

**BEFORE THE
PUBLIC UTILITIES COMMISSION
AND THE ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Implement the
Commission's Procurement Incentive
Framework and to Examine the Integration of
Greenhouse Gas Emission Standards into
Procurement Policies.

Rulemaking 06-04-009
(Filed April 13, 2006)

Order Instituting Informational Proceeding -
AB 32.

CEC Docket No. 07-OIIP-01

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**SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMMENT ON PROPOSED DECISION
ON REPORTING AND TRACKING
OF GREENHOUSE GAS EMISSIONS IN THE ELECTRICITY SECTOR**

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In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC"), the Southern California Public Power Authority respectfully submits this comment on the Proposed Decision ("PD") of Commissioner Michael R. Peevey mailed on August 15, 2007 in the captioned proceedings.

SCPPA recommends that the anti "contract shuffling" provisions in sections 3.3 and 3.4 of the Proposed Electric Sector Greenhouse Gas Reporting and Tracking Protocol ("Reporting Protocol") that is attached to the PD be modified to eliminate the provisions that would require an attribution of emissions based on default emission factors for purchases from existing renewable resources. Likewise, SCPPA recommends that the anti "contract shuffling" provision of sections 3.8 and 3.9 of the Reporting Protocol be modified. The requirement that reports shall be based upon a reporting entity's "ownership share" of a power plant in sections 3.8 and 3.9 as

opposed to actual energy delivered from the power plant should be revised. Retail provider reports will be more accurate if the reports are based on actual energy delivered.

In the alternative, if the Commissions decline to adopt SCPPA's proposed revisions to sections 3.3, 3.4, 3.8, and 3.9 and retain the anti "contract shuffling" provisions, the Reporting Protocol should be revised to provide that those provisions shall be eliminated if the first-seller approach is adopted and the load-based approach is rejected. If retail providers are not the point of regulation in the electric sector, the anti "contract shuffling" provisions would not affect the allocation of allowances and, consequently would have no effect as retail provider behavior. If they continued in effect, the provisions would do nothing more than distract retail provider reports.

Lastly, SCPPA recommends that the default factor that would be adopted in the PD for reporting deliveries from unspecified sources in the Pacific Northwest ("PNW") be modified to provide for a default factor that reflects the fact that exports from BC Hydro are, in part, coal-based.

I. THE ANTI "CONTRACT SHUFFLING" PROVISIONS OF THE REPORTING PROTOCOL SHOULD BE DELETED.

The Reporting Protocol that would be adopted by the PD contains two measures that are intended to prevent "contract shuffling." First, the Reporting Protocol would "attribute emissions associated with any purchases through new contracts with existing specified sources based on the default emission factor of the region in which the specified source is located." PD at 18. The purpose of this measure would be to deter new (post January 1, 2008) contracts with existing low GHG emission facilities. Such contracts would not result in actual emission reductions that would be "seen by the atmosphere." This anti "contract shuffling" measure is set forth in sections 3.3 and 3.4 of the Reporting Protocol.

Second, the Commissions “recommend that the ARB attribute emissions to generation from owned power plants based on the ownership share of the reporting entity unless the retail provider demonstrates that (a) its proportional ownership share of the plant’s output could not be delivered to the retail provider during the hours in which it was sold, or that (b) the retail provider did not need the power.” PD at 17. If a retail provider could not demonstrate that its proportional ownership share could not be delivered or that the retail provider did not need the power, the California Air Resources Board (“CARB”) would attribute emissions to the retail provider’s sales using a default emission factor “based on the average emission factor of the retail provider’s sources that are available for unspecified sales” to the extent to which the sale “exceeds 10% of the retail provider’s proportional ownership share of the generation....” *Ibid.* The provisions of the Reporting Protocol that would require reports on the basis of ownership share are set forth in sections 3.8 and 3.9 of the Reporting Protocol.

SCPPA recommends that the Commissions reconsider whether these anti “contract shuffling” provisions should be recommended to the CARB. The provisions lack factual support and they are contrary to public policy objectives. If, nevertheless, the Commissions decide to propose the anti “contract shuffling” measures to the CARB, SCPPA recommends that the measures be eliminated from the Reporting Protocol if first-sellers rather than retail providers are made the point of regulation in the electric sector.

A. The Anti “Contract Shuffling” Provisions are Unsupported by Fact.

The PD is devoid of any factual support for adopting the anti “contract shuffling” provisions. The PD recites that in the June 12, 2007 Joint California Public Utilities Commission and California Energy Commission Staff Proposal for an Electricity Provider GHG Reporting Protocol (“Staff Proposal”), the joint staffs of the CPUC and CEC opined that there is sufficient low-GHG generation available outside of California such that California retail

providers could meet AB 32 GHG reduction targets through “contract shuffling” without any actual reductions of GHG emissions:

Staff reports that there is sufficient relatively low-GHG generation (including from natural gas-fired plants) available outside of California such that, if such contractual power swap arrangements were treated as reducing the California retail provider’s GHG emissions, California retail providers could be deemed to largely meet the statutory GHG reduction targets but with no reductions in the total GHG emissions due to electricity generation in the Western Electricity Coordinating Council (“WECC”).

