



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204

**Comments of Portland General Electric Company on
*Proposed Amendments to the California Cap on Greenhouse Gas Emissions and
Market-Based Compliance Mechanisms Regulation*
September 19, 2016**

Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments to California Air Resources Board (“ARB”) on the *Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation* (“Regulation”). PGE has signed an implementation agreement with the California Independent System Operator (“CAISO”) to become the fifth utility outside the State of California to join the Energy Imbalance Market (“EIM”) with a scheduled go live date of October 2017. As such, PGE has a vested interest in the development and implementation of programs that will impact the EIM and directs its comments below on the proposals specific to the EIM.¹

PGE’s primary concern in the proposed Regulation is the removal of the current safe harbor for short term transactions with regard to resource shuffling. PGE believes the existing resource shuffling exemption for short-term sales is appropriate given the nature of the short-term markets. PGE is concerned that the proposed change to the current compliance framework would introduce unavoidable compliance risk for EIM participants. Under the current EIM design, EIM participants have little control over resource dispatch in the real-time markets following their hourly base schedule submittals and thus have little control over the manner in which the resources are deemed delivered to California. Opening the possibility for an EIM participant to inadvertently violate a resource-shuffling regulation could serve as a disincentive for market participation, particularly for entities that have a significant quantity of carbon-free resources in their resource portfolio and therefore have increased exposure.

In PGE’s view, ARB’s other proposals impacting EIM in the Regulation are premature and need to be carefully realigned to sync with CAISO’s timeline for implementing changes to their EIM GHG accounting framework. CAISO is just now beginning to work with stakeholders, including regulators and representatives from multiple states in the western interconnect, as well as CAISO’s Market Surveillance Committee, on issues related to GHG accounting in both the current EIM and in the context of a multi-state Regional ISO. CAISO and its stakeholders are aware that many of the same GHG accounting issues that have arisen in the EIM will also need to be resolved for a Regional ISO and have accepted that the process to develop a sustainable program that fits with both markets will take time. Further, the same group has correctly identified the need for any GHG accounting framework to accommodate other state’s programs (as they are developed for Clean Power Plan compliance or other state level policies) on a level playing field, and not just be tailored specifically to ARB’s program.

¹ PGE supports the comments submitted on this proposed Regulation by the Joint EIM Entities group.

PGE recognizes that the current EIM GHG accounting framework likely needs to be revised; however, PGE does not believe that ARB rushing to implement a program is warranted. PGE recommends ARB consider other interim measures, such as applying the unspecified emission factor in the Mandatory Reporting Regulation for all EIM imports, while giving time for a comprehensive, sustainable solution to be developed. PGE encourages ARB to recognize the complexity of the issues in question and to allow the CAISO process to run its course. In short, PGE believes it is simply premature to move forward with the proposed Regulation, specifically with regard to the aspects related to EIM, and urges ARB to reconsider its approach.

Again, PGE appreciates the opportunity to provide comments to ARB with regard to the proposed Regulation. For any follow-up communications, please contact me at (503) 464-8528 or via e-mail at Elysia.Treanor@pgn.com.