Comments on Greenhouse Gas Coordination 11-27-2023 Working Group

Department of Market Monitoring

December 11, 2023

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Greenhouse Gas Coordination 11-27-2023 Working Group.*[1]

During the November 27, 2023 greenhouse gas (GHG) coordination working group discussion, the ISO defined secondary dispatch in the WEIM as the quantity below a resource's base schedule that receives GHG attribution.[2] DMM recommends the ISO provide additional clarification when defining secondary dispatch as not all GHG attribution below a resource's base schedule is necessarily inappropriate.

DMM's understanding is that the concern regarding secondary dispatch is "backfilled dispatch". When clean resources that would otherwise be serving non-GHG areas are instead attributed to GHG areas, this can lead to potentially higher-emitting resources backfilling to serve the non-GHG areas.[3] An important consideration when determining if there is GHG attribution that may lead to backfilling is what the schedule of the clean resources would have been in the appropriate counterfactual.

There are a number of potential counterfactuals to consider, but DMM does not believe resources' base schedules are an accurate counterfactual to determine backfilled dispatch. This is because base schedules are not optimized and do not account for optimal transfers between non-GHG areas. As a result, in many scenarios, GHG attribution of energy at or below a resource's base schedule would be an inaccurate and misleading measure of backfilled dispatch.

DMM submitted previous comments highlighting an example of when a resource appropriately receives attribution for output at or below its base schedule when considering a counterfactual that allows for transfers between non-GHG areas, similar to the one that will be implemented in EDAM.[4] Defining secondary dispatch in the WEIM based on resources' base schedules assumes that these base schedules are the appropriate counterfactual, which DMM does not agree with.

If the ISO defines secondary dispatch in the WEIM as any attribution below a base schedule, then DMM recommends the ISO further distinguish between secondary dispatch that can lead to backfilling versus secondary dispatch that results from using base schedules as a counterfactual. As mentioned before, because base schedules are not an accurate counterfactual, not all attribution below a resource's base schedule leads to backfilled dispatch. If the ISO is discussing secondary dispatch as a flaw of the GHG attribution process, then it should be clear that not all secondary dispatch (as defined by the ISO) is necessarily problematic.

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[1] https://stakeholdercenter.caiso.com/StakeholderInitiatives/Greenhouse-gas-coordination-working-group

[2] *GHG Coordination Working Group,* November 27, 2023, pp. 27-28: https://www.caiso.com/InitiativeDocuments/Presentation-GHGCoordination-Nov27-2023.pdf

[3] *Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions*, Final Statement of Reasons, California Air Resources Board, December 2018, p 15: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2018/ghg2018/fsor.pdf

[4] *Comments on GHG Coordination 9-13-2023 Working Group*, Department of Market Monitoring, September 28, 2023: https://www.caiso.com/Documents/DMM-Comments-on-GHG-Coordination-9-13-2023-Working-Group.pdf

DMM recommends the CAISO clarify its definition of secondary dispatch particularly when using the term in problem statements. Problem statements 1, 2, and 3 all discuss issues with secondary dispatch. If secondary dispatch in the WEIM is to be defined as attribution below a resource's base schedule, the ISO should make clear that not all secondary dispatch is inappropriate and provide further clarification on what type of secondary dispatch, such as backfilled dispatch, is problematic.