California Environmental Protection Agency

California Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Electric Power Entities

Reporting for Electricity Retail Providers and Marketers under Section 95111

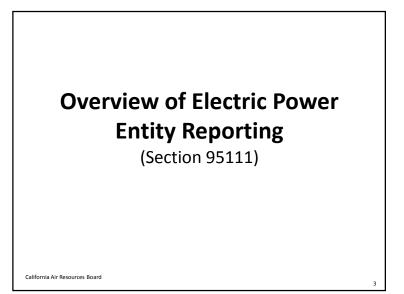
April 30, 2014

10:00 am to 12:00 pm Webinar Registration: <u>https://www1.gotomeeting.com/register/843831201</u> Presentation Slides Available Here: <u>http://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/guidance-training.htm</u>

1

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Outline Mandatory Reporting Regulation (MRR) Key Sections Regulatory Updates Guidance (ACS, Specified Source) Cal e-GGRT Reporting Tool & Workbook Q&A Info Resources





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4

Reporting Requirements

Electric Power Entities

- 1. Reporting requirements § 95111
- 2. Applicability § 95101(d)

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- 3. Cessation of reporting § 95101(h)(3)
- 4. Cessation of verification §95101(i)
- 5. Definitions § 95102 (numerous)
- 6. Inventory documentation § 95105(d)

Emissions Calculations

- Unspecified sources -§ 95111(b)(1)
- Specified sources -§ 95111(b)(2)
- Asset-controlling suppliers –§ 95111(b)(3)
- Multi-jurisdictional retail providers § 95111(b)(4)
- Covered Emissions under Cap-and-Trade § 95111(b)(5)

Section 95111 Requirements

- General requirements –§ 95111(a)
- Calculating GHG emissions -§ 95111(b)
- Requirements for claims of specified sources of electricity and for eligible renewable energy resources in the Renewable Portfolio Standard (RPS) adjustment –§ 95111(a),(g) and § 95852(b)(3),(4)
- Additional requirements:
 - Retail providers-§ 95111(c)
 - Multi-jurisdictional retail providers § 95111(d)
 - WAPA and DWR § 95111(e)
 - Asset-controlling suppliers § 95111(f)

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5

7

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Specified and Unspecified Source Emission Factors

- Each specified source has an emission factor calculated by ARB based on the most recent data published by the EPA or EIA, per §95111(b)(2)
- Unspecified source emission factor in §95111(b)(2) = 0.428 MTCO₂e/MWh
 - Modeled to approximate the marginal generation that would be needed for an additional MWh of electricity imported to California

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Determining First Deliverer Electricity Importer

- Importer is first deliverer when it is the purchasingselling entity (PSE) on NERC e-tag for last California border crossing in physical path table
 - If so, EPE must identify as first deliverer in the workbook; otherwise, emissions are not counted for that transaction
- For EIM, determined by CAISO EIM model
- Retail providers that report imports, exports, or wheels must also report imports made on their behalf

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10

Directly Delivered Electricity Specified Source power must be "directly delivered", i.e., actual power that flowed is what is reported, per § 95102(a)(123) Directly delivered electricity claims must meet <u>one</u> of the following : Facility has first point of interconnection with a CA balancing authority Facility has first point of interconnection with distribution facilities used to serve end users within a CA balancing authority area Electricity scheduled for delivery from specified source into a CA balancing authority areas via continuous transmission path from interconnection of the facility is located to final point of delivery located in CA

4. Agreement to dynamically transfer electricity from facility to a CA balancing authority

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11

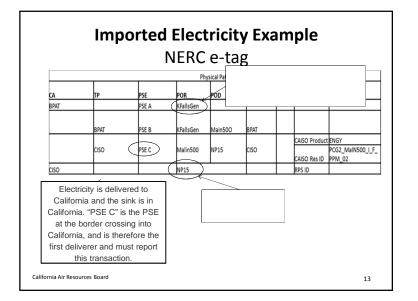
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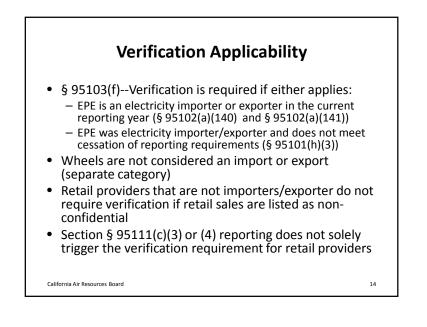
Direct Delivery Continuous Physical Transmission to California

