

California Cap and Trade and Electricity Imports

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Overview

- Electricity imports into California subject to cap and trade program
 - Exception for specified imports from facilities below annual threshold of 25,000 MMT
- Compliance obligation on entity that first delivers power to the California grid (“First Jurisdictional Deliverer”)
 - Determined by PSE on NERC e-tag between Balancing Authority Areas (BAAs)
 - Intended to reflect entity with title to power when it enters California
- Power from unspecified sources is assigned a default emission rate (initially set at .428 MT/MWh)
- Importer can claim facility specific emissions rate lower than default rate if facility is owned or under contract to importer, registered as specified source, and electricity is directly delivered to the California grid
- “Resource shuffling” to receive credit for emissions reductions that have not occurred is prohibited

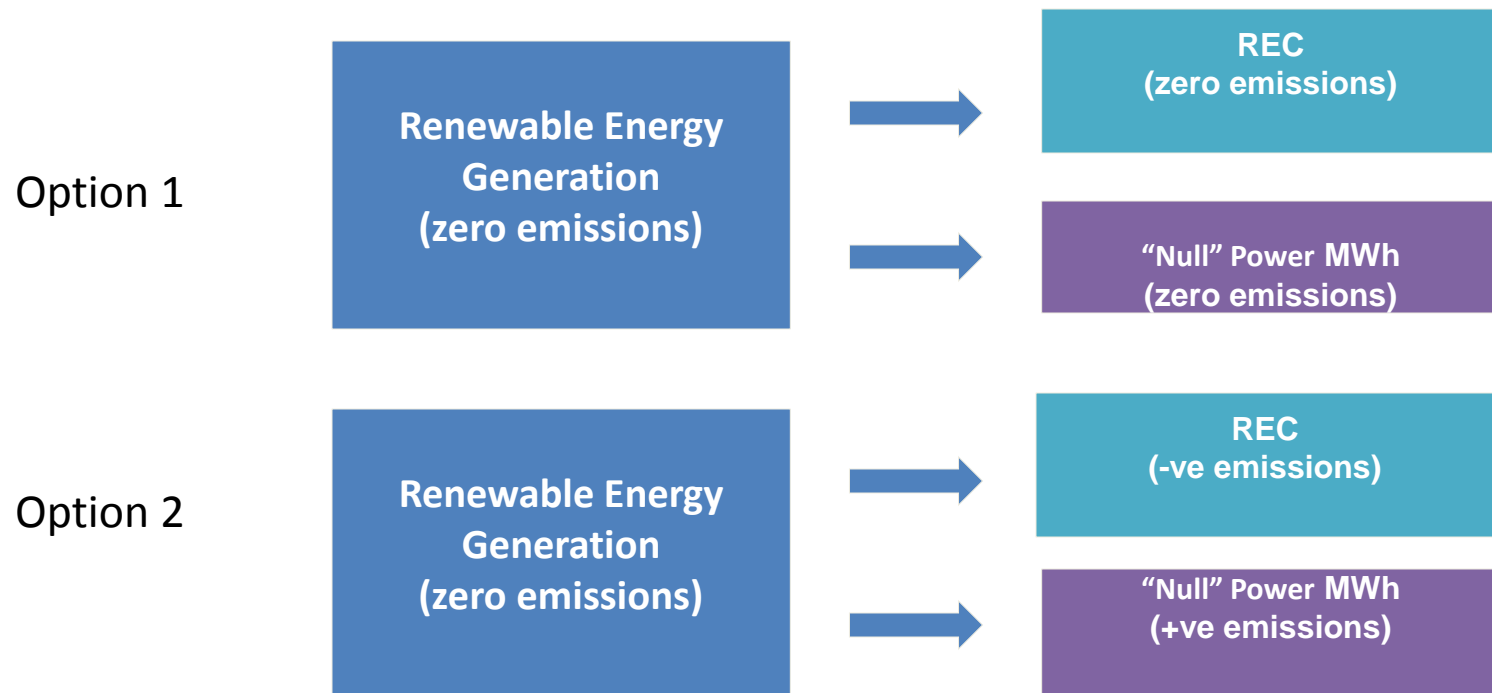
Source: <http://arb.ca.gov/cc/capandtrade/capandtrade.htm>

Implementation Issues

- Emissions responsibility for sales to CAISO at inter-ties
- Netting of simultaneous imports and exports across different market participants
- Emissions responsibility for RPS transactions that import bundled RECs and unspecified power
- Appropriate definition of resource shuffling
- Appropriate default emissions rate

Treatment of RPS Transactions

- Are all RPS transactions considered to be zero GHG emissions?
- Two options for GHG emission attributes of RECs and null power



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