California ISO

Policy Initiative Briefing: Greenhouse Gas Accounting and Reporting Approach

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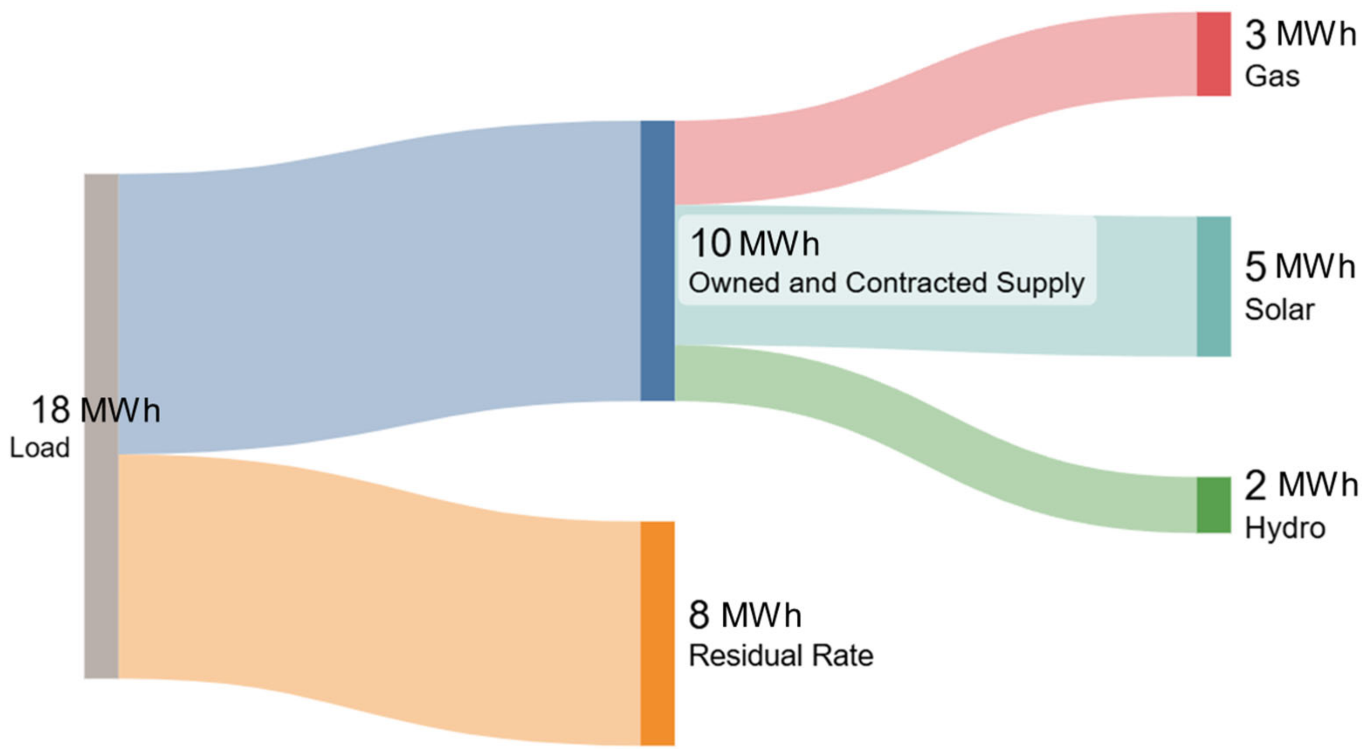
Greenhouse gas (GHG) coordination working group

- The GHG working group has produced a solution - the GHG accounting and reporting approach - to support market participants that are subject to state, local, or corporate climate goals that are not based on a carbon price.
- Climate goals that do not price carbon still require emission reductions, influencing resource planning and procurement decisions.
- Wholesale electricity markets optimize for least-cost generation, but do not track which resources serve specific loads.
- This approach provides post-market emissions data to help participants demonstrate the impact of their actions.

The accounting and reporting approach: how it works

The accounting and reporting approach overlays ownership and contract data with market dispatch results to produce data that will allow reporting entities to see and understand the emissions intensity of what supply served their load.



The accounting and reporting approach: what it produces

Will produce a **market-wide residual rate data set** and **customized reports**, to provide transparency into the emission intensity of market purchases.

- The public **market-wide residual rate data set** will represent the emissions intensity of the MW from all unowned, uncontracted, or “excess” emissions.
- The optional **entity-specific customized report** provides a reporting entity visibility into emissions intensity of their supply portfolio and market purchases.

