



## Department of Energy

Bonneville Power Administration  
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**To: California Air Resources Board**

**Re: Comments on CARB's Potential Changes to the Cap-and-Trade Regulation**

The Bonneville Power Administration (BPA) appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) April 23, 2024 workshop discussing potential changes to the cap-and-trade program. BPA is a federal power marketing administration located in the Pacific Northwest. BPA sells surplus power to California and is registered with CARB as an Asset Controlling Supplier (ACS). BPA is a participant in the California Independent System Operator's (CAISO) energy imbalance market (EIM) and has been actively engaged in the CAISO's Extended Day Ahead Market (EDAM) stakeholder process. In addition, nearly fifty percent of the power BPA markets is sold into the state of Washington and BPA purchases balancing power from trading partners in Washington. BPA is interested in finding harmonized solutions between California's cap-and-trade program and Washington's cap-and-invest program.

At this time BPA is only commenting on the options CARB provided to align compliance periods with GHG emission reduction target years. BPA believes option 1 (changing compliance period 6 to 4 years and subsequent compliance periods to 5 years) provides the most flexibility to entities to manage and retire their allowances. Longer compliance periods provide industry the ability to smooth out compliance costs over time. This is a particularly valuable tool in situations where an entity's compliance obligation could significantly vary year to year. For BPA, differences in hydropower conditions can result in large and unforecastable changes in compliance from one year to the next. Changes in precipitation volume, runoff timing, operational changes, and other factors can result in a year where BPA must rely significantly more on market purchases because of lower-than-normal hydropower production. The two-year compliance periods in option 2 would make it more challenging and costly to manage compliance over time. Thus, BPA supports CARB moving forward with the longer compliance periods proposed in option 1.

BPA appreciates the opportunity to comment and looks forward to continued information on potential updates to CARB's cap-and-trade program. Please feel free to contact me at 503.230.4358 if you have any questions on BPA's comments.

Thank you,

A handwritten signature in black ink, appearing to read "Alisa Kaseweter", with a long horizontal flourish extending to the right.

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