



WILDFLOWER **E N E R G Y**

Wildflower Energy LP
333 S. Grand Ave., Suite 1570
Los Angeles, CA 90071
Tel: (213) 473-0080
Fax: (213) 620-1170

October 23, 2013

Dr. Steve Cliff
Chief, Program Evaluation Branch
California Air Resources Board
1001 I Street
Sacramento, California 95814

Filed Online And Sent Via Email

Subject: Wildflower Comments on July 18, 2013 Discussion Draft of Cap-and-trade Regulatory Amendments

Dear Dr. Cliff:

Wildflower Energy LP ("Wildflower") provides the following comments in response to the September 4, 2013 *Cap-and-Trade Regulatory Amendments* and the October 16, 2013 *Revised Staff Proposal for Legacy Contract Treatment*. Wildflower has a Pre-AB 32 long-term contract with a non-utility power marketer that lasts through the duration of the Cap-and-Trade program. The contract does not expressly contemplate any greenhouse gas ("GHG") control program or treatment of such program compliance costs, and this new cost burden poses a serious threat to the continued financial viability of Wildflower's newer, clean generation facilities.

Wildflower supports the Amendments to Section 95894. Wildflower believes that the amendments are a fair and balanced approach that will achieve the ARB's policy objectives of encouraging parties to renegotiate their legacy contracts, while at the same time, avoid facilities from shutting down due to their inability to pass through greenhouse gas compliance costs.

Section 95856(h)(3) should be revised to reflect the new true-up provisions that would be provided in Section 95894 for Legacy Contracts. Section 95856(h)(3) provides a limited exemption from the vintage rules for allowances that have been allocated pursuant to certain Cap-and-Trade provisions. As amended, Section 95856(h)(3) would not include Sections 95894(c)(1), 95894(c)(2), and 95894(d)(2) in the list allowance allocation Sections. The entities described in 95894(c)(1), 95894(c)(2), and 95894(d)(2) are entities that qualify for a true-up under Section 95894. As amended Section 95894 would make these entities eligible to use 2015 vintage allowances for a 2013 or 2014 emissions year compliance obligation. Thus, Section 95856(h)(3) should specifically reference Sections 95894(c)(1),



95894(c)(2) and 95894(d)(2). These changes are necessary to clarify that entities receiving “true-up” allowances can fulfill their compliance obligation with allowances “allocated immediately before the current surrender deadline.”

Wildflower appreciates the ARB staff’s efforts in working with the diverse group of parties affected by the Legacy Contract issue and looks forward to the successful resolution of this issue in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Shepard". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul Shepard

Asset Manager, Wildflower Energy, LP