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VIA ELECTRONIC SUBMISSION: INITIATIVECOMMENTS@CAISO.COM

DON TRETHERWAY
CALIFORNIA INDEPENDENT SYSTEM OPERATOR
250 OUTCROPPING WAY
FOLSOM, CALIFORNIA 95630

December 15, 2016

Dear Mr. Tretheway,

Please accept these comments on behalf of Seattle City Light (City Light) regarding the California Independent System Operator's (CAISO) Regional Integration California Greenhouse Gas Compliance and EIM Greenhouse Gas Enhancement Straw Proposal (Straw Proposal), issued on November 17, 2016.

Seattle City Light provides retail electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. City Light relies on hydroelectric resources for more than 90% of the energy we deliver to our customers. Meaningful action on carbon emission reductions is a critical issue to the City of Seattle, and we are proud to be greenhouse gas neutral as an electric utility since 2005.

City Light supports the Straw Proposal recommendation to move forward with development of the two-pass market optimization, known as Option 2. In our previous comments, Seattle City Light expressed a preference for this approach over Option 3, which would have included a residual emission rate in the optimization for all transfers into California. City Light appreciates CAISO's responsiveness to stakeholder concerns regarding Option 3, and is pleased that CAISO has decided not to pursue that strategy further. In the interest of both accuracy and fairness, it is important that CAISO preserve the resource-specific cost and attribution component to any future optimization changes. City Light recognizes that implementing Option 2 will be a complex undertaking, however, this proposal will result in an improved long-term outcome that better balances the interests of the stakeholders.

Moreover, City Light supports CAISO's commitment to immediately begin work on the development and implementation of Option 2. While it is unlikely that the two-pass optimization will be operational within the timeframe anticipated in California Air Resources Board's (CARB) ongoing rulemaking, City Light believes that it is not in the public interest to delay the development of the long-term solution in order to create and implement a short-term solution.

Before expending resources on the development of Option 2, City Light encourages CAISO to coordinate with CARB to ensure that the Option 2 methodology for GHG accounting will be accepted as a long-term solution. Additionally, as CARB explores a possible bridge solution CAISO should remain engaged in the related regulatory process so that it does not have consequences on the operation of the EIM, discriminate against resources located outside of California, nor discourage low- or zero-emitting resources from participating in the markets the CAISO administers. Collaboration between CAISO and CARB is crucial for future market success within the state of California, and the wider West.

Thank you for this opportunity to comment. Please don't hesitate to contact Stefanie Johnson at (206) 386-4539 or stefanie.johnson@seattle.gov or Robert Cromwell at (206) 684-3856 or robert.cromwell@seattle.gov for any questions or clarifications around these comments. City Light looks forward to updates on the development of the proposed solution and continued engagement on these issues.

Sincerely,



Robert W. Cromwell, Jr.
Director, Regional Affairs & Contracts