



Iberdrola Renewables appreciates the opportunity to comment on the on the proposed amendments to the California Mandatory Reporting of Greenhouse Gas Emissions regulation issued on October 28, 2013.

In the proposed modifications to Section 95111, the California Air Resources Board indicates its intent to withdraw the seller control interpretation for asset controlling suppliers associated with section 95111(a)(5)(B). Iberdrola interprets this withdrawal to mean all power purchased from an asset controlling supplier will be considered Specified Power under the reporting regulation and will be assigned the established emissions profile for the asset controlling supplier for the applicable reporting year.

The purpose of the California cap and trade legislation is to reduce greenhouse gas emissions by establishing an aggregate greenhouse gas allowance budget for covered entities and providing a trading mechanism for approved compliance instruments. The California Mandatory Reporting of Greenhouse Gas Emissions regulation achieves this objective by tracking the emissions profile of all power generated within the state of California as well as power imported into the state, and requiring mitigation of the associated emissions through the procurement of allowances or offsets. CARB's prior version of the reporting regulation would have provided asset controlling suppliers the discretion to designate certain sales as Unspecified Power, resulting in an attribution of the higher, default emissions profile. This artificial designation would assign an inaccurate emissions profile to the system power sold from an asset controlling supplier, inflating the compliance obligation of entities purchasing this power and importing it into the state of California. CARB's proposed withdrawal of the seller control interpretation for asset controlling suppliers is necessary to preserve the integrity of the California cap and trade legislation by ensuring the emissions profile of the power imported into the state of California accurately represents its generation source.

Certain stakeholders have argued that an asset controlling supplier's ability to designate sales as specified or unspecified is no different than the ability of individual resource owners to sell specified or unspecified power. This comparison is inapplicable. Designation as an asset controlling supplier under the California Mandatory Reporting of Greenhouse Gas Emissions regulation establishes a clear distinction between individual resource owners and asset controlling suppliers. This distinction exists

because the annual emissions profile attributed to the asset controlling supplier incorporates all energy transactions of the designated entity – emissions associated with generation from each unit in the asset controlling supplier’s fleet, electricity purchased wholesale from specified and unspecified sources by the asset controlling supplier, and wholesale electricity sold by the asset controlling supplier. Permitting an asset controlling supplier to arbitrarily designate a sale of power as unspecified is contrary to the calculation of the emissions factor for an asset controlling supplier and would potentially perpetuate increased price premiums for imports into the state of California, at the ultimate expense of California ratepayers.

Iberdrola Renewables strongly supports the California Air Resources Board’s decision to remove the seller control interpretation for asset controlling suppliers and reiterates the importance of its removal to ensure importing entities are not improperly penalized through the reporting mechanism and associated compliance obligation.