



Submit comment on draft summary report

Initiative: Assembly Concurrent Resolution 188

The ISO values stakeholder input on this preliminary draft, and plans to incorporate feedback received during the January 20 stakeholder call, and in written comments submitted by the deadline on February 3, into future iterations to ensure the accuracy and value of the final report. Please submit written comments to infoACR188@caiso.com.

Submitter information

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- 1. Provide a summary of your organization's comments on the draft summary report and January 20, 2023 stakeholder call discussion:**

The Imperial Irrigation District ("IID") thanks the California Independent System Operator Corporation ("CAISO") for the opportunity to participate in the collaboration and review process leading to the publication of the draft report developed pursuant to Assembly Concurrent Resolution 188 ("ACR 188"). Overall, the draft report as written by the National Renewable Energy Laboratory ("NREL") is a commendable effort at collecting and synthesizing studies and analyses that focus on regional cooperation in electricity markets. However, whether due to the emphasis established in ACR 188 to focus on California's energy and environmental policy goals or the fact that the real-world challenges that face us in California are varying and evolving such that past studies do not capture present challenges, the draft report has limitations on what it can say about the usefulness of regional cooperation today.

For example, the draft report does not describe how studies of greater regional cooperation will ensure reliability and resiliency in the event of an attack or natural disaster. Instances of physical attacks in recent months, including those in North Carolina and in Washington State, highlight the exposure of the electric grid to intentional disruption. More poignant to Californians, the 2021 fire that impacted available capacity at the Oregon border near Malin illustrates vulnerabilities to the interconnected, electric

grid. Existing studies and literature may not have focused on these topics, but they should be presented to the Legislature as ancillary information. After all, Californians' primary concern will remain whether the electricity that powers their air conditioning, heaters, refrigerators, computers, life-support systems, and other equipment stay running reliably. That is why IID's comments throughout the draft report review process have consistently referenced the need to prevent and withstand disruptions, not simply to restore service following disruption.

Another area the draft report does not emphasize, but upon which the Legislature should be educated is the role and viewpoints of federal and agencies and organizations. While there are legal considerations that will require resolution, it is important for California to understand that federal entities including the Federal Energy Regulatory Commission ("FERC"), the U.S. Department of Energy ("DOE"), the U.S. Environmental Protection Agency ("EPA"), the U.S. Department of Homeland Security ("DHS"), and the North American Electric Reliability Corporation ("NERC"), will have their own views about regional cooperation that should be addressed. Questions regarding a regional grid's ability to meet national reliability standards, as well as impacts to wholesale rates remaining just and reasonable if the market for electricity is expanded to a greater footprint, are only a small sampling of questions that require answers. California cannot make a genuinely informed decision on regionalizing the grid without accounting for the hurdles and costs resulting from grappling with the decisions and viewpoints of federal actors.

On slide 27 of the CAISO's January 20, 2023 presentation of the draft report to stakeholders, it was noted that "An effective strategy requires an understanding of what might drive the positions of other states." IID agrees with that statement and notes that it holds true not only for other states but for other Balancing Authority Areas ("BAAs") in California. IID supports California's goals of developing a cleaner grid and meeting State climate goals, and IID's zealous and consistent efforts to foster the development of carbon-free and renewable resources in the Imperial Valley underscores that support. However, a significant number of IID's customers are low-income, and IID's service territory is exposed to extreme heat weather events. Accordingly, affordability, energy security, and reliability are high priorities

for IID. The draft report and legislative consideration of greater regional cooperation should ensure these priorities are addressed.

As to understanding what drives the positions of other states, IID notes that other states may exercise a significant degree of caution in considering participation in regional markets. In his January 23, 2023 [State of the State address](#), Nevada Governor Joe Lombardo stated:

“California does not have enough electric generation within its own state to meet its electricity needs – and is now relying on the broader western electric market to import energy.

With California retiring its units and changing its transmission rules, we have no choice but to reduce our reliance on the market and seek energy independence for all Nevadans.

To address this, I will issue an executive order that allows electric providers, to develop dedicated in-state generation resources, to ensure that we are no longer forced to rely on the broader electric market.

Our energy independence will spur economic development, lead to job creation, and drive lower-cost energy for all Nevadans.”

One can debate how or whether Governor Lombardo’s position and expected executive order will impact the implementation of Nevada Senate Bill 448, which the draft report at pages 24-25 observes “included a requirement for the state’s transmission providers to join an RTO by 2030.” However, Governor Lombardo’s statement illustrates skepticism from other states toward a Western RTO that California’s Legislature should be cognizant of as it considers regional cooperation options.

In fact, IID draws from the draft report that it may be more appropriate for California to focus its efforts on regional cooperation measures that are short of regionalization by way of a Regional Transmission Organization (“RTO”) and alternatively, leverage efforts to date with the Western Energy Imbalance Market (“WEIM”), and in the near-term future, the Extended Day-Ahead Market (“EDAM”), which the CAISO Board of Governors and WEIM

Governing Body approved this week. These options can help facilitate the import of clean resources to meet California’s energy goals, while incrementally assessing the impacts of those initiatives on affordability, reliability, and resiliency. IID also observes that the CAISO recently has previewed a Subscriber Participating Transmission Owner (“PTO”) model in its Applicant PTO Agreement filing at FERC as to TransWest Express, LLC, Docket No. ER23-838. As described in the filing, the TransWest Express project will help bring wind resources from Wyoming to California. While IID takes no position as to that filing or the Subscriber PTO model, IID welcomes exploration of the concept as means to meet California’s clean energy goals, without immediately transitioning to a Western RTO.

Lastly, IID takes a different view than the point noted on slide 15 of the January 20, 2023 presentation on the draft report that “Operational practices focusing on ‘baseload’ resources are less useful.” While IID understands that this may not be the opinion of NREL or the CAISO, but rather a conclusion drawn from the examined literature, IID wishes to point out that baseload resources such as geothermal generation, are a valuable part of the resource mix to reliably serve California. Further, a common reason for the development of hybrid and solar resources co-located with battery storage is to create a consistently shaped product in terms of output through the operating day, to attempt to provide a level of baseload quality service. In addition, with the frequency of extreme weather events and how close those events bring California to disruption on its electric system, the role of conventional baseload will continue to be debated in the immediate future.

- 2. Provide your organization’s comments on the regional cooperation efforts in the West, as described in section 2 of the draft report:**
- 3. Provide your organization’s comments on the literature included in the review, as described in section 3 of the draft report:**
- 4. Provide your organization’s comments on the annotated summary of the literature, as described in section 4 of the draft report:**
- 5. Provide your organization’s comments on SB 100 and relevant updates, as described in section 5 of the draft report:**



6. Provide any additional comments on the draft summary report and January 20, 2023 stakeholder call discussion: