



California ISO

GHG Coordination Working Group


August 16, 2023

Isabella Nicosia

Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the bottom of your screen.
Note: #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to all panelists.

Notice to Participants

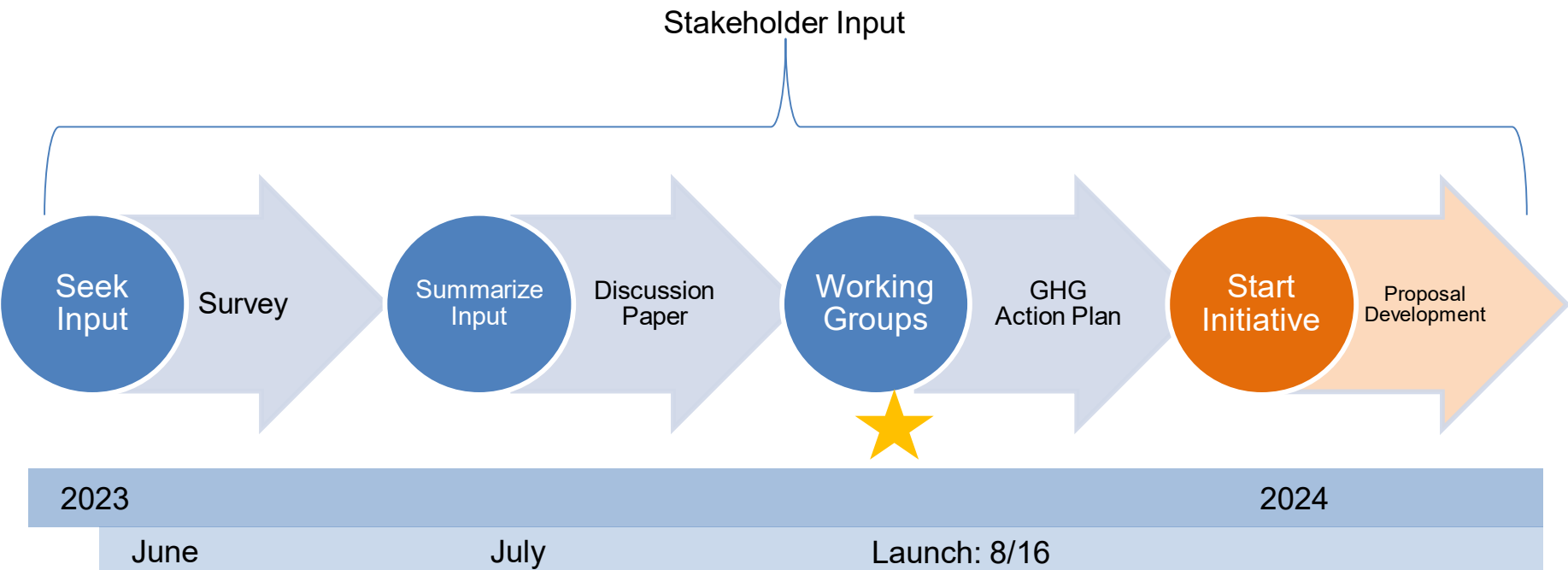
Please be reminded, Commissioners and advisors from state public utility commissions may be in attendance.

Welcome

The GHG Coordination Working Group has been formed to:

- Be responsive to stakeholder feedback to continue GHG design discussions through an ISO-hosted and stakeholder-driven process;
- Offer education on current GHG design; and
- Allow for discussion on analysis, new enhancements, or approaches for price-based and non-price based policies to be reflected in the market.

Approach and Draft Timeline



ISO Policy Initiative Stakeholder Process

PROPOSAL DEVELOPMENT

Issue paper and working groups

↳ Straw proposal

Draft final proposal

Draft business requirement specification

Draft tariff and business practice manual revisions

Final proposal

DECISION

ISO Board

WEIM Governing Body

Tariff filing

FERC

IMPLEMENTATION

Business practice manual

Training

Market simulation

Go Live



Stakeholder input

This represents the typical process, and often stages of the process run in parallel.