Approach: On an hourly basis, calculate:		**Example:**	
	Owned and contracted resources		10 MWh
-	Attributed resources	-	0 MWh
+/-	GHG pricing region adjustment	+/-	N/A Adjustment
	Total		10 MWh @ 1.2 $MTCO_2$
If Total > Load		If Total > Load	
-	Allocate excess to residual rate data set	-	N/A
If Total < Load		If Total < Load	
+	Add in using residual rate data set	+	8 MWh x 0.225 $MTCO_2$ = 1.8 $MTCO_2$
	FINAL TOTAL		**FINAL TOTAL 18 MWh @ 3 $MTCO_2$**

Elements of the accounting and reporting approach

Registration (ongoing)

- Associate resources with the appropriate entity at the correct time

Calculation

- Calculate market dispatch results and assign MWs and emissions to the appropriate entity or residual rate data set

Data Publication

- Provide transparency through reporting: a market-wide data set and entity-specific report offerings

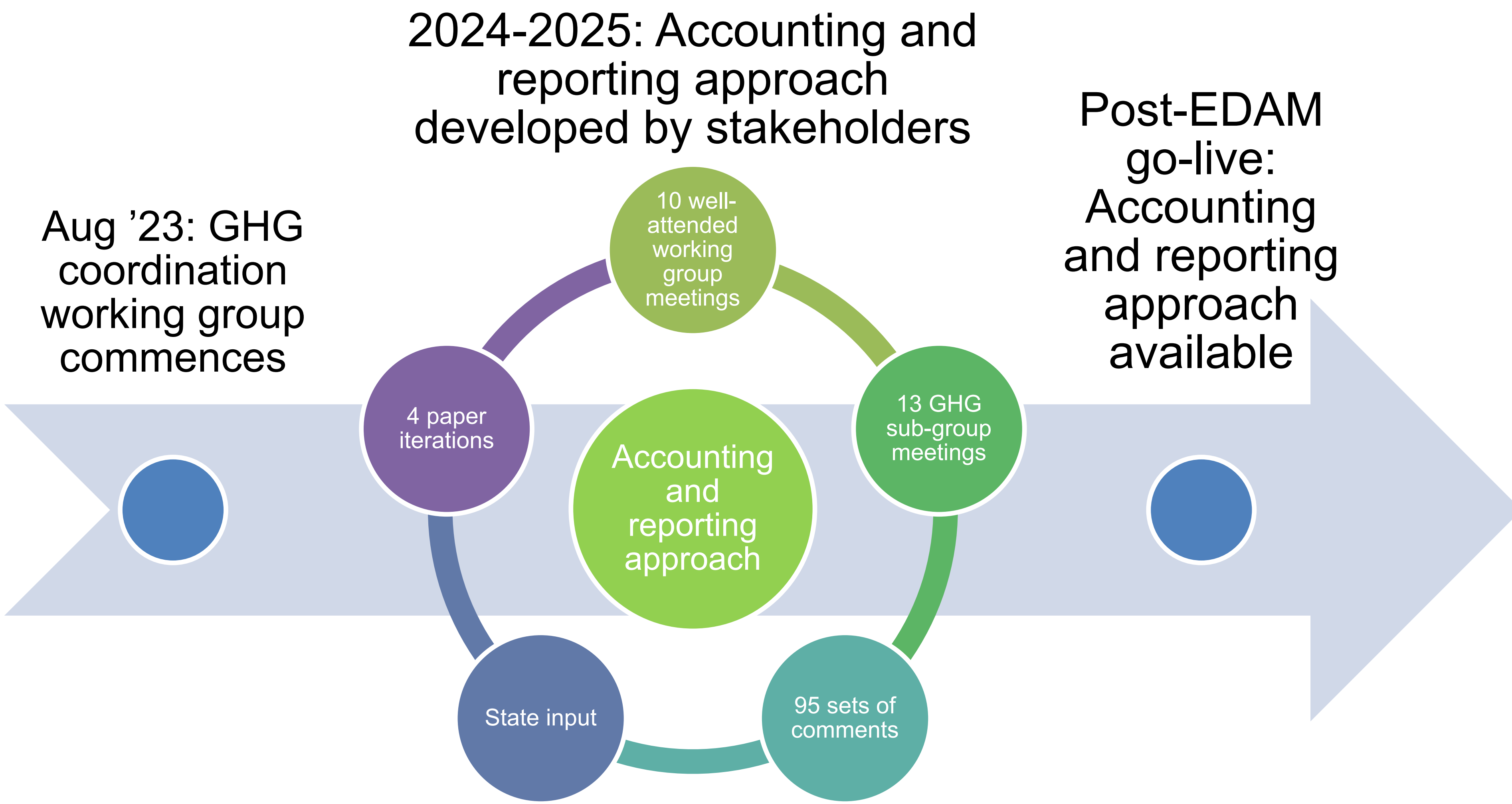
State coordination

- The accounting and reporting approach is intended for informational purposes to support reporting entities and regulators.

- It accommodates state programs and establishes further deference to regulatory authorities.

- State or local regulators can determine whether the data the report produces meets applicable requirements and if it can be used by market participants to support compliance, to the extent that a regulatory framework is in place.

Stakeholder process



Broad stakeholder engagement and support