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California Air Resources Board
1001 I Street
Sacramento, CA 95814

Sacramento Municipal Utility District's Comments Regarding Proposed Amendments to Mandatory Reporting Regulations

SMUD appreciates the opportunity to comment on the proposed amendments to the Mandatory Reporting Regulations (Proposed Amendments). SMUD generally supports the streamlining of regulations found in the Proposed Amendments, but believes that some changes proposed should not happen or be further clarified, as noted below.

A. Proposed Verification Deadline Change

SMUD opposes the change in the verification deadline from September 1st to August 1st. While the proposed deadline would allow CARB additional time to review the reported data and provide accurate allocations for Cap and Trade purposes, SMUD remains concerned that reducing the time allowed for verification could adversely impact the quality of the verification process.

In SMUD's experience, the proposed reduction in the period for reporting presents significant challenges. In particular, entities that report imported power transactions would face added hardships because they rely on third-parties to provide e-Tag data. Reporting power-transaction data requires entities to gather and provide information from and for several sources, including Open Access Technology International Inc. (OATI), Western Renewable Energy Generation Information System (WREGIS), the California ISO, and other entities that import or export power. The shortened, two-month time between reporting unverified and verified data does not provide enough time to complete the required verification activities for imported emissions without significantly compromising the integrity of the process.

B. Sales into the CAISO.

SMUD supports additional clarification of the requirements for reporting sales into the CAISO. The Proposed Amendments include a new provision that entities must report sales into the CAISO that do not serve "native load". SMUD simply notes that subpart (B) still states that "This requirement does not apply to EDUs that have had all of their directly allocated allowances allocated for the data year placed in their limited use holding account pursuant to section 95892(b)(2) of the Cap-and Trade Regulation." This statement is ambiguous, as it is unclear whether it applies only to the subpart (A)

that is in the current regulations, or to the new subparts (C)-(E), or to all of the subparts in the section.

There is still a blanket prohibition on using allowances and allowance value for sales into the CAISO in the Cap and Trade Regulations, and the exemption in subpart (B) appears to be in conflict with that requirement, which could cause confusion amongst the EDUs as to exactly how any sales into the CAISO are to be handled and reported.

C. Changes to “Lesser Of” Analysis

SMUD does not support the significant removal of exclusions in the requirement to prepare a “lesser of” analysis for imported power. The MRR regulations have suggested for certain resources that an hourly comparison between metered and “scheduled” data must be made and the sum of the lesser of these hourly values be calculated for reporting purposes. In the Proposed Amendments, grandfathered RPS contracts and dynamically scheduled renewable imports have been removed from the list of exclusions. These contracts were excluded in order to conform to the “lesser of” analysis required for the RPS, and ARB should return to the full list of exclusions in the current regulations.

In addition, it is unclear from the language exactly how the proposed “lesser of” analysis should affect emission factors used in mandatory reporting. The implication and common practice, supported by guidance, is that the specified source emission factor would only be used for the generation that results from the “lesser of” calculation. However, this is not explicitly stated in the regulatory language nor is there clarity in the language about what emission factor should be used for any remaining generation that is scheduled into California above the result of the lesser-of analysis. It may seem reasonable to use the “unspecified” emission factor for this remaining generation, but this is not explicitly stated. In addition, the term “ S_{sp} ”, which brings into the equation the entity’s share of output from the facility, is listed in the regulations as being in the lesser of equation, but it is not there. This confusion should be cleared up.

D. MRR Requirements For Reporting RECs

The MRR requires reporting information with respect to RECs, including REC serial numbers, by February 1st. However, this information is not fully available by February 1st, and in practice is normally provided with the later June 1st reporting. This could be solved by simply removing the REC requirement from the existing regulation and placing it in more appropriate sections of the regulations, as follows:

95111(g) Requirements for Claims of Specified Sources of Electricity and for Eligible Renewable Energy Resources in the RPS Adjustment.

Each reporting entity claiming specified facilities or units for imported or exported electricity must register its anticipated specified sources with

ARB pursuant to subsection 95111(g)(1) and by February 1 following each data year to obtain associated emission factors calculated by ARB for use in the emissions data report required to be submitted by June 1 of the same year. If an operator fails to register a specified source by the June 1 reporting deadline specified in section 95103(e), the operator must use the emission factor provided by ARB for a specified facility or unit in the emissions data report required to be submitted by June 1 of the same year. Each reporting entity claiming specified facilities or units for imported or exported electricity must also meet requirements pursuant to subsection 95111(g)(2)-(5) in the emissions data report. Each reporting entity claiming an RPS adjustment, as defined in section 95111(b)(5), pursuant to section 95852(b)(4) of the cap-and-trade regulation must include registration information for the eligible renewable energy resources pursuant to subsection 95111(g)(1) in the emissions data report. Prior registration and subsection 95111(g)(2)-(5) do not apply to RPS adjustments. Registration information and the amount of electricity claimed in the RPS adjustment must be fully reconciled and corrections must be certified within 45 days following the emissions data report due date. Information related to the RPS adjustment is no longer required to be reported beginning with 2021 data reported in 2022.

(1) *Registration Information for Specified Sources and Eligible Renewable Energy Resources in the RPS Adjustment.* The following information is required:

(. . .)

~~(M) Provide the primary facility name, total number of Renewable Energy Credits (RECs), the vintage year and month, and serial numbers of the RECs as specified below:~~

- ~~1. RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment as well as whether the RECs have been placed in a retirement subaccount and designated as retired for the purpose of compliance with the California RPS program.~~
- ~~2. RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment in a previous emissions data report year that were subsequently withdrawn from the retirement subaccount, or modified, the associated emissions data report year the RPS adjustment was claimed, and the date of REC withdrawal or modification.~~
- ~~3. RECs associated with electricity generated, directly delivered, and reported as specified imported electricity and whether or not the RECs have been placed in a retirement subaccount.~~

(4) *Additional Information for Specified Sources.* For each claim to a specified source of electricity, the electricity importer must indicate whether one or more of the following descriptions applies, and provide information as appropriate for the description:

(. . .)

(F) Deliveries from sources including Renewable Energy Credits (RECs): report the total number, vintage years and months, and serial numbers of all RECs, and whether or not the RECs have been placed in a retirement subaccount.

(5) Additional Information for RPS Adjustment Sources:

- (A) RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment as well as whether the RECs have been placed in a retirement subaccount and designated as retired for the purpose of compliance with the California RPS program.
- (B) RECs associated with electricity procured from an eligible renewable energy resource and reported as an RPS adjustment in a previous emissions data report year that were subsequently withdrawn from the retirement subaccount, or modified the associated emissions data report year the RPS adjustment was claimed, and the date of REC withdrawal or modification.
- (C) ~~(5) Substitute electricity.~~ Report substitute electricity received from specified and unspecified sources pursuant to the requirements of this section.

/s/

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