PD at 12. However, the fact that there is enough low-GHG emission generation in the West for California retail providers to meet their AB 32 goals is, in itself, irrelevant. The existence of the low-GHG resources in the West would be relevant only if there were some meaningful opportunity for California retail providers to obtain contracts that would permit them to replace their high-GHG resources with the low-GHG resources.

Such a resource realignment might be conceivable if it could be realistically assumed that other western states would be happy to host high-GHG emission resources with the low-GHG emission resources being dedicated to California. However, the chances of that happening are low. Other states in the West are making it clear that they share California’s concerns about GHG emissions and intend to claim the low-GHG resources that are located in their states as their own. For example, the Oregon Public Utility Commission and Oregon Department of Energy (“Oregon”) and the Department of Community, Trade and Economic Development of the State of Washington (“Washington”) objected to the joint staffs’ attempt to set a default factor for California unspecified purchases from the PNW that would effectively claim PNW non-firm hydro-electric energy for California. *See* Oregon and Washington letters, R.06-04-009 (July 10, 2007). The awareness of other states about GHG emission issues is also exemplified by the fact

that five other states – Arizona, New Mexico, Oregon, Utah, and Washington – have joined California in the Western Regional Climate Action Initiative (“WRCAP”).

Even if individual owners of low-GHG resources in other western states could be tempted by California retail providers to enter into contractual relationships that would result in the low-GHG resources of the West being dedicated to California, it is highly unlikely that the governmental authorities in the other states would acquiesce in the resulting “contract shuffling.” There is no factual evidence in the PD, the Staff proposal, or anywhere else that “contract shuffling” would actually occur to a significant extent, let alone on a scale that would permit California retail providers to meet their AB 32 goals without actually reducing emissions.

B. Anti “Contract Shuffling” Provisions Would be Inconsistent with the Objective of Obtaining Accurate Reports of GHG Emissions Associated with Electricity Consumed in the State.

The California Legislature clearly intended that the Commissions and CARB should generate reporting protocols that would result in an *accurate* reporting of GHG emissions associated with electricity consumed in California. The Legislature commanded that on or before January 1, 2008, the CARB shall adopt regulations that shall “account for greenhouse gas emissions from all electricity consumed in the state....” California Health and Safety Code §38530(b)(2). The clear implication is that the accounting should be accurate.

Accordingly, the Staff Proposal recognized that the first criterion by which a reporting methodology should be measured is “accuracy.” Section 2.3.1 of the Staff Proposal provided: “To the extent possible, the reporting protocol should be designed to produce an accurate estimate of the GHG emissions that result from the consumption of electricity in California, at both the retail provider level and the statewide total.” Staff Proposal at 6-7.

In contrast to the Staff Proposal, neither the PD nor the Reporting Protocol provides that accuracy should be a primary criterion. There is good reason for the omission. The anti

“contract shuffling” provisions would result in *inaccurate* reports of GHG emissions associated with electricity consumed in California.

The anti “contract shuffling” provisions would result in artificially high emissions being reported by retail providers. The requirement that a default factor be used to determine the emissions associated with deliveries of energy from existing (pre January 1, 2008) low-GHG resources under sections 3.3 and 3.4 of the Reporting Protocol would result in retail providers reporting emissions higher than those actually associated with generation at the existing resource. Likewise, attributing emissions to sales from an “owned” power plant as would occur under sections 3.8 and 3.9 would result in reported emissions being higher than those associated with the generation that was actually delivered to serve California retail providers. In the interest of meeting the objective of combating “contract shuffling,” the Reporting Protocol that would be adopted by the PD would fail to achieve the policy objective of having accurate reports of the GHG emissions associated with electricity consumed in California.

C. The Anti “Contract Shuffling” Provisions Contradict California’s Policy of Promoting Renewable Resources.

California has a policy of supporting renewable resources. That policy is most obviously evidenced by the State’s adoption of a renewable portfolio standard for California utilities. The policy is also evidenced by the fact that there is no prohibition against contract shuffling in AB 32. Contract shuffling is not even mentioned.

The failure to mention “contract shuffling” in AB 32 is consistent with the Legislature’s interest in promoting renewable resources. If retail providers were prevented by rules such as those proposed in the Reporting Protocol from contracting with owners of low emission resources to substitute low emission electricity for high emission electricity, the commercial value of renewable resources would be diminished. Diminishing the value of renewable

resources by reducing the pool of prospective customers for the output from renewable projects would be inconsistent with California's policy of encouraging the development of renewable resources. As observed by the Los Angeles Department of Water and Power ("LADWP") in its opening comment on the Staff Proposal, applying a default emission factor to deliveries of energy from existing renewable resources "would place certain renewable energy projects at a disadvantage in the marketplace." LADWP Opening Comment at 13 (July 2, 2007).

The Staff Proposal cautioned against adopting rules that would have "unintended consequences." Staff Proposal at 7 ("The reporting method should not distort the electricity markets by causing retail providers to make non-optimal resource choices.") That caution against adopting methodologies that would have unintended consequences has been omitted from the Reporting Protocol that would be adopted by the PD. Nevertheless, the caution against unintended consequences that was included in the Staff Proposal should be heeded.

D. A Better Solution for "Contract Shuffling" Would be West-Wide Adoption of GHG Emission Regulations.

A better solution for "contract shuffling" would be west-wide adoption of GHG regulation of retail providers. If all or most of the western states adopted load-based regulation of retail electricity providers as proposed by the CPUC in D.06-02-032 (February 16, 2006) and as contemplated by the Legislature in AB 32, retail providers throughout the West would be focused upon reducing GHG emissions. That would sharply reduce or eliminate any interest that retail providers in other western states might have in participating in "contract shuffles" with California retail providers. Rather than attempt to impose potentially counter-productive anti "contract shuffling" reporting protocols, the better course would be for California to adopt a load-based program for regulation of GHG emissions associated with electricity consumed in California so that the program could promptly be emulated in other western states.

E. If the Anti “Contract Shuffling” Provisions are not Eliminated Now From the Reporting Protocol, the Provisions Should Be Deleted Later if the Load-Based Approach is not Adopted.

If the anti “contract shuffling” measures are allowed to remain in the Reporting Protocol that would be adopted by the PD, the provisions should sunset or otherwise be eliminated from the Reporting Protocol upon if the load-based approach is not adopted. The anti “contract shuffling” provisions would be effective only if retail providers are the point of regulation. If retail providers are the point of regulation and they “shuffled” their contracts, the anti “contract shuffling” measures would cause them to report higher emissions and need more allowances. If retail providers are not the point the regulation, the anti “contract shuffling” provisions in the reporting protocol would result in nothing more than causing contract shufflers to report higher than actual GHG emissions. Insofar as contract shuffling retail providers would not be a point of regulation, the requirement that they report higher than actually experienced emissions would not cause them to need more allowances or to otherwise be penalized for engaging in contract shuffling.

II. THE DEFAULT FACTOR FOR THE PACIFIC NORTHWEST INCORRECTLY REFLECTS BC HYDRO DELIVERIES AS BEING ENTIRELY HYDRO ELECTRIC IN ORIGIN.

The Staff Proposal presented a default factor of 419 lbs. CO₂/MWh for the PNW. The proposed default factor was criticized by Oregon, Washington, and others (including SCPPA) as failing to reflect the fact that the PNW states claim non-firm hydro electric resources for service to their native load. If California claimed such resources by reflecting them in a California default value for imports from the PNW, the result would be that both California and the PNW states would be claiming non-firm hydro electric resources. That would result in double counting.

In the PD, the Commissions “agree that Staff did not account adequately for the amount of coal used by marketers that sell power to California retail providers.” PD at 31. The Commissions modify the Staff’s methodology “to attribute a default emission factor 1,062 lbs. CO₂/MWh for imports from northwest utilities, excluding British Columbia hydro.” *Ibid.* That is a big step in the right direction.

However, the PD assumes that “23 percent of California’s unspecified imports come from British Columbia hydro-electric sources.” *Ibid.* As a result, when British Columbia’s hydro is included with deliveries from the PNW state utilities, the PNW default emission factor drops from 1,062 lbs. CO₂/MWh to 714 lbs. CO₂/MWh. *Ibid.*

It is incorrect to assume that all power flowing from British Columbia is hydro-electric in origin. BC Hydro purchases power from Alberta. Alberta’s resource mix, in turn is overwhelmingly coal-based. The BC Hydro Integrated Electric Plan (“IEP”) shows that that BC imports approximately 8 million MWh hours per year.

<http://www.bchydro.com/info/epi/epi43498.html>

California Energy Commission data shows that British Columbia exports approximately 4 million MWh hours per year. Given British Columbia’s substantial imports from Alberta, it follows that the exports from British Columbia are a subset of British Columbia’s imports. Thus, there is a significant likelihood that British Columbia exports to California are enabled by British Columbia imports from Alberta, which are mostly coal-based.

