

Comments on Greenhouse Gas Coordination 1-11-2024 Working Group

Department of Market Monitoring

January 25, 2024

Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Greenhouse Gas Coordination 1-11-2024 Working Group*.¹ DMM supports the ISO's clarification that not all secondary dispatch, defined as attribution at or below a resource's base schedule, is necessarily backfilled dispatch. DMM recommends the ISO attempt to account for these other types of "secondary dispatch" when considering metrics to quantify potential leakage due to the greenhouse gas (GHG) attribution process.

Comments

Throughout the GHG coordination working group, several problem statements discussed the issue of "secondary dispatch". Stakeholders requested metrics that could attempt to quantify the amount of secondary dispatch resulting from the ISO's GHG attribution process. The ISO defined secondary dispatch as the quantity at or below a resource's base schedule that receives GHG attribution. However, DMM's understanding is that the concern regarding secondary dispatch is "backfilled dispatch".²

Backfilled dispatch is defined as potentially higher-emitting resources backfilling to serve load in non-GHG areas because clean resources that would otherwise be serving those areas are instead attributed to GHG areas.³ In previous comments, DMM demonstrated that not all secondary dispatch, or attribution at or below a resource's base schedule, is necessarily backfilled dispatch.⁴ DMM recommended the ISO provide additional clarification when defining secondary dispatch, especially when including the term in problem statements and discussing potential metrics.⁵

In the January 11 working group, the ISO explained that there are a number of reasons that a resource may be dispatched at or below their base schedule and still receive GHG attribution.⁶ The reasons include economic displacement, decreases in load forecast, and resource "backfilling". DMM supports this clarification that not all secondary dispatch, as defined by the ISO, is "leakage" or "backfilled dispatch".

¹ <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Greenhouse-gas-coordination-working-group>

² *GHG Coordination Working Group*, November 27, 2023, pp 27-28:
<https://www.caiso.com/InitiativeDocuments/Presentation-GHGCoordination-Nov27-2023.pdf>

³ *Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions*, Final Statement of Reasons, California Air Resources Board, December 2018, p 15:
<https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/ghg2018/fsor.pdf>

⁴ *DMM Comments on GHG Coordination September 13, 2023 Working Group*, September 28, 2023.

⁵ *DMM Comments on GHG Coordination November 27, 2023 Working Group*, December 11, 2023.

⁶ *GHG Coordination Working Group*, January 11, 2024, p 24:
<https://www.caiso.com/InitiativeDocuments/Presentation-Greenhouse-Gas-Coordination-Working-Group-Jan11-2023.pdf>

As DMM has stated before, it is important to consider the appropriate counterfactual when assessing whether the GHG attribution process leads to resource backfilling. Because resources' base schedules are not optimized and do not account for optimal transfers between non-GHG areas, using base schedules as a counterfactual is problematic. DMM recommends the ISO attempt to account for these other reasons for resources to receive GHG attribution that overlaps with their base schedule when considering metrics to demonstrate the amount of backfilled dispatch.