07-12-3

Department of Water and Power the City of Los Angeles

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December 5, 2007

Mary D. Nichols, Chairman
Air Resources Board
1001 "I" Street
Sacramento, California 95814

Dear Chairwoman Nichols and Board Members:

Subject: Comments on Proposed Regulation for the Mandatory Reporting of Greenhouse Gas Emissions Pursuant to AB 32

The City of Los Angeles and the Los Angeles Department of Water and Power (LADWP) supported the passage of AB 32 during the 2006 Legislative Session and are committed to partnering with California and other stakeholders to achieve real environmental benefits through greenhouse gas emission reductions. We have actively participated in the California Air Resources Board's (ARB) year-long process to develop California's greenhouse gas (GHG) mandatory emissions reporting program, and want to express our gratitude to CARB staff for their commitment to working with us and their constant open-door policy. We appreciate your consideration of our comments on the proposed reporting regulation and emissions attribution methods.

The open communication and efforts by the CARB staff to work with LADWP and other stakeholders to develop the reporting regulation, as well as review the 1990 statewide greenhouse gas emissions inventory – another key element of AB 32 that is linked to reporting of emissions – is extraordinary, particularly given the aggressive rulemaking schedule. The LADWP provided specific plant data to ARB staff to help improve the 1990 inventory and explored with ARB staff various reporting issues in great detail. The LADWP strongly supports accuracy and consistency in the emissions baseline and reporting and, to that end, encourages the ARB to continue making improvements to both between now and 2012, as appropriate and necessary, to ensure that the program ultimately achieves the primary goal of AB 32, to reduce greenhouse gas emissions.

111 North Hope Street, Los Angeles, California 90012-2607 *Mailing address:* Box 51111, Los Angeles 90051-5700
Telephone: (213) 367-4211 *Cable address:* DEWAPOLA

The LADWP, as a Charter Member of the California Climate Action Registry (Registry), is in the process of certifying its seventh annual GHG emissions inventory (2000 – 2006) with the Registry. LADWP helped road test the Registry's Power/Utility Reporting Protocol and provides these comments based on our extensive experience with reporting electric utility greenhouse gases. LADWP also submitted comments to the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) as part of the quasi-legislative joint proceeding under Rulemaking R06-04-009 to develop and provide recommendations to ARB on reporting and tracking of GHG emissions for the electricity sector.

While we recognize that the mandatory reporting regulation must be adopted by January 1, 2008, the LADWP agrees with ARB staff and other stakeholders that additional work is needed with regards to the emissions attribution methods. For the electricity sector, the point of regulation is still under consideration and a recommendation from the CPUC and CEC is not expected until early 2008. The outcome of that recommendation could likely require changes to the reporting requirements for the electricity sector.

Many of LADWP's comments revolve around the Interim Emissions Attribution Methods that are provided in Attachment C. The emission attribution methods, while currently non-regulatory, are an integral part of the reporting requirements and should be integrated into the regulation as soon as possible. From the onset of the ARB rulemaking process, it was clear that the GHG emission inventory would be adopted as a non-regulatory action, but that the GHG mandatory reporting requirements would be adopted as a regulatory action subject to the requirements of the Office of Administrative Law (OAL). Only recently was it announced that the emission attribution methods, a fundamental component of the mandatory reporting program, would be kept outside the mandatory reporting regulation, and therefore not subject to OAL requirements. The LADWP does not believe that this meets the requirements of AB 32 that mandatory greenhouse gas emissions reporting be adopted by regulation (Section 38530(a)).

The LADWP recommends that the Board consider adopting the mandatory reporting program as an interim regulation today, and hold additional stakeholder workshops and comment periods to receive stakeholder input regarding changes to the regulation and emission attribution methods after the point of regulation has been determined.

For your reference, detailed comments on the proposed mandatory reporting regulation and emission attribution methods are included as an attachment to this letter.

