

Electricity Imports under the California GHG Cap and Trade Program

WSPP Operating Committee Webinar

November 21, 2013

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Overview

- Status of California Regulatory Process
- Overview of treatment of electricity imports under cap and trade program
- CARB Rules for Imports from a Specified Source
- Determination of Compliance Obligation for Importers

Regulatory Process Status

- Existing Regulations in effect
 - Cap and Trade
 - Mandatory Reporting
- Guidance Documentation Issued
 - Resource Shuffling – 11/12
 - Asset-Controlling Suppliers – 12/12
 - Specified sources – 2/13
- Rule-making in 2013
 - 15 day Proposed Amendments published 11/1
 - No further regulatory changes expected, but...
 - Substantive explanations in Final Statement of Reasons
- Possibility of future changes?



Electricity Imports into California

- GHG Emissions associated with electricity imported into California incurs a carbon obligation under the cap and trade program
 - Electricity considered “specified” and assigned a facility - specific emission factor when it can be traced to particular resource or recognized Asset-Controlling Supplier’ s system in accordance with CARB’ s rules
 - All other imports considered unspecified and assigned default emission factor (.428 metric ton/MwH)
- Compliance obligation falls on entity that delivers power to California
 - PSE on NERC tag between balancing areas
 - Facility operators or scheduling coordinator if no tag
 - Scheduling Coordinators for resources participating in Energy Imbalance Market

CARB Rules for Imports from a Specified Source (1)

- Importer must have full or partial ownership of the source or have written contract to procure electricity from that source
 - “A power contract for a specified source is a contract that is contingent upon delivery of power from a particular facility, unit, or asset-controlling supplier’s system that is designated at the time the transaction is executed.”
 - “The sale or resale of specified source electricity is permitted among entities on the e-tag market path insofar as each sale or resale is for specified source electricity in which sellers have purchased and sold specified source electricity, such that each seller warrants the sale of specified source electricity from the source through the market path.”



CARB Rules for Imports from a Specified Source (2)

- Electricity must be delivered from source to sink on a continuous transmission path
 - For specified electricity from an ACS system, the ACS must be listed as 1st (if system owner) or 2nd (if exclusive marketer) PSE in physical path
- Serial numbers of associated RECs must be reported by importer for California RPS-Eligible Renewable resources
- Electricity must be generated by specified source
 - Meter data to be retained to document that the power claimed was generated by the facility or unit at the time the power was directly delivered
 - Substitute energy considered unspecified

Determination of Compliance Obligation for Importers

- Specified emission factors assigned by CARB and updated annually prior to GHG report due date
 - ⑩ Prior to year of import for ACS systems
 - ⑩ After year of import for other specified sources
- All GHG Reports subject to 3rd Party verification
 - Verifiers may spot-check substantiating information (contracts, meter data, RECs) to verify that imports appropriately reported
 - Importer's inability to provide substantiating documentation may result in specified import being considered unspecified
- GHG Emissions = Quantity of imported electricity x assigned emission factor x transmission loss factor
 - Transmission loss factor:
 - 1 for imports from a single specified resource, or ACS system, measured at the busbar
 - 1.02 for all other imports