Comments of the Western Power Trading Forum to the California Air Resources Board on Proposed Amendments to the Mandatory Reporting Regulation

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The Western Power Trading Forum[1] (WPTF) welcomes the opportunity to provide input to the California Air Resources Board (CARB) on its Proposed Amendments to the Mandatory Reporting Regulation.

WPTF generally supports the proposed changes to the regulation for electric power entities (EPEs), but have a number of concerns. Our comments below are presented in the order they appear in the regulatory text.

Definitions:

- *Committed Capacity:* Staff have added a new definition of committed capacity to give effect to the Extended Day-Ahead Market (EDAM) rules related to counterfactual reference scenario, and to the calculation of Outstanding CAISO Markets Emissions (i.e. emission leakage). WPTF notes that the proposed definitions is much narrower than that used by the CAISO to identify resources/electricity that will bypass the counterfactual reference scenario. Staff's proposed definitions would also likely submit significant volumes of clean energy that is not considered eligible Resource Adequacy capacity (such as RPS contracts) to the counterfactual, thus making that energy unavailable to be attributed to California, despite the fact that the energy is owned by or contracted to California load. We therefore recommend that CARB revise the definition of "committed capacity" as follows.

  "Committed capacity" means electricity generation from an electricity generation source located outside the state of California that is committed via a contract ~~to meet a resource adequacy obligation~~ for California load ~~that meets the Resource Adequacy Program requirements in California Public Utilities Code section 380 or the resource adequacy requirements of a local publicly owned electric utility (POU)~~

- *Dynamic tag*: WPTF supports inclusion of a definitions to provide mre clarity around the existing provision that exclude dynamically tagged deliveries from being subject to the lesser-of analysis. However, we suggest revision of the dynamic tag definition for better consistency with the definitions used by NERC and CAISO, as shown below.

  "Dynamic transfer ~~tag" or "dynamically tagged power" or~~ "dynamic schedule" or "dynamic interchange schedule" means a telemetered reading or value that is updated

[1] WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 100 members participating in power markets within California and elsewhere across the United States.

in real time and used to schedule ~~to reflect the specified~~ transmission of electric power from a generation source in a balancing authority area outside California into a California balancing authority area ~~an interval on a on a NERC e-Tag~~.

"Dynamic tag" means a NERC e-tag that shows a dynamic transfer.

- *Energy Storage System*: WPTF supports inclusion of a A new definition for energy storage system to give effect to new provisions for calculation of GHG emissions associated with imports from electricity that has passed through a storage resource. We suggest that this definition be modified in two ways. First, rather than refer to electric potential, the definition should simply refer to storage and discharge of energy. Second, we suggest that staff clarify that the definition of an ESS for purposes of the EPE reporting applies to resources located outside of California. This eliminates the need to mention electricity imports, which is not appropriate because not all discharged energy will be imported. Lastly, staff should delete the reference to hybrid and stand-alone storage. These additional details may be confusing as they do not align with CAISO terminology and are unnecessary as the terms are only used in the section on "Additional Requirements for Energy Storage System Registrants."

  "Energy storage system" or "ESS" or "secondary generation source" means a device, structure, or operation located outside California that is designed and used to store and discharge electricity ~~potential from electric generationpower that discharges electric power as imports or CAISO Sales into California. Energy storage systems can be either integrated as part of a primary generation source (integrated energy storage system, ISS) called a hybrid resource by the CAISO, or a stand-alone energy storage system (SASS).~~ All ESS, unless registered with a reported and verified emissions factor under section 95111(i), are not specified sources.

- *Fleet Emission Factor*. Staff have proposed a new definition of Fleet Emission Factor, which is used for the calculation of emissions for importers and producer of hydrogen utilizing electricity. WPTF notes that the MRR contains two provisions for calculation of 'system' emission factors for EPEs – asset controlling suppliers and multijurisdictional retail provider. We are concerned about inclusion of a new concept for calculation emissions associated with electricity systems that is not also available to electricity importers. We therefore recommend deletion.

  ~~"Fleet emission factor" means an electricity generation emission factor calculated by the Executive Officer pursuant to section 95111(b)(2)(D) of this article.~~

- Pseudo-tie: WPTF recommends that the pseud-tie definition be modified for better consistency with the NERC and CAISO definitions, and to recognize that pseudo-ties may be arranged into other California BAA, not only the CAISO.

  "Pseudo-tie" means a transfer of electricity from a generating facility located outside of California that is controlled by ~~a scheduling coordinator or facility operator that serves load in~~ California balancing authority ~~and is modelled, for electricity transaction purposes, as an in-state California resource. Pseudo-tied~~ Resources that have a pseudo-tie arrangement into California are considered out-of-state resources pursuant to this article."

Changes to Electric Power Entity (EPE) Reporting

- Aggregated zero-emission generation sources: WPTF supports the addition of provisions to enable aggregation of non-emitting sources into single specified source. However, we believe that additional clarification is needed around this section. First, the regulation should clearly state whether this is an annual or permanent election. Second, the language in sub-paragraph (d) stating "(t)he seller warranty is maintained pursuant to section 95111(a)(4) to claim each source in the aggregate as a specified source" seems inappropriate given that once aggregated, the individual sources cannot be sold or tagged to serve load. We suggest that language be deleted or modified. Lastly, the term "GPE" in subparagraph (e) is inappropriate. The regulation defines GPE as an importer or exporter. The owner or operator of the aggregated generation source may not be the electricity importer. Therefore "GPE" should be changed to "Owner or operator" of the aggregated generation source.

- Lesser-of-analysis: Staff have modified the requirement to perform a lesser-of analysis for all zero emission and RPS eligible resources to include imports via the CAISO markets, and electricity used to charge an ESS that is not metered. WPTF supports additional clarification, but does not agree that this requirement should apply non zero emitting and RPS eligible resources that are dispatched by the WEIM or EDAM. Any amount deemed to California by resources that participate in those markets will be based on the actual metered (and settled) output of the resources. However, the provision should apply to resources interchange imports that are deemed to California by these markets. Because those resources do not participate in the markets, CAISO will not necessarily have access to the metered output. (Currently, EDAM only allows for dynamic transfers and pseudo-tied resources to be deemed to California. However, if CAISO changes its tariff to enable other external resources to offer specified electricity for attribution to

California, the lesser of analysis would be necessary.)

- *Registration of Specified Sources*: WPTF supports the staff proposal to simplify and reduce the information required for registration of specified sources as well as the requirement to indicate whether imported electricity has passed through an ESS.

- *Registration of ESS as Specified Sources.* WPTF support the basic framework to enable an ESS to register as a specified source and calculate resource-specific emission factors or loss factors. This is a clever approach, which will accommodate the various different business models for energy storage, and represents a significant improvement over the status quo that would treating all energy that passes through an ESS as unspecified. However, we remain concerned that even with these provisions, requiring an ESS to use a retroactively-calculated and static emission factor for reporting imports from an ESS could significantly reduce the financial benefits and incentives for these resources to charge when energy prices and emissions are low. For this reason, we urge staff to make two changes. First, ESS registrants should be able to calculate, and have verified, an emission factor based on charging and discharging in the previous year and use that emission factor for reporting on the previous year import transactions. This would more accurately reflect emissions associated with those import transactions. More importantly it would ensure that the incentive for storage to charge when emissions are low is not diluted.

  Additionally, we urge staff to allow ESS registrants to use emission factors that are more granular and accurate then the default unspecified emission factor during periods when they grid-charge, when better emission factors are available. Such options could include the residual emission factors that will be calculated and reported by CAISO for EDAM, or a balancing area specific emission factor for utilities that operate storage.

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