



Comments of PacifiCorp on the EIM Greenhouse Gas Enhancement

Submitted by	Company	Date Submitted
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Introduction

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation (“ISO”) on its EIM Greenhouse Gas (“GHG”) Enhancements third revised draft final proposal (“Proposal”) dated April 25, 2018, and discussed during a May 2, 2018, webinar.

Energy Imbalance Market Governing Body Classification

PacifiCorp agrees with the ISO that because the rules that underlie the GHG design are EIM-specific, this policy initiative involves design changes that fall entirely within the EIM governing body’s primary authority. Important policy questions raised by this Proposal regarding whether and how a regional market such as the EIM can or should fully accommodate individual state environmental policies falls squarely within the purview of the EIM governing body.

GHG Bid Quantity and Bid Price

PacifiCorp appreciates that the ISO’s Proposal builds on the existing market design optimization rather than creating new and complex market design elements. Of the proposals advanced so far in this stakeholder initiative, limiting the GHG bid quantity of EIM participating resources to the megawatt value between the EIM participating resource’s base schedule and the resource’s upper economic limit appears to have the least impact on the market while also improving estimates of GHG associated with EIM imports to California. PacifiCorp is therefore generally supportive of the Proposal. However, it is important to note that this Proposal still creates an incentive for market participants to adjust their behavior to maximize GHG revenue. Market participants will be incentivized to modify their resource schedules or set up their resources to maximize GHG revenue as opposed to the most optimal operation of the resource. This Proposal may also unfairly advantage entities that are able to set up their resources with zero base schedules. Despite these issues, PacifiCorp supports the Proposal because it appears to represent the least risk for market disruption and is unlikely to impact the overall EIM economic dispatch.



Multiple GHG Programs in the West

The ISO has stated that it believes that its proposed solution is scalable to another state that places a GHG compliance obligation on supply. This claim should be examined more closely, particularly as it would apply to a multi-state utility such as PacifiCorp. Unlike California, Oregon and Washington geographical boundaries do not align with balancing authority area boundaries within those states. PacifiCorp's loads are not currently defined by state, making it impossible to identify resource-specific imports and exports into or out of a particular state's geographical boundary. If Oregon and/or Washington adopt carbon programs that regulate energy imports it is very likely that the ISO will be required to develop different methods of approximating emissions associated with EIM energy imported into those states. It may be challenging to implement different methodologies without double-counting emissions from the same resources. PacifiCorp looks forward to further discussion on this issue.

Conclusion

PacifiCorp appreciates the opportunity to submit these comments and looks forward to continuing to work with the ISO on resolving this complex and challenging issue.