



November 12, 2025

Submitted via CARB's online public comment form

California Air Resources Board
100 I Street
Sacramento, CA 95804

Re: PacifiCorp's Comments on CARB's October 29, 2025, Cap-and-Invest Program Workshop

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits the following comments in response to the California Air Resources Board's (CARB) October 29, 2025, Cap-and-Invest Program Workshop.

I. Background and unique characteristics of PacifiCorp

PacifiCorp serves approximately two million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming), including approximately 49,000 retail customers in California. CARB distributes no-cost allowances to PacifiCorp commensurate with the Company's service of California retail electric customers. PacifiCorp is a covered entity under the Cap-and-Invest program as a California investor-owned electric utility and as an importer into the state through the Energy Imbalance Market (EIM). PacifiCorp is a committed participant in the California Independent System Operator's (CAISO) Extended Day-Ahead Market (EDAM), with a go-live date scheduled for May 1, 2026.

II. CARB should convene a workshop dedicated to electricity sector leakage

PacifiCorp appreciates CARB's summary of the completed Electricity Sector Leakage Study and its key findings. Although the report found evidence of emissions leakage in the sector, albeit likely not due to the Cap-and-Invest program, and no evidence of resource shuffling, as defined in rule, emissions leakage in the electricity sector remains an important and complicated issue both in and out of California. PacifiCorp and other stakeholders would benefit from a dedicated workshop or informational session about the Electricity Sector Leakage Study, especially since the study will inform CARB's leakage report due to the legislature on December 31, 2025, per AB 398.

In previous workshops, CARB discussed updating the Outstanding Emissions calculation to account for EDAM design elements. Furthermore, in a recent market notice, CARB indicated that EDAM's design elements will be within the scope of CARB's upcoming rulemaking.¹

¹ Information Regarding the Cap-and-Invest Regulation Update, September 19, 2025.
https://ww2.arb.ca.gov/sites/default/files/2025-09/nc-CT_Notice_Sep2025_0.pdf



Washington Department of Ecology is also considering leakage in its Linkage rulemaking.² Given California and Washington continue to pursue linking carbon markets, a deeper and shared understanding of how leakage is – or is not - showing up in California could result in more consistent approaches and better inform all stakeholders of the recent analysis.

Therefore, PacifiCorp recommends CARB host, or co-host with Ecology, a separate electricity sector specific, leakage-focused workshop with a comment window to further discuss the study.

III. CARB should reallocate no-cost allowances from natural gas corporations to all electrical distribution utilities using a methodology that accounts for colder regional temperatures beginning with the 2027 allowance distribution.

AB 1207's requirement for CARB to transition no cost allowances from natural gas suppliers (NGSs) to electrical distribution utilities (EDUs) presents an opportunity to enhance electrification and lessen the burden of the Cap-and-Invest program on all of California's electric customers. First, CARB should distribute NGSs' no-cost allowances to *all* EDUs, regardless of whether the EDU serves a territory also served by an NGS. PacifiCorp's service territory is in the northernmost part of California and does not have an NDS servicing the area. Nevertheless, many of PacifiCorp's California customers use fossil fuels – like propane or oil – to heat their homes. Allocating NGSs' no-cost allowances to all EDUs, including PacifiCorp, would reduce electricity costs and encourage electrification across the state. This would benefit all Californians, including those in areas of the state not served by an NGS by, for example, incentivizing heat pumps over propane and oil use.

In addition, PacifiCorp encourages CARB to allocate NGS no-cost allowances to EDUs using a methodology that considers California's differing regional climate zones. For example, CARB should provide additional allowances to EDUs serving California's cooler regions, whose residents use more natural gas and fossil fuels to heat their homes during the winter compared to Californians in the state's warmer climate zones. CARB could use a mix of factors, including residential energy consumption, heating consumption, and total spending on heating as well as weather data in its reallocation methodology. Including a preference for colder regions could further incentivize electrification where it is generally less advantageous to do so.

Finally, PacifiCorp encourages CARB to begin transitioning allowances from NGSs to EDUs as soon as possible, ideally for the vintage 2027 no-cost allowance distribution. AB 1207 gave CARB clear authority to enact this "on or before January 1, 2031," providing CARB the flexibility to implement this sooner if it sees fit. Beginning sooner will allow CARB to smooth the transition over the next several years, affording residents lower electric bills and further encouraging electrification.

² June 26, 2025, Washington Department of Ecology workshop, slides 36-65.
https://ecology.wa.gov/getattachment/6fbc41ed-80ea-421b-b172-2f58eb18cafa/CEMsImportsWorkshop_202506publish.pdf



PacifiCorp appreciates the opportunity to provide comments on the workshop and looks forward to continued engagement in CARB's rulemaking.

Sincerely,

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