We are here

Working Group Structure - Roles

- **Facilitator:** the group will be managed by a designated ISO facilitator.
 - Responsible for guiding discussion on principles, problem statements, and prioritization.
- **Scribe:** the group has a designated scribe.
 - Responsible for capturing discussion and evolution or proposal(s), publishing meeting summaries, and working jointly with the facilitator.
- **Working Group Participants:** provide ideas, proposals, input and vetting.
 - Working groups are open to all stakeholders.
 - ISO staff will also be participants in working group.

GHG Coordination Working Group Goals

Stakeholders have the opportunity to provide input on key components leading up to proposal development, ahead of the policy development phase:

1. Develop Principles:

- Define and illustrate principles for market design

2. Form Problem Statements:

- Form problem statements reflecting stakeholder concerns

3. Align on priorities and establish meeting cadence

- Balance staff and stakeholder bandwidth

4. Justify problem statements:

- Explore current ISO market operations, functionality, processes meant to address problem statements
- Develop methodology for analysis, define data needs

5. Determine Action Items

- Provide a bridge between working groups and proposal development

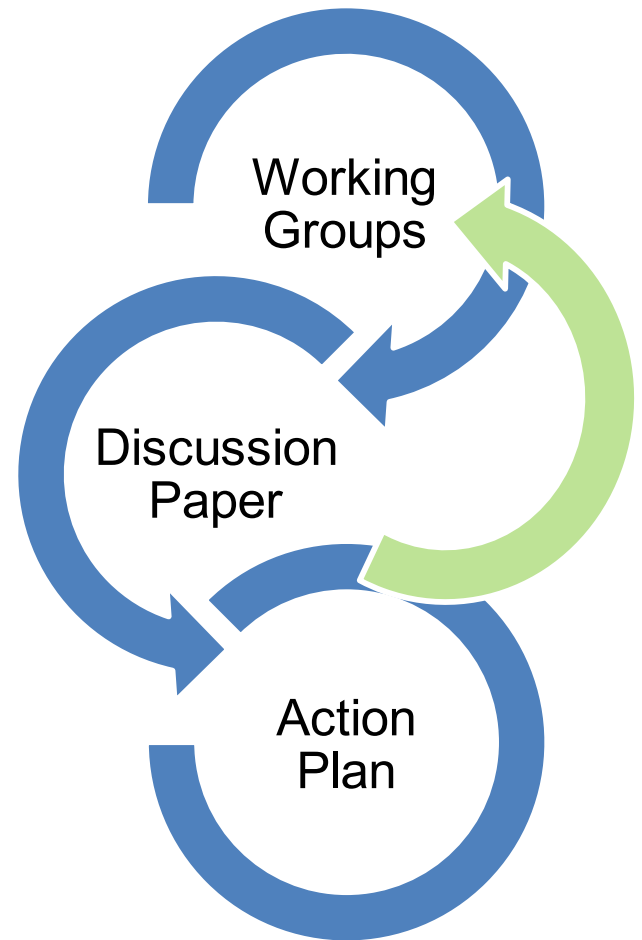
Action items articulate the stakeholder vision and roadmap for policy

- Action items might include interim steps to facilitate consensus and derive more value from an initiative, for example:
 - An agreed upon methodology for monitoring and analysis post-EDAM implementation
 - A commitment to a second phase of working groups to address lower priority topics and concepts without straining stakeholder bandwidth
 - A request for ISO staff to provide data analysis or assessments of operational feasibility
 - A proposal for third party evaluation or coordination of topics deemed outside of the ISO's jurisdiction

Working Group Deliverables

Discussion Paper: A Discussion Paper will be published before each working group to reflect progress toward working group goals. The iterative process will provide stakeholders additional opportunities to reflect, comment, and prepare.

Action Plan: The Action Plan will inform the stakeholder vision and roadmap for GHG Coordination.



