



Panoche Energy Center 43833 W. Panoche Road, Firebaugh CA 93622

April 16, 2018

Via E-Mail

Rajinder Sahota
California Air Resources Board
1001 I Street
Sacramento, CA 95812-2828

Re: Panoche Energy Center LLC Supplemental Comments on February 16, 2018, Preliminary Discussion Draft of the Cap and Trade Regulation.

On behalf of Panoche Energy Center, LLC (“PEC”), we appreciate the opportunity to provide supplemental comments on the Preliminary Discussion Draft (PDD) of the Cap and Trade Regulation. The upcoming proposed regulatory amendments are important as they guide the Cap and Trade Program (Program) into its next phase, but also because a few issues remain from its original implementation.

CARB Board Resolution 17-21 acknowledges that a solution is still needed for remaining Legacy Contract Holders without an Industrial Counterparty¹. As a recognized Legacy Contract Holder, **PEC supports the direction of the PDD and wishes to provide the following principles for CARB’s consideration:**

1. Allowances should be granted for the Third Compliance Period (2018-2020) for Legacy Contract Holders without an Industrial Counterparty which previously received legacy contract transition assistance (2013-2017).
2. Allowances should be granted to Legacy Contract Holders without an Industrial Counterparty for the post-2020 program.
3. Allowance allocation calculations should be based on actual dispatch and not a static historic baseline.
4. Legacy Contract relief should extend for the life of a contract, or until an amendment is fully approved by the CPUC for any IOU counterparties.

Facilitating a solution is important to ensure the Program continues to be consistent with the principles of AB 32 as it moves toward the SB 32 goal under the direction of recently enacted AB 398. This effort also recognizes that PEC has acted in good faith as a Legacy Contract Holder and within the bounds of the Regulation for the past six years.

¹ <https://www.arb.ca.gov/board/res/2017/res17-21.pdf>

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PEC supports CARB's proposal and efforts to act now. We have actively engaged at all levels of the CARB process and we look forward to resolving this issue. If you have any questions, please contact me at (781) 292-7007, or Robin Shropshire at (406) 465-2231, rshropshire@ppmsllc.com.

Sincerely,

/s/

Warren MacGillivray