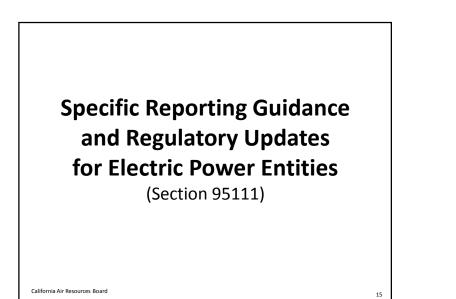
- Transactions among balancing authorities are generally tracked via e-Tags
- Most common type of transaction

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12









18

20

§95111 Reporting Updates

- Reporting Only Retail Sales in Cal e-GGRT
- Asset Controlling Supplier (ACS) Power
- Specified Source Claims
- Short-Transactions
- REC Retirement 'Moratorium' Lifted by CEC in 2013
- Meter Data Requirements in § 95111(g)(1)(N)

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Reporting Only Retail Sales Modified Cal e-GGRT Webpage

- Retail Providers with <u>no</u> reportable imports, exports, or wheels can now report Annual Retail Sales without using Workbook 1
- The "Electric Power Entity Overview" webpage in Cal e-GGRT has been modified to accept the Annual Retail Sales figure, only if there are <u>no</u> reportable imports, exports, or wheels
- This will expedite reporting for certain retail providers

Asset-Controlling Supplier (ACS)

- 2013 Data Year: BPA and Powerex only registered ACS entities. For BPA, source listed as BPA Power or BPA Slice. For Powerex, source is BCHA (BC Hydro) followed by Powerex as the exclusive marketer.
- 2013 Data Reported in 2014: Report as specified source when ACS is identified on physical path of e-Tag as the PSE at first point of receipt, or when ACS is the source for an exclusive marketer (§95111(a)(5)(E) and §95103(h)(8)). A specified source contract is not required to claim ACS power for 2013 data.
- **2014 and later data**: The imported power must be conveyed as specified, just like a specified facility §95111(a)(5)(B). A specified source contract will be required to claim ACS power for 2014 data reported in 2015 and beyond

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19

17

Specified Source Claim Requirements

- §95852(b)(3)(A) of Cap-and-Trade Regulation (C&T) says EPEs must report imported power pursuant to MRR §95111
- Operator, Ownership or Contract Rights § 95852(b)(3)(B) of C&T
- Directly Delivered § 95852(b)(3)(C) of C&T
- Retire and Verify RECs § 95852(b)(3)(C) of C&T
- Substitute Power is reported separately pursuant to §95111(a)(2)

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Short-Term Transactions for Specified Source Claims

- Short-term transactions are for "Less Than One Week in Duration"
- Typically for Day-Ahead and Real-Time power
- Written confirmations and associated documentation are not required between buyer and seller
- Verbal confirmations of a specified source are acceptable
- Comply with § 95852(b)(3) of C&T by transacting under a standard agreement (e.g. WSPP, EEI, ISDA)
- Must comply with the Seller Warranty requirements in §95111(a)(4)

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Short-Term Transactions **Evidence of Seller Warranty** Table 1 – Seller Warranty Guidance For Short-Term Transactions DID BUYER ESTABLISH EVIDENCE OF BUYER DID NOT ESTABLISH SELLER WARRANTY? EVIDENCE OF SELLER WARRANTY SPECIFIED SOURCE Yes. At a minimum, voice tape CLAIM indicates buyer agreed to buy specified No. Buyer did not know source power. Supplemental documentation, was specified prior to contract such as trade logs and/or aggregate transaction execution. daily, weekly, or monthly confirmations can strengthen the claim MUST BE CLAIMED Voice tape has no indication buyer AS UNSPECIFIED Voice tape indicates buyer agreed to agreed to transact specified source buy unspecified power. power, including ACS power, prior to execution Note: This table assumes valid contract rights, and direct delivery with appropriate source information. See Table 2 for BPA transactions

Short-Term Transactions Seller Warranty Requirements in 95111(a)(4)

