

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

DOCKET 07-OIIP-1	
DATE	AUG 30 2007
RECD.	AUG 31 2007

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

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

**ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of:

Order Instituting Informational Proceeding on a
Greenhouse Gas Emissions Cap

Docket 07-OIIP-01

**REPLY COMMENTS OF THE
NORTHERN CALIFORNIA POWER AGENCY ON THE AUGUST 15, 2007
PROPOSED "INTERIM OPINION ON REPORTING AND TRACKING OF
GREENHOUSE GAS EMISSIONS IN THE ELECTRICITY SECTOR"**

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August 30, 2007

**REPLY COMMENTS OF THE NORTHERN CALIFORNIA POWER AGENCY
ON THE AUGUST 15, 2007 PROPOSED “INTERIM OPINION ON
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ELECTRICITY SECTOR”**

In accordance with Rules of Practice and Procedure of the Public Utilities Commission (CPUC), and the instructions set forth in the CPUC’s August 15, 2007 Cover Letter issuing the proposed *Interim Opinion on Reporting and Tracking of Greenhouse Gas Emissions in the Electricity Sector* (Proposed Decision or PD), the Northern California Power Agency¹ (NCPA) submits these reply comments on the PD, including Attachment A which sets forth the *Proposed Electricity Sector Greenhouse Gas Reporting and Tracking Protocol* (Protocol) for consideration by the CPUC and the California Energy Commission (CEC) in Docket 07-OIIP-01.

I. COMMENTS

A. The Protocol Should Not Use a Default Emissions Rate for Known Resources.

Several parties that submitted comments on the PD and Protocol noted that the Commissions should not attempt to utilize the Protocol as a means by which to address a perceived problem, but one that is without substance. (See: Southern California Power Authority, Pacific Gas and Electric Company (PG&E), Independent Energy Producers, Southern California Edison, California Municipal Utilities Association (CMUA), Sempra Global, and SDG&E and Southern California Gas.) It is simply counterintuitive to apply a default emissions rate to energy from *known* resources in order to determine “real” emissions. The policy discussions set forth in the PD (see pp. 12-13, 21-22) do not support the use of a default emissions factors contracts with existing resources. It is important for the Commissions to acknowledge the broad range of concerns that parties raised in their August 24, 2007 opening comments, and the reasons why the Protocol should be revised to remove

¹ NCPA is a Joint Powers Agency whose members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, the Truckee Donner Public Utility District, and the Turlock Irrigation District, and whose Associate Members are the Plumas-Sierra Rural Electric Cooperative, and the Placer County Water Agency.

any limits on contacts with existing resources and the assignment of default emissions factors where real emissions factors can be determined.

B. Technical Workshops Should be Convened to Address Default Emissions Factors for the Pacific Northwest

In its opening comments, NCPA noted that the default emissions factor for the Pacific Northwest should not be further increased. This conclusion is based on the fact that the Griffin/Alvarado report ("Revised Methodology to Estimate the Generator Resource Mix of California Electricity Imports," CEC-700-2007-007, March 2007) contains the most comprehensive analysis of the information to date. However, as several parties have noted (i.e. PG&E, Sacramento Municipal Utility District (SMUD)), there is still a great deal of debate surrounding the best means by which to develop this number, as well as reconciling the use of a future default emissions figure with the number used to determine the 1990 baseline. Accordingly, NCPA supports the recommendation of the parties that a technical working group should be convened to address this issue.

C. Responsible Entities Should Report Only to CARB

While there may be instances where CARB may require support and assistance from the Commissions, reporting entities should not be required to make simultaneous filings to the lead agency and to the CEC and CPUC. This additional reporting requirement is unnecessary and unhelpful to the process. CARB has already included in its draft protocols verification and compliance requirements. To require entities to submit additional copies to other agencies not only creates additional work for the reporting parties, but creates an unnecessary level of complication and bureaucracy at the Commissions by requiring staff to receive and file documents for which they have no reviewing responsibility. Verification of reported data is addressed extensively in CARB's proposed protocol, so there is no need for the Commissions to also be involved in that process. Such a duplication of efforts would not only be a waste of resources, but could lead to inconsistent results. Section 6.1 of the protocols should be revised to remove any reference to simultaneous filings to the CEC and CPUC.

Protocol section 6.1 should read:

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.~~

D. Other Comments

NCPA supports the comments of SMUD regarding the treatment of wholesale power sales (SMUD at p. 5) and limitations on power exchanges and swaps (SMUD at p. 8) NCPA also supports the Reply Comments of the Los Angeles Department of Water and Power with regard to the limitations on the use of NERC e-tags.

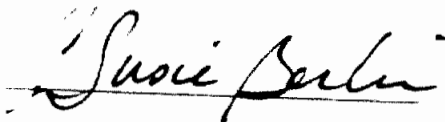
NCPA also supports the proposed revisions to the Protocol set forth in Appendix A to the reply comments of CMUA.

II. CONCLUSION

NCPA requests that the Proposed Decision and the Protocol be revised to as set forth in its opening comments and as further discussed herein.

August 30, 2007

Respectfully submitted,

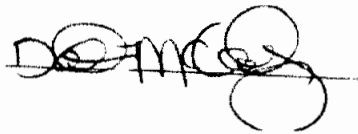


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CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rule of Practice and Procedure, I have this day served a true copy of the REPLY COMMENTS OF THE NORTHERN CALIFORNIA POWER AGENCY ON THE AUGUST 15, 2007 PROPOSED "INTERIM OPINION ON REPORTING AND TRACKING OF GREENHOUSE GAS EMISSIONS IN THE ELECTRICITY SECTOR" on all parties on the Service Lists for R.06-04-009, as listed on the Commission's website on August 29, 2007, by electronic mail, and by U.S. mail with first class postage prepaid on those Appearances that did not provide an electronic mail address.

Executed at San Jose, California this 30th day of August, 2007.

A handwritten signature in black ink, appearing to read 'Katie McCarthy', written over a horizontal line.

Katie McCarthy