

April 28, 2017

415.774.2970 direct
NvanAelstyn@sheppardmullin.com

File Number: 56HH-254319

Via Electronic Submission

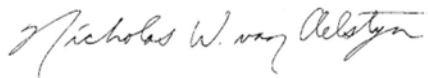
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: Comments of Powerex Corp. on the Second Proposed 15-Day Amendments
to the Cap-and-Trade Regulation

Dear Chair Nichols and Members of the California Air Resources Board:

On behalf of Powerex Corp., I submit the enclosed comments on the California Air Resources Board's second proposed 15-day amendments to the Cap-and-Trade Regulation. Powerex's comments address the Board's proposed amendments addressing the on-going efforts to develop a solution to the inaccurate accounting of greenhouse gas emissions in the Energy Imbalance Market. Powerex thanks the Board for its consideration of these comments and its continuing effort to ensure the continued vitality of the Cap-and-Trade Program.

Very truly yours,



Nicholas W. van Aelstyn
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Comments of Powerex Corp. on April 13 Proposed 15-Day Rulemaking

Powerex Corp. (“Powerex”) submits the following comments to the California Air Resources Board (“CARB”) on the Second Notice of Public Availability of Modified Text and Availability of Additional Documents and/or Information to consider adoption of the amendments to the California Greenhouse Gas (“GHG”) Emissions and Market-Based Compliance Measures.

Powerex is a corporation organized under the *Business Corporations Act* of British Columbia, with its principal place of business in Vancouver, British Columbia, Canada. Powerex is the wholly-owned energy marketing subsidiary of the British Columbia Hydro and Power Authority (“BC Hydro”), a provincial Crown Corporation owned by the Government of British Columbia. Powerex sells wholesale power in the United States pursuant to market-based rate authority granted by the Federal Energy Regulatory Commission (“FERC”) in September 1997, renewed most recently on August 29, 2014.

Powerex sells power from a portfolio of resources in the United States and Canada, including Canadian Entitlement resources made available under the Columbia River Treaty, BC Hydro system capability, and various other power resources acquired from other sellers within the United States and Canada. Powerex has been delivering power to California since shortly after receiving its market-based rate authorization and is currently registered with CARB as an Asset Controlling Supplier (“ACS”).

Powerex supports reinstating § 95852(b)(2)(A)(10), which clarifies that power imports via the CAISO EIM do not constitute resource shuffling. As Powerex discussed in its previous comments¹, the removal of this language would create regulatory uncertainty for EIM Participants and may do little to encourage the timely development of a two-pass solution.

That being said, Powerex strongly encourages CARB to continue to coordinate with CAISO regarding implementation timelines of the two-pass solution. While Powerex supports the interim solution, Powerex believes that the two-pass solution is a more appropriate long-term approach. As outlined in Powerex previous comments,² Powerex is optimistic that once the two-pass solution is implemented, it will ensure that the EIM accurately recognizes the GHG emissions from out-of-state resources dispatched to serve California load, while at the same time it will avoid “leakage” through the EIM and will properly consider the GHG costs when dispatching low- or zero-emitting out-of-state resource over high-emitting out-of-state resources.

Powerex is strongly supportive of the efforts made by CARB staff to date and, should it become necessary, supports CARB staff developing further interim measures should the two-pass solution be unable to be implemented in a reasonable timeframe.

¹ See Comments of Powerex Corp. on the Proposed 15-Day Amendments to the Cap-and-Trade Regulation and the Mandatory Reporting Regulation available at <https://www.arb.ca.gov/lists/com-attach/161-capandtrade16-U2ECNFRKvjILIFJi.pdf>.

² *Ibid* at page 1.