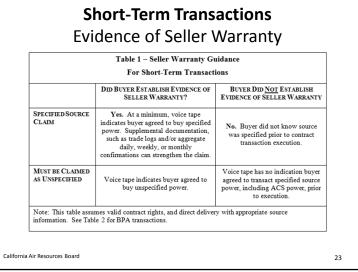
- Section 95111(a)(4) states: "the sale or resale of specified source electricity is permitted among entities on the e-tag market path insofar as each sale or resale is for specified source electricity in which sellers have purchased and sold specified source electricity, such that each seller warrants the sale of specified source electricity from the source through the market path."
- Unspecified power cannot be bought and then resold as Specified
- **Demonstration of Buyer Knowledge**. Because the buyer submits the emissions data report to ARB, the compliance criteria will be assessed in the first instance on the buyer's knowledge of the degree to which the source was specified in the transaction.
- Examination of Seller Warranty. Verification review and spot checks to examine seller warranty in upstream documentation obtained via buyer audit rights under the provisions of the operative enabling agreement, e.g., WSPP Agreement, Section 9.6.

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21

22



Short-Term Transactions for BPA Power **Specified Source Claims**

| | BUYER PURCHASE SCENARIOS | | |
|---|--|--|--|
| | Transacted Directly with BPA | Transacted with Intermediate Seller | Unspecified Power Via Exchange or Broker* |
| SPECIFIED SOURCE CLAIM AT THE BPA ACS EMISSION RATE | Yes. Regardless of contracted amount, tags that show source as "BPA Power" or "BPA Slice" and were transacted directly with BPA may be claimed as specified | See Table 1 guidance for seller warranty | No. A specified source claim is not allowed, because the transacted power was by definition unspecified, as the source was unknown prior to contract execution |
| MUST BE Claimed as Unspecified | Path out power received from BPA via e-tag (does not list BPA Power" or "BPA Slice" as source on e-tag must be claimed as unspecified | See Table 1 guidance for seller warranty. | Yes. Must be claimed as unspecified, because buyer did not know source prior to contract execution |
| information. * Pow | sumes valid contract rights, and sho ver can be transacted via broker as red specified source sales, so long a | specified, and ARB regul | ations and guidance in no |

Renewable Energy Credits (RECs) From Eligible Resources

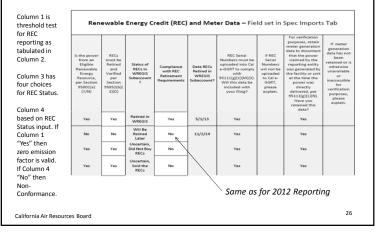
- Specified Source Claims
 - 2013 data reported in 2014: RECs must be retired by July 17, 2014. If not, emission factor still valid but will be a nonconformance. Report REC serial numbers.
 - 2014 data reported in 2015: REC retirement would not be required under proposed C&T amendments. Report REC serial numbers.
- RPS Adjustment
 - 2013 data reported in 2014 and beyond: RECs must be retired by July 17, 2014 in order to claim the RPS adjustment
 - 2013 data reported in 2014 only: The 'Will Be Retired Later' REC status is not an RPS Adjustment eligible answer, as it was in 2012, due to the lifted CEC moratorium on REC retirement

25

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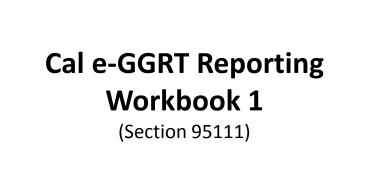
REC Retirement for RPS Adjustment 2013 Reported Data The first three RPS ADJUSTMENT REQUIREMENTS - Field Set from Workbook 1 in the RPS Adjustment Tab columns and the fifth are threshold No RPS No RPS adjustmen may be claimed fo an eligible renewable energy resource when its electricity i directly delivered per used to comply wit California RPS idjustment may be claimed for an eligible energy resource when its electricity i directly delivered, per 95852/4/0 comply wit California RPS Is the power from an Eligible Renewabi Is the power from an Eligible tests. Electricity Importer Must Haw Either of the following per Electricity Importer Must Haw Either of the following per ELIGIBLE RPS ADJUSTMEN REC DATE Date RECs Retired in WREGIS equirement during the same year in which the RPS Columns 6-9 Renewable Energy Resource, per Section 95802(a) (Y/N) enewabl Energy lesource, per Section 95802(a) (Y/N) during the same year is which the RPS igible for RP tabulate data entered. Zeros pass a threshold and 1's do not Retired in WREGIS 5/1/13 0 0 0 0 Eligible 1st POR vi All possible Will Be tired Lat 0 0 1 No Grid field values are shown in Uncertain Did Not Bu RECs Not Directly Delivered No No 1 1 1 the four rows. Not Directly Delivered 0 1 1 No Change from 2012 Reporting California Air Resources Board 27