Conclusion

We appreciate your consideration of these comments, and thank you for the opportunity to provide input. LADWP requests that ARB carefully consider stakeholder input and recommended changes to all aspects of the GHG reporting regulation and the proposed emissions attribution methods in Attachment C. We recommend the Board direct staff to continue working with stakeholders to address and resolve issues with the emissions attribution methods, and come back to the Board with recommended changes to the regulation and emission attribution methods by the end of 2008 after the point of regulation is determined.

If you have any questions or would like to discuss any of these comments further, please contact Mr. Mark Sedlacek at (213) 367-0403.

Sincerely,

H. David Nahai
Chief Executive Officer and General Manager

CSP:
Enclosure
c: CARB Board Members
Daniel Sperling
Jerry Hill
Dorene D'Adamo
Barbara Riordan
Lydia H. Kennard
Sandra Berg
Ron Roberts
Judy Case
Ronald O. Loveridge

Attachment

Los Angeles Department of Water and Power
Technical Comments on the Proposed Mandatory Greenhouse Gas Emissions Reporting Regulation and Emissions Attribution Methods
December 5, 2007

1. The Mandatory Reporting Regulation Should Maintain Consistency with AB 32

AB 32 (California Health and Safety Code, Part 2 Mandatory Greenhouse Gas Emissions Reporting, Section 38530) establishes the mandatory greenhouse gas (GHG) reporting program and spells out the requirements and boundaries for the program. Section 38530 requires ARB to "adopt regulations to require the reporting and verification of statewide greenhouse gas emissions and to monitor and enforce compliance with this program." The regulations shall do all of the following:

i. Require the monitoring and annual reporting of GHG emissions from GHG emissions sources beginning with the sources that contribute the most to statewide emissions.

ii. *Account for GHG emissions from all electricity consumed in the state*, including transmission and distribution line losses from electricity generated within the state or imported from outside the state. (emphasis added)

iii. Where appropriate and to the maximum extent feasible, incorporate the standards and protocols developed by the California Climate Action Registry…*Entities that voluntarily participated in the California Climate Action Registry prior to December 31, 2006 and have developed a GHG emission reporting program, shall not be required to significantly alter their reporting or verification program except as necessary to ensure that reporting is complete and verifiable for the purposes of compliance with this division* as determined by the state board. (emphasis added)

iv. *Ensure rigorous and consistent accounting of emissions*, and provide reporting tools and formats to ensure collection of necessary data. (emphasis added)

v. Ensure that GHG emissions sources maintain comprehensive records of all reported GHG emissions.

In addition, section 38530 requires the ARB to:

i. *Periodically review and update its emission reporting requirements*, as necessary. (emphasis added)

ii. Review existing and proposed international, federal, and state GHG emission reporting programs and make reasonable efforts to *promote consistency*

> *among the programs* established pursuant to this part and other programs, and to *streamline reporting requirements* on GHG emission sources. (emphasis added)

The objectives of minimizing leakage and ensuring real emission reductions (i.e. prevent "contract shuffling") are under Part 4 section 38562 to establish GHG emission limits and emission reduction measures that will become operative January 1, 2012, and are not part of the parameters for the mandatory reporting program outlined in the statute (AB 32 Part 2 Section 38530). Therefore, provisions that seek to address leakage and contract shuffling as part of the mandatory reporting regulation and attached emission attribution methods are in the wrong place, and should be separately addressed as part of the subsequent rulemaking required by AB 32 Part 4, section 38562.

The LADWP agrees with ARB staff that leakage and contract shuffling are important considerations that must be addressed directly. However, adjusting the emissions reporting to address contract shuffling introduces a myriad of challenges by shifting away from those very goals listed above that are clearly identified in AB 32. The LADWP supports ARB staff's efforts to revisit the emission attribution methods and recognizes that they are currently listed only as "interim" in Attachment C of the Staff Report. Many of our comments below stem from the treatment of emissions in Attachment C.