The 1,062 lbs. CO₂/MWh that would be adopted by the PD should be applied to unspecified imports from the PNW for the period starting 1990 to present until actual monthly modeling can be done to show what the actual marginal resources have been in the PNW during periods of exports to California.

Using the 1,062 lbs. CO₂/MWh as a proxy has several advantages. First, it is more accurate than 714 lbs. CO₂/MWh. Second, a PNW default factor of 1,062 lbs. CO₂/MWh is very close to the value for unspecified imports from the southwest, 1,075 lbs. CO₂/MWh. Thus, adopting the 1,062 lbs. CO₂/MWh default factor for the PNW would eliminate any incentive to “shuffle” power that is acquired in the southwest by shipping the power to the PNW for delivery into California.

Given that the PD’s proposed PNW default factor of 714 lbs. CO₂/MWh is based on a clearly erroneous assumption that 100 percent of the imports from British Columbia are hydro-based, SCPPA recommends that the PD be revised to adopt a default factor of 1,062 lbs. CO₂/MWh until further modeling can be performed.

III. CONCLUSION.

For the reasons set forth above, SCPPA recommends that the provisions in sections 3.3, 3.4, 3.8, and 3.9 of the Reporting Protocol be revised to eliminate the anti “contract shuffling” provisions. As a less preferable alternative, SCPPA recommends that the Reporting Protocol be revised to provide that the anti “contract shuffling” provisions shall be deleted from the Reporting Protocol if the load-based approach is not adopted. Additionally, SCPPA recommends that an interim default factor 1,062 lbs. CO₂/MWh be adopted for the PNW rather than 714 lbs. CO₂/MWh.

In accordance with Administrative Law Judge TerKeurst's instructions which were e-mailed on August 23, 2007, Attachment A hereto shows SCPPA's preferred revisions to the Reporting Protocol that was attached to the PD.

Respectfully submitted,

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Dated: August 24, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY COMMENT ON PROPOSED DECISION ON REPORTING AND TRACKING OF GREENHOUSE GAS EMISSIONS IN THE ELECTRICITY SECTOR** on the service list for CPUC Docket No. R.06-04-009 and CEC Docket No. 07-OIIP-01 by serving a copy to each party by electronic mail and/or by mailing a properly addressed copy by first-class mail with postage prepaid.

Executed on August 24, 2007, at Los Angeles, California.

/s/ Sylvia Cantos

Sylvia Cantos

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smichel@westernresources.org
smindel@knowledgeinenergy.com
smk@cpuc.ca.gov
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sscb@pge.com
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tburke@sflower.org
tcarlson@reliant.com
tcx@cpuc.ca.gov
tdarton@pilotpowergroup.com
tdillard@sierrapacific.com
THAMILTON5@CHARTER.NET
thunt@cecmail.org
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tim.hemig@nrgenergy.com
todil@mckennalong.com
tomb@crossborderenergy.com
trdill@westernhubs.com
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vb@pointcarbon.com
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ATTACHMENT A

**Proposed Electricity Sector
Greenhouse Gas Reporting and Tracking Protocol**

1. Definitions and Covered Entities

1.1 Definitions

1.1.1 Asset-controlling Entity

“Asset-controlling entities” are entities that operate power plants or serve as exclusive marketers for certain power plants even though they do not own them.

1.1.2 Asset-owning Entity

An “asset-owning entity” is an entity that owns power plants. Asset-owning entities may include, but are not limited to, independent power producers, qualifying facilities (QFs), investor-owned utilities (IOUs), publicly owned utilities (POUs), state agencies, federal agencies, and community choice aggregators (CCAs).

1.1.3 Emission Factor

An “emission factor” is a ratio that reflects the level of emissions of a specified pollutant per unit of specified activity, e.g., pounds of carbon dioxide (CO₂) equivalent emissions emitted per megawatt-hour of electricity produced.

1.1.4 Exchange Agreement

An “exchange agreement” is an agreement, between electricity market participants that provides for an exchange of energy for energy. Exchange transactions do not involve transfers of payment or receipts of money for the full market value of the energy being exchanged, but may include payment for net differences due to market price difference between the two parts of the transaction or to settle minor imbalances.

1.1.5 Marketer

A “marketer” is an entity that buys and/or sells power but does not serve any end users.

1.1.6 Null Power

“Null power” is any electricity produced by a renewable electricity facility from which a renewable energy certificate has been unbundled and sold separately.

1.1.7 Point of Delivery

A “point of delivery” is a point on an electric system where a power supplier delivers electricity to the receiver of that energy. This point could include an interconnection with another system or a substation where the transmission provider’s transmission and distribution systems are connected to another system. The last point of delivery is the location where the electricity sinks

1.1.8 Point of Receipt

A “point of receipt” is a point on an electric system where an entity receives electricity from a supplier. This point could include an interconnection with another system or generator busbar. For a power purchase or sale, the point of receipt is the location where the electricity enters the transmission grid.

