

September 19, 2016

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Modesto Irrigation District's Comments on the Mandatory Reporting Regulation Rulemaking 45-Day Package

Dear Chairwoman Nichols:

The Modesto Irrigation District (MID) appreciates the opportunity to submit its comments to the California Air Resources Board (ARB) regarding the Proposed Changes to the Mandatory Reporting Regulation (Proposed Regulation Order). MID is also a member of the Modesto-Santa Clara-Redding Joint Powers Authority (M-S-R) and is signatory to the comments submitted that agency.

MID offers comments on the following items proposed as changes to the Mandatory Reporting Regulation (MRR):

1. **MID strongly opposes moving the verification deadline from September 1st to August 1st.**
2. **MID strongly opposes amendments that would increase the difficulty of claiming the Renewable Portfolio Standard (RPS) adjustments from 2018-2020 and discontinue the RPS adjustment post-2020.**

MID strongly opposes moving the verification deadline from September 1st to August 1st.

The Electric Power Entity (EPE) emissions report, which is due on June 1 of each year, is a complex filing that requires third parties to deliver data to EPEs before it can be accurately completed. ARB staff has stated in multiple stakeholder workshops that EPEs can simply begin the verification process earlier to ensure meeting the deadline. However, it has been MID's experience that the intensive nature of the data review and site visits required by the verification process does not allow for shorter verifications. the verification has been MID strives for timely compliance and typically begins its verification activities well before the deadline; however, the complexities of verifying the high volume of annual transactions often result in completioncompleted only a few days prior to the verification deadline, even when starting the process shortly after the reports have been submittedreleased for verification. Because compliance with the U.S. EPA's Clean Power Plan requires two-year compliance periods, the more time-intensive on-site verifications will be more frequent than they have been in the past¹.

¹ An on-site verification must be performed by all entities during the first data year of a new compliance period.

Additionally, decreasing the amount of time in which verifiers can complete their tasks also potentially decreases the number of verifications that each verifier can perform. increased risk of non-compliance for some entities due to reduced verifier availability. MID recommends that the ARB strike language moving the verification deadline from September 1st to August 1st from the Proposed Regulation Order.

MID strongly opposes amendments that would increase the difficulty of claiming RPS adjustments from 2018-2020 and discontinue the RPS adjustment post-2020. The RPS adjustment is an essential provision of the Cap-and-Trade and MRR regulations. The adjustment recognizes the zero-emission attributes of energy resources that EDUs procured prior to the inception of the program. Ratepayers invested in these resources to comply with the environmental goals of the RPS and should also receive the zero-emissions benefit inherent to these facilities in the Cap-and-Trade program. The amendment to §95105(d)(6) in Appendix A to the Staff Report would require entities claiming an RPS adjustment to explain how they determined that electricity claimed for the RPS adjustment was not directly delivered into California. EPEs can work with their contract counterparties to minimize and record direct deliveries to the extent possible, but may not have access to data from entities that do not have an obligation to share their confidential e-tag data, or have access to e-tags for downstream transactions. The e-tag data is the only means of determining the path of electricity from the original renewable resource to its sink. Without this information, an entity cannot be certain that all MWhs of electricity from their resource was not directly delivered and may lose the ability to claim an RPS adjustment.

MID requests that, in coordination with the Cap-and-Trade rulemaking, the ARB strike any language pertaining to discontinue or limit the ability to report an RPS adjustment. The value of the RPS adjustment to MID's ratepayers is estimated to be \$49.5 million during the span of 2021-2030, based on allowance prices as forecast by the California Energy Commission as part of their Integrated Energy Policy Report. MID's ratepayers already pay a premium for renewable energy to comply with the RPS program and should not also have to pay for a Cap-and-Trade compliance obligation for those same resources.

Thank you for your consideration of our comments. MID looks forward to working with ARB staff to finalize the MRR rulemaking process.

Sincerely



Gary Soiseth
Regulatory Administrator
Modesto Irrigation District
1231 11th Street
Modesto, CA 95354