Comments of Northern California Power Agency
Regional GHG Compliance Straw Proposal

December 15, 2016

Northern California Power Agency ("NCPA") appreciates the opportunity to provide the following comments on CAISO's November 17, 2016 Straw Proposal for the Regional Greenhouse Gas Compliance initiative, as well as the December 1, 2016 stakeholder meeting to discuss the straw proposal.

At a high-level, NCPA agrees that many aspects of the Option 2 approach are appropriate for Regional GHG compliance going forward; but NCPA is concerned that short-term solution may not satisfy some of the important principles identified in the straw proposal.

NCPA generally supports the principles identified in the Straw Proposal, and agrees that those principles should be used to evaluate the options for both long-term and short-term solutions.

In particular, NCPA supports two features of CAISO's straw proposal (e.g., the Option 2 solution). First, NCPA agrees that any Regional GHG solution must include mechanisms that attribute GHG emissions to specific emitting sources. Second, NCPA believes that it is essential that any Regional GHG solution continue to provide for market participant's use of self-schedules. These elements of CAISO's proposal are consistent with California's existing environmental policies and preserve the competitiveness of in-state resources.

NCPA is concerned, however, about whether those same principles will be applied in the short-term solution that CAISO is developing with the California Air Resources Board ("CARB"). NCPA believes that the underlying principles will be necessary for the short-term mechanism to be accepted as just and reasonable by the FERC. NCPA strongly urges CAISO to maintain its principles for both the long-term *and short-term* solutions, and work with CARB to develop a short-term solution that will facilitate a transition to CAISO's proposed long-term solution by sharing the same underlying principles.