2. Interim Emission Attribution Methods Require Further Consideration

a. Emission attribution methods should be revised and incorporated as part of the mandatory reporting regulation

It is not clear how the proposed interim emission attribution methods in Attachment C are being considered pursuant to the rulemaking because they do not appear to be incorporated by reference in the mandatory reporting regulation. LADWP requests that ARB clarify their intentions regarding the interim emission attribution methods in Attachment C. Does ARB intend to implement the provisions in Attachment C to assign emissions responsibility for the electric sector without any further public input? Or does ARB intend to hold public workshops and make changes to the proposed emission attribution methods that will address inconsistencies with the mandatory reporting program requirements?

If the emission attribution methods are to become part of the mandatory reporting program, they should be specifically referenced or incorporated into the regulation through ongoing rulemaking to ensure adequate public review and stakeholder input (i.e., a fully transparent public process).

Since ARB is required to adopt the mandatory reporting regulations in December 2007 prior to determining the point of regulation, LADWP recommends adding a provision to re-open the mandatory reporting regulation and hold additional workshops and

comment periods to receive stakeholder input regarding changes to the regulation and emission attribution methods after the point of regulation has been determined.

b. Additional public workshops on attribution methods are necessary

Numerous issues remain with the proposed emission attribution methods contained in Attachment C to the mandatory reporting regulations. The emissions attribution methods are integral to the mandatory GHG emissions reporting program. However, the proposed interim emission attribution methods require additional vetting by stakeholders as they do not provide rigorous and consistent accounting of emissions as required by the statute (AB 32 section 38530), and will not accurately reflect emissions for electricity consumed in California. LADWP recommends that the Board consider adopting the mandatory reporting program as an interim regulation, with direction to staff to continue working with stakeholders to resolve the outstanding issues and come back to the Board with a revised regulation at the end of 2008 which incorporates the emissions attribution methods based on the point of regulation.

Adding provisions to the emission reporting regulation and emission attribution methods to address contract shuffling result in inaccuracy, unnecessary complexity and lack of transparency to the emission reporting regulation, and makes the regulation inconsistent with the objectives for the mandatory reporting program outlined in AB 32 [Section 38530 (b)(1-5)].

c. Need for accurate and consistent accounting of emissions

The sole purpose of the mandatory emissions reporting program should be to quantify California GHG emissions accurately and consistently. The Staff Report for the Mandatory Reporting of Greenhouse Gas Emissions rulemaking states that achieving AB 32's objectives "requires accurate, verified, facility-specific GHG emissions data based on standardized emission estimation methods." It also states that data collected will be used to improve California's GHG emission inventory, track emission trends, and support emission reduction strategies, and is a central component of ARB's efforts to quantify, evaluate, and reduce GHG emissions. Therefore, it is critical that emissions data collected under the mandatory reporting program be accurate and consistent, since this data will be used to measure reductions in GHG emissions against the 1990 baseline and for the annual statewide GHG emissions inventory.

d. Assigning default emissions to specified zero emission sources is not accurate or consistent

The proposed mandatory reporting regulation and attached emission attribution methods do not treat generation from zero emission resources consistently. The emission attribution methods propose to correctly assign zero emissions to specified sources of large hydro or nuclear generation. The LADWP has no plans to procure additional nuclear resources for its resource portfolio, and therefore we do not have a problem with a policy position to assign default emissions to new contracts for nuclear

to avoid contract shuffling. However, the assignment of default emission factors to large hydro resources should not be pursued. The definition of renewables may change in the future and therefore a default for those resources may be inappropriate. LADWP recommends that emissions should reflect the generation source whenever the source is known. Default emissions should not be assigned to specified zero emission generating resources for the following reasons:

- Rigorous and Consistent: AB 32 section 38530 requires the mandatory reporting regulations ensure rigorous and consistent accounting of emissions.
- Accuracy: The proposed regulation requires regulated entities to invest significant cost and effort (for fuel sampling & analysis, use of CEMS, 3rd party verification, etc.) to accurately quantify, report, and verify GHG emissions. Assigning emissions to specified zero GHG emission resources is artificial, highly inaccurate, would skew California's GHG emissions data, and would negate other efforts to report emissions accurately.
- Consistency with the 1990 baseline: Zero emission generation was included in California's 1990 baseline. Assigning default emissions to those same sources under the reporting program would not allow an apples-to-apples comparison between reported emissions and the 1990 baseline.
- Consistency with other GHG emission reporting programs: Other GHG emission reporting programs such as the California Climate Action Registry, EIA-1605b, and international GHG reporting do not assign default emissions to zero emission generating resources. AB 32 section 38530 (c) requires ARB to review existing and proposed international, federal, and state GHG emissions reporting programs and make reasonable efforts to promote consistency of California's program with other programs.
- Consistency with regional or national reporting: Under a regional or national source-based GHG emissions tracking program, assigning default factors to zero emission generation would likely result in creating extraneous (surplus) emissions where none actually occurred.

The LADWP recommends that section 95111(b)(3)(F) of the regulations and section 4.1.1. of the proposed interim emission attribution methods be deleted. Otherwise, if ARB wishes to assign default emissions to new contracts for a specified source, then ARB should treat all emissions from that specified source the same and assign default emission factors across the board for consistency, regardless of the date of the contract (e.g., if default emissions are assigned on the reporting and compliance end, default emissions should also be assigned as part of the 1990 baseline as well as allocation of emission allowances).

e. Emissions should be based on actual MWh received from all electricity generation resources (both owned and purchased power)

The regulation proposes to use two different standards for calculating emissions for electricity received: 1) ownership share for fully or partially owned generating facilities,

and 2) actual MWh received for purchased power. AB 32 requires rigorous and consistent accounting of emissions.

The interim emissions attribution method in Attachment C proposes to assign emissions for owned or purchased power from partially owned specified sources based on "Ownership Share Differential" for facilities with a CO2 intensity factor greater than 1,100 lbs/MWh. Partial owners would be able to adjust their "Ownership Share Differential" if actual MWh received is less than 90% of the participant's full ownership share, in which case wholesale sales meeting certain criteria and reduced output from the facility can be subtracted. Since these are specified facilities and the facility's emission factor is known, it is incorrect to calculate emissions using the retail provider's unspecified wholesale sales emission factor instead of the facility specific emission factor.

Reporting based on ownership share would suggest that AB 32 requires reporting emissions based on an entity's generation investments, not emissions associated with serving California retail load. If that is the case, then the reporting regulations should require all entities serving California load to report all generation investments in-state and out-of-state. The LADWP believes that was not the intent of AB 32, and instead recommends that emissions should be reported based on actual MWh received from all generation resources, including owned facilities, jointly owned facilities, and purchased power. Reporting based on ownership share should be deleted from the reporting requirements. This approach would ensure accuracy, consistency and transparency in emissions accounting and reporting.

The proposed regulation would require that utilities not only account for GHG emissions for in-state energy consumption but also for energy consumed outside the state, because the attribution methodology would assign GHG emissions to a utility for its full ownership share of energy even if that utility received up to 10 percent less than its full ownership share (e.g., by selling some of the energy to an out-of-state retail provider). This is inconsistent with the express statutory language of AB 32. *Government Code* Section 11342.2 requires regulatory language be "consistent and not in conflict with the statute and reasonably necessary to effectuate the purpose of the statute." "An administrative agency may not promulgate a rule or regulation that alters or enlarges the terms of a legislative enactment." *Cleveland Chiropractic College v. State Board of Chiropractic Examiners* (1970) 11 Cal.App.3d 25, 34. "If an agency exceeds the limits of its enactment, it is usurping the legislative power, and any rule adopted thereby is invalid." *Proctor v. San Francisco Port Authority* (1968) 266 Cal.App.2d 675, 684. Here, by attempting to attribute GHG emissions to energy consumed outside the state, the proposed regulation exceeds the limits of, and is thus inconsistent with, AB 32.