1.1.9 Pacific Northwest

The Pacific Northwest region includes Washington, Oregon, Idaho, Montana, and British Columbia.

1.1.10 Power Plant

A “power plant” or “plant” is a facility for the generation of electricity which may be comprised of one generating unit, or more than one generating unit if (a) the units are at the same location, (b) each unit utilizes the same resource (fuel), and (c) all units are operationally dependent on each other¹.

1.1.11 Retail Provider

“Retail provider” means an entity that provides electricity to end users in California. Thus, “retail provider” includes electrical corporations (including IOUs, multi-jurisdictional utilities, and electric cooperatives), POUs (including municipalities, municipal utility districts, public utility districts, irrigation districts, and joint power authorities), electric service providers (ESPs), CCAs, and the Western Area Power Administration (WAPA).

¹ This definition differs slightly from the definition of a power plant in Public Utilities Commission Decision (D.) 07-01-039 (the Emission Performance Standard decision) and in the Emissions Performance Standard regulations adopted by the Energy Commission on May 23, 2007.

1.1.12 Qualifying Facility

A cogeneration or small power production facility that meets certain ownership, operating, and efficiency criteria established by the Federal Energy Regulatory commission pursuant to the Public Utility Regulatory Policies Act.

1.1.13 Southwest

The Southwest region includes Arizona, Nevada, Utah, Colorado, and western New Mexico.

1.1.14 Specified Sources

“Specified sources” are power plants whose electrical generation can be tracked due to full or partial ownership by the reporting entity, or due to its identification in a power purchase contract with the generator or marketer selling the power.

1.1.15 Unspecified Sources

“Unspecified sources” refers to the origin of purchases of electricity that cannot be tracked to a particular power plant. Most purchases from entities that own fleets of power plants such as independent power producers, utilities, and federal power agencies, and most purchases from marketers and brokers are purchases from unspecified sources.

1.2 Covered Entities

This Electricity Sector Greenhouse Gas Reporting and Tracking Protocol (Protocol) applies to every retail provider in California. Since WAPA sells a small amount of power to end users in California, it is a retail provider and, thus, is required to report under this Protocol. The California Department of Water Resources (DWR), and any other state agencies that generate or procure power, are required to report, using the Retail Provider Reporting Protocol, the power that they generate or procure to serve their own loads. Additionally, the Protocol applies to all marketers that import power into or export power from California, meaning any marketer having possession of imported electricity at the first point of delivery in California or, for exported power, having possession of electricity at the last point of delivery in California prior to its export to another state.

The reporting requirements for retail providers are contained in Section 3 of this Protocol, and the reporting requirements for marketers are contained in Section 4 of this Protocol. Section 5 describes the process by which asset-owning or controlling retail providers or marketers may propose supplier-specific emission factors for their sales from unspecified sources.

In addition to any requirements imposed by this Protocol, power plants are required to report emissions using the source-based protocol (California Code of Regulations, Title 17, Subchapter 10, Article 1, sections 95100 to 95132).

2. Categories of Sources

For purposes of reporting greenhouse gas (GHG) emissions, the sources of power used to meet retail load can be broken down into two types: specified sources and unspecified sources, as defined above. Further subcategories of these two types are described below.

2.1 Specified Sources

Specified sources include, but may not be limited to, the following sources of power:

- Power plants that the reporting entity owns or partially owns as an equity partner.
- Federally-managed hydroelectric facilities, to the extent their power is allocated to a reporting entity.
- Qualifying facilities certified by the Federal Energy Regulatory Commission (FERC).
- Other cogeneration or combined heat and power facilities.
- Renewable sources that are tracked in Western Region Electricity Generation Information System (WREGIS).
- Other power plants that are identified in a power purchase contract with the generator or marketer selling the power.

Purchases made pursuant to a power purchase agreement from substantially identical collocated power plants with a single interconnection may be treated as a purchase from a specified source for the purpose of this Protocol.

2.2 Unspecified Sources

Power from unspecified sources includes, but may not be limited to, power from the following sources:

- Marketers that purchase or generate power from a variety of power plants or other electricity suppliers, and then resell the power to retail providers or other markets.
- The California Independent System Operator (CAISO), which runs a real-time balancing market for participating retail providers to adjust to short-term fluctuations in load. Beginning in 2008, the CAISO will launch the Integrated Forward Market (IFM), which will be a fully functional market where sellers and retail providers may bid loads and sources.
- Retail providers may also sell power on an unspecified basis.

3. Retail Provider Reporting Protocol

For each calendar year, retail providers shall comply with the reporting requirements in Subsections 3.1, 3.3, 3.5, 3.8, 3.10, and 3.12. The other subsections in Section 3 describe how the California Air Resources Board (ARB) attributes GHG emissions to each retail provider.

