

Electric Sector Options

□ Overview

- CA In-State Generators Only
- CA Investor Owned Utilities (IOUs)
- All CA Retail Load Serving Entities (LSEs)

Note: Offsets are not allowed

□ Key Issues Identified

CA Generator Program

Description: Generator cap based upon output from facilities operating in CA regardless of ownership. Does not include emissions associated with imported power.

Pros:

- ❑ Includes all in-state electric generation regardless of ownership
- ❑ Emissions data is robust and readily available via EPA's CEM program, CARB reporting requirements, other sources

CA Generator Program

Cons:

- ❑ Does not capture emissions associated with power imported to meet CA load
- ❑ May lead to increased imports and investment in out of state resources and infrastructure without regard to emissions as they would not be counted in the system

IOU Load Based Program

Description: IOU cap based on emissions associated with serving IOU load

Pros:

- ❑ CPUC has regulatory authority to create, implement, and enforce IOU rules
- ❑ IOUs have begun to estimate emissions associated with energy delivery

IOU Load Based Program

Cons:

- ❑ Does not capture emissions associated with other CA LSEs
- ❑ IOU only program may result in a disproportionate cost burden to IOU ratepayers
- ❑ Robust data and reporting systems for emissions associated with load (including contracted and imported power) are not comprehensive

All LSE Load Based Program

Description: LSE caps based on emissions associated with all retail load served (includes munis, DA, IOUs, CCAs, and other LSEs)

Pros:

- ❑ Statewide program. Includes emissions from all LSEs
- ❑ More participants may reduce program costs relative to an IOU only program

All LSE Load Based Program

Cons:

- ❑ New regulatory authority needed to establish and enforce compliance
- ❑ Data and reporting concerns identified for an IOU only program remain

Issues to be Addressed

General:

- ❑ Rate impacts: Need to take into account overall costs and cost allocation associated with participation in a cap and trade program
- ❑ Electric Only Options may result in disproportionate costs to sector and to electric consumers

Issues to be Addressed

Load Based Programs:

- ❑ Development of a load based tracking system to ensure that energy purchased and delivered is tracked back to the generation source
- ❑ Potential double counting of RPS and EE resources