



CRS

center for
resource
solutions

November 4, 2016

Rajinder Sahota
Branch Chief
California Cap-and-Trade Program
California Air Resources Board (ARB)
1001 I Street
Sacramento, CA 95814

Re: Comments of Center for Resource Solutions (CRS) in response to the October 21, 2016 Cap-and-Trade Regulation Amendments Workshop

Dear Ms. Sahota:

CRS appreciates the opportunity to submit comments regarding potential 2016 amendments to the Cap-and-Trade Regulation discussed at the Workshop held on October 21, 2016. Our comments focus on post-2020 allowance allocation to Electrical Distribution Utilities (EDUs) and, in particular, on Staff's most recent proposal regarding the RPS Adjustment, included in the Post-2020 Electrical Distribution Utility Allocation Informal Proposal and slide 43 of Staff's presentation. We provide a recommendation for how to administer the RPS Adjustment and avoid double counting with directly delivered renewable energy.

If Staff is proposing to continue the RPS Adjustment after 2020 with the existing reporting and verification requirements pursuant to the Mandatory Reporting Regulation (MRR), we strongly recommend that it reconsider its current proposal to remove the renewable energy credit (REC) reporting requirement for specified imports.¹

1. Staff can use REC serial numbers reported with specified imports to prevent double counting with the RPS Adjustment.

Where the RPS Adjustment is verified with RECs, Staff can verify that the RPS Adjustment is not used for directly delivered power using the REC serial numbers reported with directly delivered power. If the REC reporting requirement for imports is eliminated and the RPS Adjustment is kept, as proposed, the RECs associated with directly delivered power could still be used for the RPS Adjustment and double counted. This would still require monitoring by ARB, except it is made more difficult because it would result in two different tracking mechanisms being used (i.e. the power or other instrument for the import and the REC for the RPS Adjustment). Having the REC serial numbers for both allows the two to be compared.

2. ARB must standardize REC serial reporting, such that it allows Staff to identify individual RECs reported with specified imports.

¹ Proposed change to Sec. 95852.b.3.D (p.126) of Proposed Regulation Order posted August 2, 2016 and discussed at the September 22, 2016 Board hearing.

3. ARB must enforce conformance with the REC serial number reporting requirement.

To the extent that non-conformance is preventing ARB from having access to the REC serial numbers that it needs to verify no double counting and appropriate use of the RPS Adjustment, this cannot be a reason to allow continued double counting. The solution is conformance with existing rules, which must be enforced. Regardless of whether the import is specified by rule, REC serial number reporting is required, in part to prevent double counting with the RPS Adjustment.

4. Staff can address any administrative burden associated with verification of REC serial numbers.

Solutions to alleviate this burden may include having an outside entity do verification of REC serial numbers.

We recommend that the list of REC serial numbers associated with specified imports be given to Western Renewable Energy Generation Information System (WREGIS) and that WREGIS be used to confirm that those RECs were retired in California or by a California user at the time of compliance. We have significant experience with helping states use tracking systems to verify different regulatory requirements. We would be happy to help ARB and WREGIS create the functionality needed in WREGIS to verify no double counting between the RPS Adjustment and specified imports.

Please feel to contact us with any questions about these comments, or if we can otherwise be of assistance.

Sincerely,



Todd Jones
Senior Manager, Policy and Climate Change Programs