3.1 Net Generation from Each Owned Power Plant

For each wholly-owned power plant, provide the plant name and ARB plant identification code.

For each partially-owned power plant that reports under ARB's source-based reporting program, provide the plant name and identification code, the proportional ownership share of the reporting entity, the quantity of net generation received by the reporting entity including transmission losses.

For receipts of electricity from power plants not reporting under ARB's source-based reporting system, provide the plant name and ARB identification code, the percentage ownership share of the reporting entity, the quantity of electricity generated by the power plant, the quantity of electricity received by the reporting entity, including transmission losses.

For each power plant, indicate whether the plant is used exclusively to serve native load. One of the following three conditions must be met in order for a reporting entity to report a plant as exclusively serving native load:

1. The plant is a California-eligible renewable resource and, prior to the reporting date, the reporting entity has retired the WREGIS certificates associated with the power received from the facility during the reporting year.
2. The plant is a low-cost, must-run resource, such as a hydro generation facility, that the reporting entity takes on an as-available basis.
3. The plant is a baseload plant running at a capacity factor of 60 percent or greater. If a plant is reported as serving native load on this basis, all owned or partially-owned facilities running at the same or greater capacity factor shall also be reported as serving native load.

For each plant reported as serving native load, the reporting entity shall indicate which of the three conditions is met.

3.2 Calculation of Emissions from Owned Power Plants

For wholly-owned and partially-owned power plants that report under ARB's source-based reporting system, ARB retrieves the emissions for all GHGs and the generation data transmitted to ARB under the source-based reporting system.

For power plants not reporting under ARB's source-based reporting system, ARB calculates emission factors using data from finalized reports under 40 CFR Part 75 or plant-level fuel consumption data from the Energy Information Administration if Part 75 data are not available.

ARB attributes emissions to the reporting entity based on the amount of electricity received.

In determining emissions related to sales from unspecified sources (see Section 3.11), ARB excludes generation from plants used to serve native load from the calculation of resources deemed to be available for wholesale sales.

3.3 Purchases and Exchanges from Specified Sources

For power purchased from each specified source that reports under ARB's source-based reporting program, or received from such a specified source under exchange agreements; provide the ARB plant identification code and the quantity of electricity purchased, including associated transmission losses.

For power purchased from each specified source not reporting under ARB's source-based reporting system, provide the plant name and identification code, and the quantity of electricity purchased, including associated transmission losses.

For each purchase from a renewable resource, indicate whether the power is null power.

If substitute energy accounts for more than 15 percent of the energy received under a plant-specific purchase agreement, report only deliveries from the specified source in this section. Report the substitute energy in the appropriate category in Section 3.5.

3.4 Calculation of Emissions for Purchases and Exchanges from Specified Sources

For each purchase from a specified source that reports under ARB's source-based reporting program, ARB attributes emissions from these plants proportionately based on the share of net generation purchased.

For all other purchases from a specified source, ARB calculates emission factors using data from finalized reports under 40 CFR Part 75 or plant-level fuel consumption data from the Energy Information Administration if Part 75 data are not available, and attributes emissions based on the calculated emission factors and net generation purchased.

ARB attributes emissions for any purchase of null power based on the default emission factor of the region in which the null power was generated.

3.5 Purchases and Exchanges from Unspecified Sources

List all bilateral purchases of power and power received as part of an exchange agreement from unspecified sources, as measured at the first California point of delivery at which the reporting entity took possession of the power, aggregated by counterparty. For each

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Deleted:)

Deleted: For each purchase indicate whether one or more of the following conditions are met:¶
<#>The purchase is made through a purchase agreement that was in effect prior to January 1, 2008 and either is still in effect or has been renewed without interruption.¶
<#>The purchase is made through a purchase agreement from a power plant that became operational on or after January 1, 2008. ¶

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Deleted: and meets one or more of the conditions specified in Section 3.3

Deleted: that meets one or more of the conditions specified in Section 3.3

Deleted: For each purchase from a specified source that does not meet one or more of the conditions specified in Section 3.3, ARB attributes emissions based on the net generation purchased and the default emission factor for the region in which the specified source is located, calculated as described in Section 3.6.¶

counterparty, list the quantity of electricity received, including associated transmission losses, separately for each of the three resource regions defined in this Protocol (Northwest, Southwest, and California). If there are any electricity purchases for which the region of origin cannot be determined, report these quantities as from "unknown region." Receipt of power attributed to the Northwest or Southwest region must be verifiable via North American Electric Reliability Corporation (NERC) E-Tags. Separately, report the quantity of electricity purchased from the CAISO real-time market and any power purchased in the CAISO's Integrated Forward Market that is not under contract with specified counterparties.