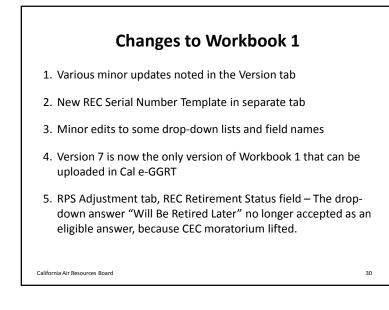
REC Retirement for Specified Sources 2013 Reported Data

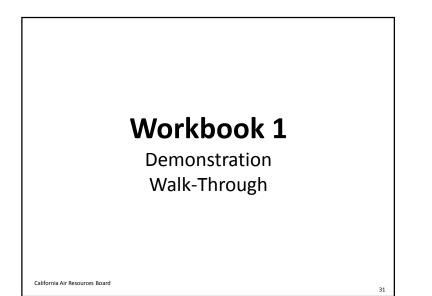


Generation Meter Data Implementation, Reporting, & Verification • **Requirements** - §95111(g)(1)(N) For verification purposes, retain meter generation data to document that the power claimed by the reporting entity was generated by the facility or unit at the time the power was directly delivered. Implementation – - 2013 data reported in 2014: Retain Meter Data - 2014 data reported in 2015: Lesser of Analysis likely to be required for RPS resources as it is currently required by CEC or CPUC **Reporting** - For each specified import line item in Workbook 1, "Have you retained the meter data, and verified that the reported imported imports were generated by this resource." Yes/No. EPEs are not required to submit meter data with annual June 1 GHG filings **Verification** - Verifiers (and ARB) may request meter data or other verification data on an audit basis, or if anomalies are identified California Air Resources Board

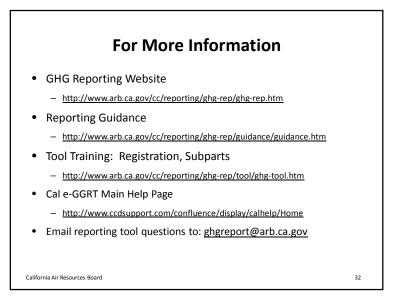
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29



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Key Reporting Dates

| Date | Activity | |
|-------------|--|--|
| February 1 | Regulatory deadline: Due date for electric power entities to register specifie facilities outside California | |
| April 10 | Regulatory deadline: Reporting deadline for facilities and suppliers of fuels and carbon dioxide, except when subject to abbreviated reporting | |
| June 2 | Regulatory deadline: Reporting deadline for electric power entities and thos subject to abbreviated reporting | |
| July 17 | Regulatory deadline: Deadline for corrections to RPS Adjustment data required for electric power entity data reports | |
| September 1 | Regulatory deadline: Final verification statements due (emissions data and product data) | |

GHG Reporting Contacts

| Subject Matter | Contact |
|--|--|
| GHG Mandatory Reporting | Brieanne Aguila, Manager |
| Climate Change Program Data Section | 916.323.4887 |
| Stationary Source Division | <u>baguila@arb.ca.gov</u> |
| Electric Power Entities (Importers, Exporters, Retail Providers, | Wade McCartney |
| Electricity Marketers) under Section 95111 | 916.327.0822 |
| Climate Change Program Data Section | wmccartn@arb.ca.gov |
| Greenhouse Gas Report Verification | Renee Lawver, Manager |
| Emissions Quality Assurance and Verification Section | 916.322.7062 |
| Climate Change Program Planning and Management Branch | rlawver@arb.ca.gov |
| Climate Change Program Evaluation Branch Stationary Source Division | Miss Rajinder Sahota, Chief 916.323-8503 <u>rsahota@arb.ca.gov</u> |
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