



Portland General Electric Company  
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**Comments of Portland General Electric Company on  
*Proposed Amendments to the California Cap on Greenhouse Gas Emissions and  
Market-Based Compliance Mechanisms Regulation -  
15-Day Amendment Text  
January 20, 2017***

Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments to California Air Resources Board (“CARB”) on the *Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation* (“Regulation”) – 15 day amendment text. PGE has signed an implementation agreement with the California Independent System Operator (“CAISO”) to become the fifth utility outside the State of California to join the Energy Imbalance Market (“EIM”), with a scheduled go live date of October 2017. As such, PGE has a vested interest in the development and implementation of programs that will impact the EIM and directs its comments below on the proposals specific to the EIM. In addition to submitting its own comments on the Regulation, PGE supports the comments submitted by the Joint EIM Entities group.

**Resource Shuffling Safe Harbor**

PGE submitted comments to CARB on September 19, 2016, on their *Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation*. In those comments, PGE opposed the removal of the safe harbor for short term transactions (including EIM transactions) with regard to resource shuffling. PGE continues to assert that the existing resource shuffling exemption for short-term sales is appropriate given the nature of the short-term and EIM markets. PGE disagrees with CARB’s retention of the language in this proposed rule package that would eliminate the current resource shuffling safe-harbor for EIM imports. This change introduces an unacceptable level of compliance risk for EIM participants that cannot be effectively mitigated and therefore may result in reduced market participation. EIM participants have little control over the ultimate real-time resource dispatch in the EIM; the proposed change opens the possibility for an EIM participant to inadvertently and unintentionally violate the resource-shuffling requirements. CARB staff has indicated that this change to the resource shuffling requirements was proposed as a placeholder while the EIM greenhouse (“GHG”) accounting concerns were addressed. Given that appropriate intermediate and long-term solutions have been identified (see our comments below), CARB should remove this placeholder and retain the current resource shuffling safe harbor for short-term transactions.

**EIM GHG Accounting**

In our September 19, 2016 comment letter, PGE stressed the need for CARB to work cooperatively with CAISO to find a reasonable solution to EIM GHG accounting and for CARB to implement an interim measure (or bridge solution) while a long-term solution is designed and implemented by CAISO. PGE supports CAISO’s “Option 2” – modify the ISO optimization to attribute transfers to resources that are incrementally dispatched and maintain resource-specific cost and attribution (also known as the two-

pass model) – as the long-term, sustainable solution for EIM GHG accounting. PGE submitted comments on CAISO's *Regional Integration – California's Greenhouse Gas Compliance and EIM Greenhouse Gas Enhancement Straw Proposal* ("Straw Proposal") on December 15, 2016 stating our support for the two-pass model. PGE requests that CARB clearly indicate its support for CAISO's two-pass model and to work closely and transparently with CAISO to facilitate its timely implementation. Additionally, PGE requests that CARB provide comments and feedback during CAISO's development process to help ensure that CARB will adopt this model and adjust its regulatory program to fit with the technical capabilities of the modified optimization.

PGE is also supportive of the bridge or interim solution being proposed by CARB in the 15-day amendment text until the two-pass model is ready for use. This is the best option in the short term to accomplish CARB's goals without disrupting the broadly-beneficial and stable EIM dispatch algorithm or unduly burdening EIM participants. However, PGE requests that CARB add explicit language into the rule package that would remove the GHG accounting bridge solution once the CAISO two-pass model has been developed, tested and implemented. This would help prevent the delay of a rule and comment period once the two-pass model is ready to be implemented. If this is not possible, then PGE requests that CARB clearly indicate in this rule package that implementation of the bridge solution is temporary, and that CARB will propose further regulatory amendments to reflect the two-pass model once finalized.

Again, PGE appreciates the opportunity to provide comments to CARB with regard to the proposed Regulation. For any follow-up communications, please contact me at (503) 464-8528 or via e-mail at [Elysia.Treanor@pgn.com](mailto:Elysia.Treanor@pgn.com).