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Submitted electronically

November 30, 2018

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95812

Re: ***Northern California Power Agency Comments on 15-Day Changes to Proposed Amendments***

Dear Ms. Nichols:

The Northern California Power Agency[1] (NCPA) supports the proposed amendments reflected in the November 15, 2018 15-day changes regarding the use of allowance value for wildfire risk reduction activities. Furthermore, NCPA urges the Board to direct staff to further refine the provisions regarding the use of allowance value in this or a subsequent rulemaking, so as to ensure that electrical distribution utilities (EDU) have the ability to use their allowance value for compliance with the state's ever-increasing renewable and zero-emissions energy mandates. NCPA also urges the Board to direct that staff continue to work with the California Independent System Operator (CAISO) and affected stakeholders to refine the apportionment of compliance obligations for outstanding emissions in the CAISO energy imbalance market.

Use of Allowance Value for Wildfire Risk Reduction

Several stakeholders raised the importance of authorizing the use of allowance value for EDU programs and measures that mitigate wildfire risks and resulting harm. The 15-day changes to Section 95892(d)(3)(C) respond to this appeal, and allow activities that are in conformance with Public Utilities Code sections 8386 and 8387 to be funded with allowance value. This is a significant and important revision to the regulations, and NCPA urges CARB to adopt the change. However, the use of allowance value for this purpose is contingent upon CARB adopting a "standardized system for quantifying GHG emissions reductions from fuel reduction activities" pursuant to Healthy and Safety code section 38535. The metric for establishing this quantification could involve an extended process. In order to avoid delaying implementation of this provision, the Board should authorize staff to employ an interim tracking measure that allows the immediate use of funds under this provision for all activities consistent

1 NCPA is a nonprofit California joint powers agency established in 1968 to construct and operate renewable and low-emitting generating facilities and assist in meeting the wholesale energy needs of its 16 members: the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, Shasta Lake, and Ukiah, Plumas-Sierra Rural Electric Cooperative, Port of Oakland, San Francisco Bay Area Rapid Transit (BART), and Truckee Donner Public Utility District—collectively serving nearly 700,000 electric consumers in Central and Northern California.

with PU code section 8386 and 8387, and that implementation of this provision not be delayed or contingent upon establishing the mandated historic baseline. Doing so would ensure that this provision can be immediately and meaningfully implemented, and allow EDUs to move forward without delay on allowance value-funded programs and measures that reduce wildfire risk.

Quantifying Expected Emissions Reductions

The proposed 15-day changes clarify that EDUs must demonstrate the "expected" GHG emissions reductions from various programs. This clarification is necessary, otherwise the reporting provisions would be inconsistent with the previous requirement to "estimate" GHG emissions. The Board should adopt the changes to section 95892(d)(5). Likewise, changes that clarify that the proposed methodologies for estimating the GHG emissions reductions are only suggested approaches, "as applicable," and not intended to narrow the scope of program types that may not be conducive to the methodologies delineated in this section. As such, NCPA urges the Board to adopt this further revision to section 95892(e)(4)(B).

Education and Outreach

The proposed changes in section 95892(d) that clarify the acceptable use of allowance value for educational and outreach programs and measures should be adopted. Educating the public on the types of actions that they can take to directly reduce GHG emissions will be critically important to meeting the state's climate goals, and it is appropriate for EDU allowance value to be used not only for direct emissions reduction and avoidance programs, but also on educating Californians on how their actions can support and complement these programs.

Other GHG Emission Reduction Activities

NCPA appreciates staff's desire to provide guidance on the types of projects that it deems appropriate for the use of allowance value. But in doing so, staff has also needlessly restricted the use of allowance value for legitimate programs that are not only necessary to meet the state's climate goals, but being mandated by the legislature. In addition to the explicit recognition of wildfire risk reduction activities in section 95892(d)(3)(C) – "Other GHG Emission Reduction Activities" – CARB should also explicitly recognize the acceptable use of allowance value for programs and measures that provide benefits to utility ratepayers and meet the objectives of AB 32, including renewable energy and energy efficiency programs not specifically delineated in sections 95892(d)(3)(A) and (B), that advance the state's objective of carbon neutrality and are consistent with the mandates set forth in Senate Bill 100. In the event that the Board does not make these clarifying refinements at this time, the Board should instruct staff to outline such necessary amendments that can and should be included in a subsequent rulemaking.

EIM Outstanding Emissions

The 15-day changes make several revisions to the initial proposed amendments to the provisions regarding accounting for outstanding emissions associated with the CAISO EIM. NCPA is concerned that these suggested revisions will place a compliance obligation on EDUs that has nothing to do with those entities' behavior; as proposed, the EDUs will have no way take actions to avoid those emissions and related compliance obligations. NCPA urges the Board to direct staff to reject all changes to the EIM accounting provisions until a future rulemaking, and in the interim, direct CARB staff, the CAISO, and interested stakeholders to continue to work on a solution that accurately assigns the compliance obligation, including ensuring that the affected entity can take direct actions to reduce or eliminate that obligation. In the alternative, if the

Board does move forward with proposed revisions to this section at this time, such revisions should be deemed interim, and the above referenced discussions should still be ongoing.

Conclusion

NCPA appreciates the steps staff has taken to address the concerns raised by stakeholders regarding the use of allowance value, and urges the Board to adopt the 15-day changes consistent with the revisions and refinements addressed herein. Please do not hesitate to contact the undersigned or Scott Tomashefsky at 916-781-4291 or scott.tomashefsky@ncpa.com if you have any questions regarding these comments.

Sincerely,

C. Susie Berlin

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Attorneys for the **Northern California Power Agency**