

April 11, 2018

Mr. Andrew Ulmer, Director
Federal Regulatory Affairs
California Independent System Operator
250 Outcropping Way
Folsom, California 95630

Dear Mr. Ulmer:

The California Air Resources Board (CARB) submits these comments on the Energy Imbalance Market (EIM) Greenhouse Gas Enhancements Second Revised Draft Final Proposal (Proposal), released on February 16, 2018.¹ CARB supports CAISO's efforts to establish a robust accounting framework for greenhouse gas (GHG) emissions in EIM that can also support accounting in a well-designed potential future expansion of the regional market. CARB appreciates CAISO's ongoing collaborative efforts with CARB to design EIM in a manner that accurately accounts for GHG emissions in the State of California, consistent with Assembly Bill 32 (AB 32).

CARB has reviewed CAISO's Proposal, and the comments submitted to CAISO and CARB on the Proposal.² CARB understands there are two primary elements of the Proposal. The first is a bid quantity limitation that would limit the GHG bid quantity of a resource to its upper economic level less its base schedule. CARB supports further consideration of this enhancement as it appears it will improve GHG accounting in the EIM.

The second element of the Proposal would modify the GHG bid emissions rate of external low and zero emitting resources. CARB understands that stakeholders have raised an array of concerns with this modification to current accounting practices. CARB does not recommend that CAISO move forward with this portion of the proposal at this time in light of these concerns.

¹ "EIM Greenhouse Gas Enhancements Second Revised Draft Final Proposal" Published February 16, 2018, accessed March 22, 2018: <http://www.caiso.com/Documents/SecondRevisedDraftFinalProposal-EnergyImbalanceMarketGreenhouseGasEnhancements.pdf>

² CARB requested stakeholder feedback on the Proposal during a March 2, 2018 Workshop to Discuss Possible Revisions to the Cap-and-Trade Regulation. Workshop materials and stakeholder comments are available at: <https://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm>

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CARB will continue to engage and collaborate with CAISO on enhancements to EIM to improve GHG accounting accuracy. We look forward to working together to further develop policies and markets that maintain the integrity of AB 32 accounting and ensure a robust electricity grid.

If you have any questions regarding these comments, please contact Ms. Rajinder Sahota, Assistant Chief, Industrial Strategies Division at (916) 323-8503 or via email at rajinder.sahota@arb.ca.gov.

Sincerely,



Richard W. Corey
Executive Officer

cc: Rajinder Sahota
Assistant Division Chief
Industrial Strategies Division