

**Comments of the Western Power Trading Forum  
On the California Air Resources Board's  
Proposed Amendments to the Regulation for the  
Mandatory Reporting of Greenhouse Gas Emissions**

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The Western Power Trading Forum<sup>1</sup> (WPTF) appreciates the opportunity to provide comments to the California Air Resources Board (CARB) on its Proposed Amendments to the Regulation (PAR) for the Mandatory Reporting of Greenhouse Gas Emissions. WPTF has worked constructively with CARB staff over the past year to ensure that the reporting regulations for electric power entities are clear, support implementation and compliance with the cap and trade program and consistent with common practice in wholesale electricity markets.

Despite the work that has gone into improving the reporting regulation, WPTF has a number of remaining concerns with the reporting regulation.

- The level of the default emission rate as calculated by the WCI Default Emission Factor Calculator is not representative of marginal generation within the area of the Western Electricity Coordinating Council, will disadvantage in-state resource and increase the potential for resource-shuffling.
- The approach to netting of ‘qualified exports’ against an entity’s imports within the same hour will significantly overstate California electricity consumption, thereby arbitrarily and unnecessarily raising allowance prices and overall electricity prices, and making the cap and trade regulation more vulnerable to legal challenges from electricity importers.
- The regulation does not provide sufficient clarity regarding the responsible entity and reporting requirements for electricity imports under various scenarios, nor conditions under which importers may claim a facility-specific emission rate.
- The rules for imports from asset-controlling suppliers would provide opportunities for resource-shuffling of electricity sourced from the Bonneville Power Administration.
- There is no clear process for verifying that all importers of electricity have reported. As a result, electric power entities could avoid obligations under the cap and trade program by simply not reporting.

WPTF has previously provided detailed comments on each of these areas and therefore will not repeat these comments here. However, WPTF does not consider that these issues have been adequately considered and addressed by CARB, due to the truncated rule-making process this year. We therefore seek Board action to ensure that CARB can continue to work on these issues with stakeholders over the coming year.

WPTF understands the Board’s desire to adopt modifications to the reporting regulation to support implementation of the cap and trade program in 2012, and the concern that an

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<sup>1</sup> WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 60 members participating in power markets within California, western states, as well as other markets across the United States.

acknowledgement that further refinements to the reporting regulation are necessary may stand in the way of such implementation. WPTF does not believe that action by the Board to preserve the ability for Staff to continue vetting these important issues with market participants, and to bring modifications to the Board as necessary, will in any way conflict with adoption of the revised regulation in October. WPTF supports adoption of the Amendments to the Reporting Regulation, provided that CARB work to improve the reporting regulation through stakeholder workshops and rule-making in 2012. We therefore urge that the following language be include in the Board Resolution adopting the Amendments to the Regulation:

*“The Board directs the Executive Officer of the Air Resource Board to work with interested stakeholders to review reporting requirements for imported electricity and make such modifications as may be appropriate to ensure that:*

- 1) Reporting requirements are consistent with the cap and trade program rules;*
- 2) In-state generation and imports subject to the cap and trade program accurately reflect California consumption of electricity;*
- 3) The method for determination of the default emission rate results in a value which does not disadvantage in-state resources, is representative of marginal generation within the WECC, and remains relatively stable over time.*

*The Board further directs the Executive Officer to work with interested stakeholders to develop guidance documents, including representative energy import scenarios, to be used by electric power entities and third party verifiers that clarify:*

- 1) The entity responsible for reporting imports,*
- 2) Conditions for legitimate claims of specified imports, and*
- 3) Conditions under which import transactions would be considered resource-shuffling.*

*The Board further directs the Executive Officer to work with California Balancing Area Authorities and other entities as appropriate to establish processes to verify that all electricity imports subject to the cap and trade program are reported.”*