f. Revise equation for calculating unspecified wholesale sales emission factor, and delete definition of native load from the regulation

The proposed equation in section 4.5 of the emission attribution methods to calculate the emission factor for unspecified wholesale sales would underestimate the emissions

for wholesale power sold. This is because the proposed equation would subtract out emissions and MWh used to serve "Native Load", which would be acceptable if ARB allowed retail providers to use backcast models to accurately determine which generation was used to serve native load (e.g. PACE Post Analysis Cost Evaluation is one example). However, the oversimplified method in section 95111(b)(3)(H) of the regulation would overestimate the emissions for power used to serve native load by incorrectly attributing 100% of the generation from baseload generating facilities to native load, when in reality a portion of the generation from baseload facilities is used for wholesale sales. In addition, section 95111(b)(3)(H) would restrict the hydroelectric generation that could be designated as serving native load to only "output the reporting entity takes whenever it is available", which would eliminate hydroelectric generation from controlled resources such as Hoover Dam and pump storage facilities.

LADWP recommends that section 95111(b)(3)(H) be deleted in its entirety, and replace the term "Native Load" in the unspecified wholesale sales emission factor equation with the following two terms:

a. Renewable generation to serve native load (not to exceed native load)
b. Zero emission generation to serve native load (not to exceed native load)

Our recommendation to revise the equation for the unspecified wholesale sales emission factor is as follows:

$$EF_{UWS} = \frac{PP_E - WS_{E,\,specified} - \underline{RG}_{E,\,NL} - \underline{ZG}_{E,\,NL}}{PP_{MWh} - WS_{MWh,\,specified} - \underline{RG}_{MWh,\,NL} - \underline{ZG}_{MWh,\,NL}}$$

Where

EF_{UWS} = retail provider's emission factor for unspecified wholesale sales, metric tonnes per MWh

PP_E = sum of emissions for power purchased or taken from specified and unspecified sources (including power plants operated by the retail provider), metric tonnes

($PP_E = PP_{E,\,specified} + PP_{E,\,unspecified}$)

$WS_{E,\,specified}$ = sum of emissions for wholesale power sold from specified sources, including exported power, metric tonnes

$\underline{RG}_{E,\,NL}$ = sum of emissions for renewable generation used to serve the retail provider's native load (not to exceed the retail provider's native load), metric tonnes

$ZG_{E, NL}$ = sum of emissions for zero emission generation used to serve the retail provider's native load (not to exceed the retail provider's native load), metric tonnes

PP_{MWh} = sum of power purchased or taken from specified and unspecified sources (including power plants operated by the retail provider), MWh
($PP_{MWh} = PP_{MWh, specified} + PP_{MWh, unspecified}$)

$WS_{MWh, specified}$ = sum of wholesale power sold from specified sources, including exported power, MWh

$RG_{MWh, NL}$ = sum of power from renewable generation used to serve the retail provider's native load (not to exceed the retail provider's native load), MWh

$ZG_{MWh, NL}$ = sum of power from zero emission generation used to serve the retail provider's native load (not to exceed the retail provider's native load), MWh

g. Revise the equation for calculating retail sales emission factor

A term is missing from the proposed Emission Factor for Retail Sales equation in section 5 of the emission attribution methods. In addition to subtracting out emissions for wholesale sales, the equation should subtract out losses incurred while providing wholesale transmission service for power belonging to other parties that is wheeled through the retail provider's system.

