater integration of the Western energy grid. At this stage, an approach by ARB that ignores the complete broader West-wide emissions picture is likely to delay regionalization and the faster and less expensive decarbonization benefits it will engender.

PacifiCorp recommends that ARB leave the door open to understanding and eventually reassessing the longer-term consequences of its currently one-sided emissions perspective. At the very least, ARB should seek a process to work with the CAISO to re-evaluate the emissions deemed delivered to California following the changed methodology adopted November 1. The CAISO's revised attribution methodology builds on the existing greenhouse gas bid adder design and results in a more accurate attribution of resources supporting EIM transfers to serve California load. ARB's proposed changes are not informed by changes in the attribution of resources supporting EIM transfers. PacifiCorp recommends that the ARB maintain its current approach at least until it can evaluate the effect of changes made by the CAISO to address ARB's concern regarding secondary dispatch emissions in the EIM.

Regards,

/s/

Mary Wiencke
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