



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Order Instituting Rulemaking to Develop)
Additional Methods to Implement the California)
Renewables Portfolio Standard Program)
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R.06-02-012
(Filed February 16, 2006)

**POST-WORKSHOP REPLY COMMENTS OF
CALPINEPOWERAMERICA-CA, LLC and CALPINE CORPORATION
ON TRADABLE RENEWABLE ENERGY CREDITS**

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December 5, 2007

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Pursuant to the October 16, 2007 ruling of Administrative Law Judge Simon (“October 16, 2007 Ruling”), CalpinePowerAmerica-CA, LLC and Calpine Corporation (collectively, “Calpine Parties”) submit these post-workshop reply comments on tradable renewable energy credits (“RECs”). Specifically, the Calpine Parties reply to comments that renewable energy credits (“RECs”) should include avoided carbon emissions associated with conventional generation displaced by the renewable generation.¹

As discussed in the Calpine Parties’ post-workshop comments, renewable attributes and emission attributes should not be bundled together or otherwise combined in RECs. Separating renewable attributes from emission attributes (or Green Attributes) is necessary given policy objectives and the Commission’s differing approaches to renewables portfolio standard (“RPS”) and climate change initiatives. For instance, distinct emission credits and offsets – not tied to RECs - will be necessary components of any market-based cap-and-trade program established by the Commission as part of the implementation of Assembly Bill (“AB 32”).

In their comments, SA/CalSEIA state that “[t]he unbundling and sale of both a REC and carbon emissions . . . could be perceived by some stakeholders as ‘double counting’ of the same

¹ See e.g., Post-Workshop Comments of Pacific Gas and Electric Company in Response to Administrative Law Judge’s Ruling Requesting Post-Workshop Comments on Tradable Renewable Energy Credits at 16-17; Post-Workshop Comments of Powerex Corp. on Tradable RECs at 5; Post-Workshop Comments of the Solar Alliance and the California Solar Energy Industries Association (“SA/CalSEIA”) at 5-6

generation resource.”² SA/CalSEIA, however, ignore that some entities that may be subject to AB 32 compliance (e.g., an independent generator) are not subject to RPS compliance (and vice versa). As a result, bundling renewable and emission attributes could result in increased compliance costs for these entities because they would, in effect, be forced to acquire bundled renewable/emission attributes even if they do not need both attributes for compliance purposes. Indeed, in Rulemaking 06-04-009, parties were recently asked to provide comments on the use of unique tradable emission attribute certificates (“TEACs”) for purposes of tracking compliance with GHG emission reduction requirements.³

To the extent renewable energy production displaces carbon emissions associated with conventional generation, a unique and distinct emission “credit” should attach to the renewable energy production that is separate from any REC associated with the renewable source.

Dated: December 5, 2007

Respectfully submitted,

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² SA/CalSEIA Post-Workshop Comments at 5.

³ See R.06-04-009, Administrative Law Judges’ Ruling Requesting Comments on Type and Point of Regulation Issues (November 9, 2007) at 4-5.

CERTIFICATE OF SERVICE

I, Robin Huey, certify:

I am employed in the City and County of San Francisco, California, am over eighteen years of age and am not a party to the within entitled cause. My business address is 505 Montgomery Street, Suite 800, San Francisco, California 94111.

On December 5, 2007, I caused the following to be served:

**POST-WORKSHOP REPLY COMMENTS OF
CALPINEPOWERAMERICA-CA, LLC and CALPINE CORPORATION
ON TRADABLE RENEWABLE ENERGY CREDITS**

by electronic distribution or U.S. Mail to all parties on the attached service lists of R.06-02-012, R.06-05-027, R.06-03-004, and R.06-04-009.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on the date above at San Francisco, California.

/s/ Robin Huey
Robin Huey

cc: Commissioner Michael R. Peevey (via U.S. Mail)
ALJ Anne E. Simon (via U.S. Mail and Email)
ALJ Burton Mattson (via U.S. Mail and Email)
ALJ Dorothy Duda (via U.S. Mail and Email)
ALJ Maryam Ebke (via U.S. Mail and Email)
ALJ Charlotte TerKeurst (via U.S. Mail and Email)
ALJ Jonathan Lakritz (via U.S. Mail and Email)
ALJ Meg Gottstein (via U.S. Mail and Email)
Service List R.06-02-012, R.06-05-027, R.06-03-004, and R.06-04-009 (via U.S. Mail or Email)