

## **Comments on Regional Integration California Greenhouse Gas (“GHG”) Compliance Straw Proposal**

The Industrial Customers of Northwest Utilities (“ICNU”) appreciates the opportunity to provide feedback on the California Independent System Operator’s (“ISO”) Regional Integration California GHG Compliance Straw Proposal. ICNU is an incorporated, non-profit association of large electric consumers in the Pacific Northwest, with membership that includes power customers of PacifiCorp and customers of several other potential new Participating Transmission Owners (“PTOs”) considering integration into the ISO. Also, many ICNU members take power from public utility customers of the Bonneville Power Administration (“BPA”), rendering the likely effects of GHG compliance proposals on BPA of additional import to ICNU.

Like many stakeholders with significant interests outside of California, ICNU is considering the potential benefits of an ISO that encompasses a larger regional footprint. Thus, ICNU’s future support for a regional ISO will depend upon a determination that: 1) joining the market will result in no harm to large customers of PacifiCorp or any other potential new PTOs, or to large customers affected by BPA rates; and 2) any incremental benefits associated with the market are shared equitably among market participants. As relates more specifically to the current initiative, ICNU generally believes that GHG compliance in California should have no impact on costs paid by customers in other states, while accounting for GHG mechanisms should not be designed in a manner that would inequitably deprive states like Oregon and Washington of the renewable, or low-carbon, attributes of resources located in the Northwest.<sup>1/</sup>

Looking simply at the three principal options considered by the ISO to date, ICNU would support the proposal to focus future efforts on developing “option 2” as the best long-term solution for GHG tracking within a multi-state balancing authority area.<sup>2/</sup> To this end, ICNU notes the prior assessment of BPA that option 2 “comes closest to accurately and equitably attributing greenhouse gas compliance costs.”<sup>3/</sup> Similarly, PacifiCorp has encouraged the ISO to explore option 2, albeit with certain concerns expressed.<sup>4/</sup> Taken together, and given the strong alignment of ICNU member interests with BPA and PacifiCorp concerns in any regional ISO dialogue, option 2 appears to be the most promising mechanism among the three options so far considered, relative to the equitable treatment of Pacific Northwest interests. That said, ICNU remains open to consideration of alternative mechanisms and potentially better options that may be proposed by other stakeholders.

ICNU appreciates this opportunity to provide feedback, and looks forward to further discussion on this matter as the ISO further develops its proposal in the coming month.

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<sup>1/</sup> For additional discussion on appropriate general principles relative to Pacific Northwest consumers, see ICNU Comments on Regional Integration California GHG Compliance Technical Workshop at 1-2 (Oct. 27, 2016).

<sup>2/</sup> Regional Integration California GHG Compliance Straw Proposal at 10.

<sup>3/</sup> BPA Comments on Regional Integration California GHG Compliance Technical Workshop (Oct. 27, 2016).

<sup>4/</sup> PacifiCorp Comments on Regional Integration California GHG Compliance Technical Workshop (Oct. 27, 2016).