

BEFORE THE  
CALIFORNIA ENERGY COMMISSION

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**Comments of  
Energy Producers and Users Coalition and the  
Cogeneration Association of California  
on the  
Joint California Public Utilities Commission and  
California Energy Commission Staff Proposal for an  
Electricity Retail Provider GHG Reporting Protocol**

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R.06-04-009 and D. 07-OIIP-01**

The Energy Producers and Users Coalition<sup>1</sup> and the Cogeneration Association of California<sup>2</sup> (EPUC/CAC) provide comments on the joint proposal by the staffs of the CPUC and CEC on a reporting protocol for the electricity sector. EPUC/CAC's comments focus on three aspects of the joint proposal:

- EPUC/CAC support the use of the reporting protocols being developed by CARB;
- Reporting and mitigation should be transparent to encourage the most efficient carbon reduction; and
- Options for a source-based mitigation program should be preserved.

The joint proposal relies on reporting to CARB of emissions by independent generators such as QFs. EPUC/CAC are participating in and support the CARB staff activities to develop such a protocol for source-based reporting.

One of the criteria identified by the joint proposal as critical for a workable reporting mechanism is transparency. A carbon mitigation program should incent

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<sup>1</sup> EPUC is an ad hoc group representing the electric end use and customer generation interests of the following companies: Aera Energy LLC, BP West Coast Products, Chevron U.S.A. Inc., ConocoPhillips Company, ExxonMobil Power and Gas Services Inc., Shell Oil Products US, THUMS Long Beach Company, Occidental Elk Hills, Inc., and Valero Refining Company - California.

<sup>2</sup> CAC represents the power generation, power marketing and cogeneration operation interests of the following entities: Coalinga Cogeneration Company, Mid-Set Cogeneration Company, Kern River Cogeneration Company, Sycamore Cogeneration Company, Sargent Canyon Cogeneration Company, Salinas River Cogeneration Company, Midway Sunset Cogeneration Company and Watson Cogeneration Company.

the proper consumption decisions to lower carbon emissions. In particular, the program should be designed to maximize the use of technologies such as cogeneration that can lower the total amount of carbon emitted in producing electricity and thermal energy. Transparency is an important part of promoting those goals. Both reporting and mitigation mechanisms should provide transparency so that the carbon footprint is accurately known and the procurement choices made by load serving entities are known. This requires that regulators be provided with the correct information on individual carbon sources and not blended averages. A load-based system should not rely on an average emission rate for an LSE, but on the rates of the individual generators from which the LSE is making procurement choices. PG&E's performance, for example, should not be judged by its average portfolio emissions, which incorporates all of its existing hydro, renewables and nuclear generation. Rather, its performance should be judged by the new procurement decisions it makes and the emission rates from those individual generators.

Finally, the staff proposal is based on a load-based reporting requirement. EPUC/CAC have previously advocated a source-based system for carbon mitigation for all sectors including the electricity sector, and wish to preserve that option as reporting protocols are being developed. Developing a reporting protocol first should not be allowed to foreclose some alternatives in the later development of a carbon mitigation strategy. EPUC/CAC understand that the CPUC intends to undertake further deliberation of this very important issue, and

development of the reporting protocol should remain open until the basis for the mitigation program is determined.

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Respectfully submitted,

s/ Donald Brookhyser

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