

May 8, 2024

California Air Resources Board
100 I Street
Sacramento, CA 95804

Re: PacifiCorp's Comments on CARB's April 23, 2024 Cap-and-Trade Program Workshop

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits the following comments in response to the California Air Resources Board's (CARB) April 23, 2024 Cap-and-Trade Program Workshop, regarding potential reforms to Corporate Association Group (CAG) triggers.

I. In the event CARB updates CAG triggers, PacifiCorp supports narrow rules that do not assume and create nonexistent CAG affiliations for the Company and its actual affiliates

PacifiCorp has a direct affiliation with various Cap-and-Trade covered entities through shared ownership with various Berkshire Hathaway entities. While CARB assumes affiliated entities act in a coordinated fashion, this is not the case for PacifiCorp, which only exchanges minimal market position information with these affiliates to ensure the companies do not exceed their shared holding and purchase limits. This is largely a clerical function, and does not involve the exchange or discussion of material Cap-and-Trade market strategy information. As a result, PacifiCorp is concerned that CARB's overly broad CAG triggers assume information sharing schemes that do not exist, unnecessarily expand the list of associated entities, and restrict PacifiCorp's and its actual affiliates' ability to trade and hold allowances.

For example, PacifiCorp is a small participant in the state's Cap-and-Trade program, and like many other covered entities, does not have all the necessary in-house legal, policy, and trading expertise to effectively participate in the program. Thus, PacifiCorp – and other small program participants – often rely on consultants and advisors, who provide better guidance or strategies when they know the company's holding limit, purchase limit, or general market strategy.

If CARB were to proceed with its proposed broad CAG triggers, PacifiCorp could be punished with additional CAG affiliates if one of its actual affiliates decides to share access to its tracking system account with consultants or advisors—despite PacifiCorp having no actual knowledge of this information under current practices. This is because PacifiCorp's affiliate consultants or advisors cannot view the Company's holding accounts, execute trading decisions for PacifiCorp, or coordinate the Company's market strategy.

Creating CAG affiliations that have no real-world information sharing capabilities would shrink the available holding and purchase limit headroom across PacifiCorp and its affiliates, and

potentially increase program costs for PacifiCorp, who must pass allowance revenues onto customers through the California Climate Credit. Ultimately, the proposed CAG triggers would likely result in reduced Cap-and-Trade allowance revenues that would annually be credited to customers.

Instead of the current proposal, CARB should consider an exemption from CAG #1 when consultants/advisors have direct access to a participant's tracking system but 1) do not have decision-making authority or legally binding authority over that entity's trading decisions or 2) know the market position of its affiliates. Alternatively, CARB could exempt covered entities from this CAG trigger altogether. The Company stands willing to workshop alternative ideas that could advance CARB's goals, without materially impacting the revenue that California customers receive annually through the California Climate Credit.

2. In the event CARB updates CAG triggers, PacifiCorp supports a definition for "selection authority" in CAG Trigger Concept #3

PacifiCorp is a wholly owned subsidiary of Berkshire Hathaway Energy, which is majority owned by Berkshire Hathaway Inc. Given the multiple layers of holding companies above PacifiCorp and its affiliates, an overly broad definition for "selection authority" could assume staff at its holding companies and even its sister affiliates could, and would, dictate the registered entity's director and/or market strategy. This is not the case. As discussed above, PacifiCorp participates in the program because it is a covered entity and selects a company employee as the director; the Company is not primarily in the business of trading allowances. A loosely written definition for "selection authority" could create unnecessary disclosure workload and assume a holding company level of control that does not exist. The Company proposes CARB define "selection authority" in an upcoming workshop so the company may properly assess potential impacts or exempt covered entities from this CAG trigger.

PacifiCorp appreciates the comment opportunity and looks forward to continued engagement in the CARB's rulemaking.

Sincerely,

/s/ Mike Wilding

Vice President, Energy Supply Management

PacifiCorp

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