

March 9, 2016

Dennis Peters
California Independent System Operator (CAISO)
External Affairs Manager
Regulatory Strategy
By email DPeters@caiso.com

**Re: CBE Preliminary Comments on the CAISO SB350 Regional Integration Study
Support this Low-Carbon Balancing Tool, but More Public Information is Needed
to Address Environmental Justice & Other Concerns**

Dear Mr. Peters,

Communities for a Better Environment (CBE) is a California nonprofit organization working toward Environmental Justice (EJ). CBE seeks to ensure the voices of low income communities of color, which are heavily impacted by fossil fuel pollution, are heard by decisionmakers. Our members and communities are working hard to realize an energy transformation that provides clean air and good green jobs, and were heavily engaged in the passage of Senate Bill 350 (SB350). Below are CBE's brief, preliminary views on the SB350 regional integration studies presented at the February 8, 2016 webinar of the California Independent System Operator (CAISO).¹ CBE cannot, at this time, provide complete comments on the issues outlined in CAISO's response template. CBE also believes most parties are struggling with the details of developing a major new electricity balancing authority across the Western grid, with all of the potential political, environmental, and social impacts (good and bad), so we provide general comments in summary as follows:

1. **We support regional sharing,² or balancing electricity over a wider Western grid, as a key low-carbon grid balancing tool for our Renewable Portfolio Standard in California (the 50% RPS).** It is undeniable that balancing renewable energy over larger geographic areas is a major tool for smoothing out renewable energy generation intermittency, making it more consistently available over time. This lowers costs of renewables while carrying out essential greenhouse gas (GHG) cuts and clean air goals. This is for at least three concrete reasons. First, the sun may be shining or the wind blowing in one region when it is not in another region. Second, different regions differ in the type of renewable resources already built (for example, more wind generation in

¹ Agenda and comments are provided on CAISO's website at:

<http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=8163E112-AF86-4AEA-91AC-3F197148F219>

² Also referred to as "interregional" sharing, which involves developing the CAISO into a multi-state, multi balancing authority entity, per SB350's direction .

some areas, more solar generation in others.) Third, at any point in time, demand varies over wider geographic regions (for example, due to weather variation).

2. **Regional sharing is not only important for meeting 2030 RPS requirements, but in the shorter-term for balancing so-called solar “overgeneration.”** It will take time to fully develop and implement options to use so-called “overgeneration” in-state. These options include expanding California’s electric vehicle (EV) fleet and combining broad deployment with smart charging of EVs as a grid energy storage tool. It will also take time to expand other Energy Storage options. CBE strongly supports ramping-up these tools for use in low-carbon grid balancing. While in-state tools are being developed and implemented, regional sharing offers an excellent, near-term tool to address “overgeneration.” CBE believes that even referring to solar energy as “overgeneration” is misleading, since an abundance of solar energy is a benefit, and only lacks low-carbon balancing tools to take advantage of this abundance so it is used and useful.
3. **CBE also supports taking time for an educational and exploratory process on the modeling details and study approach.** CBE believes all the parties need an opportunity to better understand the logistical, political, environmental, equity, and economic impacts of regional sharing, and to catch up with this fast moving process. While the future endpoint is unknown to everybody, there are likely many modeling issues that are known, but that parties have not had time or sufficient modeling detail access, to scrutinize.
4. **CBE shares the common skepticism over implementation details.** Many entities are expressing concern regarding how a transition to regional sharing could be used either to the benefit or the detriment of California’s long term GHG, clean air, and Environmental Justice goals. CBE supports CAISO engaging in a transparent process that welcomes questions from all potentially affected parties and provides access to information to address questions, especially concerning loss of local control, incentives regarding fossil-fuel based generation, energy efficiency, distributed generation, and distribution of benefits and burdens of regional sharing, among others.
5. **CBE has questions about transmission issues.** Regional sharing does not necessarily mean that new transmission will be required – it could allow better use of existing transmission -- but this is viewed as a major area of uncertainty by many parties, and could result in the need for new transmission with associated costs and impacts.
6. **CBE proposes evaluating conditions that could be set ahead of time to ensure that an interstate grid balancing authority will not result in California importing coal-fired resources, nor in increasing usage of in-state gas-fired resources for export.** CAISO should explore these and many other conditions to protect California’s goals and communities.
7. **Regional sharing has the potential to spread California’s good RPS policies to other states,** benefitting the planet while it reduces costs and pollution impacts in California. Low-carbon balancing could benefit both out-of-state EJ communities that are currently

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impacted by polluting power sources and California EJ communities that host fossil-fueled power plants or will see the benefits of construction of new renewable resources.³

- 8. The issues raised above may lead to an excellent regional sharing system that helps California as a whole, and California's fossil-fuel burdened communities in particular, to move to clean, sustainable, just energy system.** The barriers are only logistical and political, not technological.

Thanks for your consideration of these issues.

Sincerely,

Julia May, Senior Scientist

Shana Lazerow, Staff Attorney

³ Section 399.13(a)(7), applicable to CPUC review of any renewable procurement that qualifies for an investor-owned utility's Renewables Portfolio Standard, requires that in both "soliciting and procuring eligible renewable energy . . . , each electrical corporation shall give preference to renewable energy projects that provide environmental and economic benefits to disadvantaged communities."