3.6 Calculation of Emissions for Purchases and Exchanges from Unspecified Sources

For counterparties for which ARB has certified supplier-based emission factors (developed pursuant to Section 3.9 for retail providers and Section 4.3 for marketers), ARB multiplies the quantity of purchases and exchanges from each supplier, including transmission losses, by the certified emission factor.

For other purchases and exchanges, ARB sums the quantities of purchases and exchanges by region and multiplies the total by the default regional emission factor.

ARB calculates default emission factors, and accounts for transmission losses.

ARB attributes emissions to purchases reported as originating from an unknown region using the highest of the three regional default emission factors.

3.7 Total CO₂e Emissions from Owned Facilities and Purchases

ARB sums the total metric tons of emissions from owned power plants, purchases from specified sources, and purchases from unspecified sources as described in the above sections. ARB then converts the GHG emissions to CO₂ equivalents and calculates the total.

3.8 Sales and Exchanges from Specified Sources

Report the sum of sales and deliveries of power under exchange agreements from each power plant owned or operated by the reporting entity, identified by the plant identification code, and reported separately for each counterparty and destination region (California, Northwest, and Southwest). For each power plant that is owned but not operated by the reporting entity, report the portion of any sales made by the plant operator based on the reporting entity's ownership share of the power plant. Report quantities of power sold or exchanged as measured at the busbar where power enters the grid. If busbar data are not available for certain sales, report it as a sale from an unspecified source.

3.9 Adjustments to Total Emissions for Sales and Exchanges from Specified Sources to Counterparties within California

ARB adjusts the total emissions described in Section 3.7 for emissions attributed to sales from specified sources to counterparties within California.

Deleted: If sales and exchanges from an owned power plant amount to more than ten percent of the reporting entity's proportional ownership-based share of the total net generation of the power plant, the reporting entity shall provide documentation establishing why the power was sold. The reporting entity shall indicate whether either of the following conditions is met, with supporting documentation:¶
<#>The power could not be delivered to the reporting entity during the hours in which it was sold.¶
<#>The reporting entity did not need the power during the hours in which it was sold because it had surplus power from its owned power plants and the specified plant was the marginal plant during the hours in which the power was sold. ¶
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To adjust total emissions for sales and exchanges from specified sources, ARB uses the emission rates of each plant either reported under the source-based reporting system or as calculated by ARB (see Section 3.2).

ARB attributes emissions by multiplying each plant's sales and exchanges from specified sources to counterparties within California by the relevant emission factor. ARB then deducts the total emissions attributed to sales and exchanges from specified sources to counterparties within California from the totals described in Section 3.7.

3.10 Sales and Exchanges from Unspecified Sources

Report aggregated sales and power deliveries under exchange agreements from unspecified sources, reported separately for each counterparty and each destination region (California, Northwest, and Southwest). Report quantities as measured at the busbar. If busbar data are not available for certain sales, report the quantity as measured at the first point of receipt at which possession of the power was taken. In other words, these values shall not include any transmission losses that occur between the seller's point of receipt and purchaser's point of delivery.

3.11 Adjustments to Total Emissions for Sales and Exchanges from Unspecified Sources to Counterparties within California

ARB adjusts the total emissions described in Section 3.7 for emissions attributed to sales from unspecified sources to counterparties within California.

To obtain the quantity of power available for sales from unspecified sources, ARB deducts from the total amount of electricity from owned facilities and purchased quantities of power (including transmission losses) from the following sources:

1. Sources reported as serving native load, as described in Section 3.1.
2. Sales and exchanges from specified sources, as described in Section 3.8.

To obtain the amount of emissions associated with power available for sales from unspecified sources, ARB deducts from the total emissions from owned facilities and purchases, as described in Section 3.7, all emissions attributed to the sources in the itemized list above.

The average emission factor of power available for sales from unspecified sources is the ratio of the emissions from power available for sales from unspecified sources to the quantity of power available for sales from unspecified sources.

To adjust the total GHG emissions for sales from unspecified sources to counterparties within California, ARB multiplies the quantity of electricity sold from unspecified sources to counterparties within California, as measured at the generator busbar or reporting entity's point of receipt, by the average emission factors available for sales from unspecified sources. These quantities are deducted from the total emissions as described in Section 3.7 and adjusted as described in Section 3.9.

Deleted: However, if the reported sales and exchanges from an owned power plant amount to more than 10 percent of the reporting entity's proportional ownership share and if the purchase does not meet one or both of the conditions specified in Section 3.8, ARB attributes emissions to that power using the average emission factor of power available for sales from unspecified sources (calculated as described in Section 3.11).¶

3.12 Reporting Requirements for Multi-jurisdictional Utilities and WAPA

Multi-jurisdictional utilities shall report the information required in Subsections 3.1, 3.3, 3.5, 3.8, and 3.10 for their operations that serve California and any contiguous service territories. They shall report California retail sales, in gigawatt-hours, and total retail sales in California and any contiguous territories.