Our recommendation to revise the equation for the retail sales emission factor is as follows:

$$EF_{RS} = (PP_E - WS_E - \underline{WTS_E}) / (PP_{MWh} - WS_{MWh} - \underline{WTS_{MWh}})$$

Where:
EF_{RS} = emission factor for retail sales, metric tonnes per MWh
PP_E = sum of emissions from power purchased or taken from specified and unspecified sources, metric tonnes
($PP_E = PP_{E, specified} + PP_{E, unspecified}$)
WS_E = sum of emissions from all specified and unspecified wholesale sales including power exports, metric tonnes
$\underline{WTS_E}$ = sum of emissions for line losses incurred while providing wholesale transmission service (wheeling power for other entities), metric tonnes
PP_{MWh} = sum of total power purchased or taken from specified and unspecified sources, MWh
WS_{MWh} = sum of all specified and unspecified wholesale sales including power exports, MWh

WTS_{MWh} = sum of line losses incurred while providing wholesale transmission service (wheeling power for other entities), MWh

3. Facility Should Designate Whether Facility Level or Unit Level Data Be Used By ARB for Emission Calculations and Compliance

The proposed regulation requires that electric generating facilities report generation, fuel, and GHG emissions at both the unit level and the facility level. Differences may exist between unit level and facility level generation, fuel data, and emissions depending on the calculation methodology and data used. Since the reporting regulation requires that both facility level and unit level be reported, the facility should designate which data (unit level or facility level) is the most accurate and should be used by ARB for calculations and compliance.

For example, at a natural gas generating facility, the sum of the gas measured by the unit level fuel meters can vary by 1-2% from the total amount of gas entering the facility at the Gas Company revenue fuel meter. The facility level revenue fuel meter is generally considered to be more accurate because it is calibrated multiple times throughout the year, whereas the unit level meters may be calibrated only once per year. In addition, unit level generation will differ from facility level net output due to some of the power being consumed for station service. Note that due to differences between unit level and facility level data, unit level data should not be added together to represent facility emissions (unless the facility designates the unit level data to be used for compliance purposes).

4. All Electric Generating Facilities should have the option to report CEMS or Fuel-Based Emissions (whichever is more accurate)

LADWP appreciates ARB including the option to calculate and report CO2 emissions from coal-fired generating facilities using a fuel-based calculation method, since comparisons show that CEMS for coal-fired generating facilities can over-report CO2 emissions by as much as 12%. Since each generating facility is unique, and CEMS for some facilities are more accurate than others, we recommend adding the option for all electric generating facilities to choose whether to report emissions using either CEMS or a fuel-based method. Having the option will enable each facility to utilize the most accurate method to calculate and report emissions for their particular facility.

5. ARB Needs to Ensure the Protection of Sensitive Electric Sector Information

The LADWP recommends that further consideration be given to the handling of confidential and proprietary information for the electricity sector. Section 95106 (Confidentiality) of the proposed regulation provides that information submitted to the ARB may be designated as confidential, except for direct facility GHG emissions by major source category (stationary, process, fugitive). However, any data required to be submitted to ARB under mandatory reporting is subject to the California Public Records

Act. Since ARB is proposing to collect data on wholesale electricity transactions (purchases, sales, wheeled power, exchanges) as part of the mandatory reporting program, LADWP requests that ARB's confidentiality requirements be consistent with FERC requirements for wholesale transactions. In addition, ARB should consider revising Section 95106 to be consistent with CPUC Decision 06-06-066 which provides more adequate protection in the treatment of confidential electric procurement data.

Section 95106(b) states that all requests for confidentiality shall be handled in accordance with Title 17 of the California Code of Regulations (CCR), sections 91000 to 91022, which is inserted below for reference.

