



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

March 16, 2018

**Via Electronic Submission:** <http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm>

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95812

Dear Chairwoman Nichols and Members of the Air Resources Board:

The Bonneville Power Administration (BPA) appreciates the opportunity to comment on the possible revisions to the California Air Resource Board's (ARB) Cap and Trade Regulation presented at the ARB's March 2, 2018 workshop. BPA's comments are limited in scope to the California ISO's update on EIM GHG Design Changes. These comments are a reiteration of the comments BPA submitted to the CAISO earlier this month on its regional integration and EIM GHG compliance initiative.

BPA supports the accurate and equitable accounting of greenhouse gases (GHG) and has closely followed this CAISO initiative. BPA was supportive of the CAISO's development of a two-pass solution to more accurately determine the GHG attribution for EIM transfers to serve ISO load, which the CAISO is now proposing to abandon. The new approach would essentially apply a hurdle rate to non-emitting EIM participating resources outside of California in order to account for the secondary dispatch issue. At this time, BPA cannot support an approach that raises significant concerns of discrimination across resource types and locations. BPA has urged the CAISO to spend more time analyzing this approach, exploring alternative options, and discussing it with stakeholders.

BPA does support the implementation of the first step in the CAISO's proposed new approach that limits the GHG bid quantity of EIM participating resources in order to minimize the identified secondary dispatch issue. BPA's concern is in the second step where the CAISO proposes that a secondary dispatch emissions rate be applied in the GHG bid price for non-emitting resources outside of California. The application of this secondary dispatch emissions rate only to non-emitting resources appears to discriminate between non-emitting resources and emitting resources and puts non-emitting resources at a relative disadvantage. Additionally,

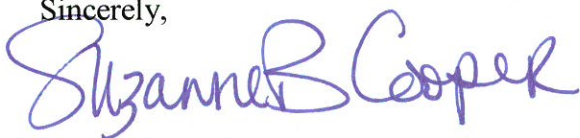
because the secondary dispatch emissions rate only applies to resources external to California, this proposal appears to discriminate between resources located in California and those outside of the state.

BPA has asked the CAISO for more clarity on the application of a secondary emission dispatch rate to an Asset Controlling Supplier (ACS). BPA is registered as an ACS entity with the ARB. As such, any emissions attributable to secondary dispatch imports into BPA's system are accounted for in BPA's ACS emissions rate. Assigning a different secondary dispatch emissions rate for EIM activity creates a disincentive for the ACS to supply California in an EIM. The ACS would have to make trade-off decisions within the total CAISO markets structure. In addition, it is not clear if the CAISO proposal would result in applying the secondary dispatch emissions rate to imports of energy into the BPA balancing authority area when calculating BPA's emission rate as an ACS, and whether the proposed approach would result in attributing emissions to an ACS more than once.

BPA understands that the CAISO intends to present this issue to the EIM Governing Body for decision on April 24, 2018. The CAISO has put a considerable amount of time and effort into this initiative, including a significant amount of time exploring the now-tabled two-pass solution. As stated above, BPA believes a decision on this new proposed approach would be premature without further analysis of the application of a secondary emissions dispatch rate and discussion with stakeholders. BPA urges the CAISO and the ARB to work together to develop a path forward for resolving this issue that enables continued stakeholder discussion and input and works toward an accurate and equitable accounting for GHG emissions in the EIM.

Feel free to contact me if you have questions regarding BPA's comments.

Sincerely,



Suzanne B. Cooper  
Vice President, Bulk Marketing