

January 15, 2016

Ms. Rajinder Sahota
Chief, Climate Change Program Planning & Management Branch
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Filed Electronically

Re: Modesto Irrigation District's Comments on the Renewable Portfolio Standard Adjustment from the December 14, 2015 Workshop on Proposed Amendments to the Cap-and-Trade Regulation

Dear Ms. Sahota:

The Modesto Irrigation District (MID) welcomes the opportunity to align our comments regarding the Renewable Portfolio Standard (RPS) adjustment with those of our peers in the electric utility sector. MID fully endorses Pacific Gas and Electric Company's (PG&E) comments, submitted January 15, 2016, which include suggested amendments to the RPS adjustment sections of the Cap-and-Trade Regulation and Mandatory Reporting Regulation (MRR).

MID's out-of-state renewable resources, particularly wind energy, represent a cornerstone of our fulfillment of the requirements of the state's RPS program. The firm and shaped nature of our out-of-state supply of wind energy allows this inherently variable resource to be a valuable component of MID's overall energy portfolio. The RPS adjustment is valuable to MID because it provides a mechanism by which eligible out-of-state renewable resources are fully and rightfully attributed with the renewable and environmental benefits that they generate. The RPS adjustment ensures that MID is fairly compensated for its investment in these benefits. MID took early action and procured eligible out-of-state renewable resources under the RPS program, and equity requires that this early action be counted towards similar emissions reduction goals under the Cap-and-Trade program.

MID recognizes that the accuracy and integrity of emissions accounting under Cap- and-Trade and MRR is a primary goal, and agrees with ARB that there are some challenges presented by the current version of the RPS adjustment that allow for transactions in conflict with this goal. Chief among these issues are the potential for double-counting the zero emission power from an eligible renewable resource, and the difficulty of verifying direct deliveries of specified source power and ownership of its associated Renewable Energy Credits ("RECs").

Despite these challenges, the value of the RPS adjustment to California ratepayers is great enough to justify that we work together to find a solution that enables the RPS adjustment to

function as originally intended. Any solution must: (1) maintain the economic status quo of RPS-eligible out-of-state renewable resources, (2) eliminate the possibility of double-counting environmental attributes, (3) allow for accurate and timely third-party verification of RPS adjustment claims and specified source direct deliveries, and (4) be mindful of the costs of implementing and maintaining the program.

As PG&E suggests, by linking the ability to import specified source power from RPS-eligible resources to the ability to present ownership or usage rights of the REC serial numbers attributable to such imported power combined with disallowing claims of specified source imports without the proof afforded by ownership/usage rights of the REC serial numbers, specified source claims should be much easier to verify and will be mutually exclusive among generation providers and energy-importing utilities. MID believes that the thoughtful and simple amendments to the Cap-and-Trade and MRR regulations proposed in PG&E's comments, submitted on January 15, 2016, represent an effective starting point towards developing a solution that satisfies all of the aforementioned goals while maintaining and strengthening the RPS adjustment.

MID appreciates the opportunity to submit these comments. MID is committed to working with ARB staff and our peers in the industry to craft a comprehensive and lasting solution that will ensure that the RPS adjustment continues to protect our ratepayers' investment in renewable resources. This collaboration enables us to receive the greenhouse gas reduction benefit of these resources.

Sincerely,

A handwritten signature in blue ink that reads "Gregory E. Salyer". The signature is written in a cursive, flowing style.

Greg Salyer
Interim General Manager
Modesto Irrigation District