CCR Section 91022(b) states the following:

> Upon receipt of a request from a member of the public that the state board disclose data claimed to be confidential or if the state board itself seeks to disclose such data, the state board shall inform the individual designated pursuant to Section 91011 by telephone and by mail that disclosure of the data is sought. The person claiming confidentiality shall file with the state board documentation in support of the claim of confidentiality. The documentation must be received within five (5) days from the date of the telephone contact or of receipt of the mailed notice, whichever first occurs. In the case of information submitted pursuant to Health and Safety Code Section 39660(e), the documentation must be received within 30 days of the date notice was mailed pursuant to that section. The deadlines for filing the documentation may be extended by the state board upon a showing of good cause made within the deadline specified for receipt of the documentation.
>
> (c) The documentation submitted in support of the claim of confidentiality shall include the following information:
>
> (1) the statutory provision(s) under which the claim of confidentiality is asserted;
> (2) a specific description of the data claimed to be entitled to confidential treatment;
> (3) the period of time for which confidential treatment is requested;
> (4) the extent to which the data has been disclosed to others and whether its confidentiality has been maintained or its release restricted;
> (5) confidentiality determinations, if any, made by other public agencies as to all or part of the data and a copy of any such determinations, if available; and

(6) whether it is asserted that the data is used to fabricate, produce, or compound an article of trade or to provide a service and that the disclosure of the data would result in harmful effects on the person's competitive position, and, if so, the nature and extent of such anticipated harmful effects.

CCR Section 91022(b) appears to place the burden of proof on the party claiming confidentiality. The LADWP recognizes the importance of ensuring transparency and disclosure of emissions data to the public to ensure that progress is being made to reduce the State's greenhouse gas emissions. However, the electricity sector is particularly sensitive to public disclosure of sensitive or proprietary information, which is normally not available to the public, and which, if disclosed freely, would subject Retail Service Providers or their customers to competitive disadvantage or other business injury.

8. References to NERC E-tags In The Regulation Should be Eliminated

References to the use of NERC e-tags in the mandatory reporting regulation should be removed, because NERC e-tags should not be used for any purpose other than their intended use which is for reliability of the electric transmission system. Use of NERC e-tags for reporting and verification could expose California's GHG reporting program to market manipulation because the source listed on the NERC e-tag is not tied to the agreements to buy or sell power (i.e., tag can show a source that differs from the source agreed to in the transaction). In addition, rules governing e-tags can be changed at any time by NERC. LADWP recommends that NERC e-tags not be used for emissions reporting or verification purposes.

LADWP recommends that, ideally, a WECC regional emission tracking system be developed (similar to WREGIS) to track GHG emissions for all electricity transactions. In the meantime, LADWP recommends that settlement data be used to report and verify electricity transactions. Settlement data can be obtained from the retail providers and counterparties and used to match up transactions at tie points using the same technology used by indexes.

9. Reporting of SF6 Emissions Should Be Consolidated

Reporting and verification of SF6 emissions by retail providers should be handled as a single facility. The regulation requires use of the EPA SF6 Partners mass balance emissions calculation method to quantify and report SF6 emissions. This mass balance method requires centralized tracking of SF6 purchases and usage, and is not conducive to reporting SF6 emissions by individual facilities. Furthermore, verification should be handled as a single facility using the centralized records and not require site visits to each and every facility with SF6 containing equipment, since these facilities can number in the hundreds or thousands for a large service territory.

10. Wholesale Sales Should Be Reported As Point of Delivery

Per our discussion with ARB staff on November 20, 2007, LADWP supports the proposal to change the documentation requirement for wholesale sales from "region of destination" to "point of delivery". We believe this change resolves the technical issue with the previous requirement that would have resulted in double-counting of emissions for wholesale sales.

11. Power Exchanges Should Not Result In Double Counting Emissions

The regulation proposes counting exchange power received in as a purchase, and exchange power delivered out as a wholesale sale. If exchanged power is delivered emissions to the California entity. We are concerned that this would result in double counting of emissions for power exchanged between states (counted once as an import and again as an export). LADWP recommends that energy exchanges and swaps be reported and handled as exchange transactions rather than as regular energy purchases and sales, to ensure the emissions are not double counted.