Working Group Deliverable: Discussion Paper

1. **Purpose:** The Discussion Paper will serve as a resource for stakeholders:
 - Provides a starting point for discussion
 - Creates a record of decision making
 - Allows stakeholders to reflect and prepare in between working groups

2. **Content:** In lieu of reports or working group summaries, the scribe and facilitator will update the Discussion paper to reflect:
 - Added/refined scope items
 - Requested ISO or subject matter input and analysis

3. **Stakeholder Involvement:** The Discussion Paper will reflect all scope items and decisions made by stakeholders
 - Paper will be posted on the initiative page between working groups for comment

Working Group Deliverable: GHG Action Plan

1. **Purpose:** The GHG Action Plan will serve as a bridge between the working groups and a straw proposal by prescribing a plan to address identified stakeholder concerns.
 - Authors: Scribe, Facilitator, Policy Lead

2. **Content**
 - Recaps all viewpoints discussed during the working group sessions
 - Identifies agreed upon problem statements and problem statement assessments
 - Prescribes action items to guide policy direction, pursue additional supporting analysis, and form the basis of a straw proposal

3. **Stakeholder Involvement**
 - Stakeholders will have the opportunity to provide written comments on the GHG Action Plan

GHG Coordination working group principles

These principles reflect standard principles of market design, and should be kept in mind when moving through the working group process.

Note: Not every topic will align with all principles listed. The principles are a resource to facilitate assessment of prioritization and potential trade-offs associated with problem statements.

1. Efficiency
2. Simplicity
3. Transparency
4. Feasibility
5. Non-discrimination
6. Jurisdictional roles and responsibilities

1. Efficiency

Efficiency relates to:

- Dispatch on offered prices will minimize actual system production costs, assets produce awarded amount

2. Simplicity

Simplicity relates to:

- Not overcomplicating the design

3. Transparency

Transparency relates to:

- Sufficient information exists in order to make bidding and procurement decisions
- Market prices are transparent and known to participants

4. Feasibility

Feasibility relates to:

- Operationally feasible; the market can solve within prescribed timelines
- Feasible implementation
- Feasible timelines

5. Non-Discrimination

Non-discrimination relates to:

- No inappropriate or unacceptable GHG impact on a non-GHG regulation area or resource

6. Jurisdictional roles and responsibilities

Jurisdictional roles and responsibilities relates to:

- Market design should align with state greenhouse gas regulation policies, to the extent practicable

Initial topics reflect stakeholder feedback

Review of CAISO Market Operations and GHG Design

- Level-setting to provide a benchmark for comparison and assessment
- Create transparency and facilitate deeper stakeholder engagement

State Coordination

- Clarifies the appropriate role of the CAISO and sets guardrails around discussion
- Regional coordination

Beyond GHG Priced-based Policies

- Consideration of non price-based policies, like absolute emissions reductions programs
- Load-based programs

Emissions Tracking and Accounting

- Level-setting on the emissions related data the CAISO can provide
- Informs analysis of secondary dispatch, leakage
- Acknowledges the role of contract accounting

Slido instructions

- Virtual attendees will see the Slido application open and polling questions appear on the right side of the screen above the chat window.
- In-person attendees will use a passcode to login from a device to answer questions.

Next steps

- 14 organizations noted interest in presenting. Some of the stakeholder-proposed presentation topics from the recent survey include:
 - State rules and regulatory requirements
 - Stakeholder experience with multi-regional compliance
 - Challenges associated with absolute emissions reduction policies
- If you are interested in presenting on one of the above topics or an alternative topic, please send an email with to ISOStakeholderAffairs@caiso.com. In the email, please include:
 - Subject line: “Request to Present – GHG Coordination Working Group”
 - Topic
 - Desired presentation time

Next steps

- Next working group meeting: September 14th
- Submit written comments on the discussion paper by end of day August 30th, using the template provided in the ISO's commenting tool:
<https://stakeholdercenter.caiso.com/Comments/MyOrgComments>

For reference

- Visit working group webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Greenhouse-gas-coordination-working-group>
- If you have any questions, please contact Isabella Nicosia at inicosia@caiso.com, or ISOStakeholderAffairs@caiso.com