WAPA shall report the information required in Subsections 3.1, 3.3, 3.5, 3.8, and 3.10 for its entire operations. WAPA shall also report California retail sales, in gigawatt-hours, and total retail sales.

3.13 Calculation of Emissions for Multi-jurisdictional Utilities and WAPA

For each multi-jurisdictional utility, ARB will determine emissions associated with the utility's entire operations, and will attribute a pro-rata share of those emissions, based on the ratio of California retail sales to total retail sales, to the California operations of the multi-jurisdictional utility.

For WAPA, ARB will determine emissions associated with WAPA's entire operations, and will attribute a pro-rata share of those emissions, based on the ratio of WAPA's sales to end users in California to total retail sales, to its California operations.

3.14 Requests for Exemptions

On a case-by-case basis, a reporting entity may request that ARB modify its determination of emissions to be attributed to the reporting entity based on the methodology set forth in Section 3. Such a request for exemption shall document why the reporting entity believes that the methodology in Section 3 does not recognize real reductions in GHG emissions that have been achieved due to the reporting entity's actions, and shall contain a proposed alternative determination of attributable emissions, with complete supporting documentation.

3.15 Sample Reporting Form²

Columns	1	2	3	4	5	6	7	8	9
Data Rows	Section 1	Retail Load and Losses							
1	Total Retail Load								
2	Total Load-Related Losses								
	Section 2	Owred Facilities							
	Plant Name	Plant Code	Net Gen	Power received	Losses	Proportional Ownership Share	Used Exclusively to Serve Native Load?	Qualifying Reason for Native Load	
3									
4									
	Section 3	Specified Purchases							
	Plant Name	Plant Code	Power received	Losses	Purchased Through Agreement Effective Prior to 1/1/08?	Purchase Through Agreement with Power Plant Oper. After 12/31/07	Purchase Through New Agreement with Plant Oper. Before 1/1/08		
5									
6									
	Section 4	Unspecified Purchases	CAISO Market(s)						
	Market(s)	Power received	Losses						

² Note that this sample form is for illustrative purposes only. It does not reflect all of the steps that may be necessary for reporting under this protocol.

[illegible]

	Purchasing Entity	MWh sold to Northwest	MWh sold to Southwest	MWh sold in-state (California)						
13										
	Section 7	Claimed Resources								
	Sum MWh, for plants claimed to serve native load in Section 2									
14										

4. Marketer Reporting Protocol

4.1 Imports

Report all imported electricity with a final point of delivery in California that your firm had possession of at the first point of delivery inside California, summed separately for each counterparty supplying the power. For each counterparty, report the imported power separately for specified sources by the ARB plant identification code and for unspecified sources. Report unspecified sources summed by region of origin. The quantities of electricity shall be reported as measured at the first California point of delivery. Report transmission losses separately for each combination of counterparty and source.

Report any electricity wheeled through California that terminates in a location outside of California, as measured at the first California point of delivery. Report these receipts separately for each counterparty supplying the power. For each counterparty, report the wheeled-through power separately by region of origin (Northwest or Southwest), and by each specified source or on a combined basis for unspecified sources. The quantities of electricity shall be reported as measured at the Point of Delivery. Report transmission losses separately for each combination of counterparty and region. These transactions must be verifiable via NERC E-tags.

4.2 Exports

Report all exports of electricity that your firm had possession of at the last point of delivery inside California, reported separately for each counterparty supplying the power. For each counterparty, report the exported power separately by each specified source and on a combined basis for unspecified sources, and by region of destination (Northwest or Southwest). The quantities of electricity shall be reported as measured at the last California point of delivery.

5. Supplier-based Emission Factors

Asset-owning or controlling entities may request that ARB develop and apply a supplier-specific emission factor for their sales from unspecified sources. An entity making such a request shall document that the power it sells originates from a fleet of plants either under its operational control or for which it serves as exclusive marketer and shall document the derivation of its proposed supplier-specific emission factor.

6. Submission Process

6.1 State Agency Responsibilities for Receiving and Maintaining Data

ARB is the lead agency for tracking and monitoring all emissions data relevant to implementation of Assembly Bill 32, so it is the primary recipient of reports. Reporting entities shall also provide simultaneous copies of submissions to the Public Utilities

Commission and the Energy Commission, which will support ARB, as necessary, in verifying the data.

6.2 Frequency

Retail providers and marketers shall provide annual GHG emission reports, due to ARB as required by ARB reporting deadlines.

6.3 Verification

ARB has proposed using third-party certification and is developing a training and certification program for third party auditors.

(END OF ATTACHMENT A)