

Elliot E. Mainzer  
President & Chief Executive Officer

February 27, 2023

California State Legislature  
State Capitol  
Sacramento, CA 95814

**Subject: ACR 188 – Impacts on California of Expanded Regional Cooperation**

Dear California State Legislators,

On behalf of the California Independent System Operator and other balancing authorities in the state, I would like to extend my appreciation to Assembly Member Chris Holden and the entire State Legislature for requesting the attached report on broader regional coordination of the electric power system and its potential impact on costs and reliability for California and the West.

As recent severe weather events, reliability challenges and other issues underscore, this is a timely and important policy conversation for California and its neighbors. We hope this report can help policy makers frame that conversation in ways that benefit California and the region while advancing the state's goals under Senate Bill 100.

Using the language in Assembly Concurrent Resolution 188 as a guide, this report offers a comprehensive review of the growing body of recent studies and analyses on broader regional coordination conducted throughout the West, enabling policy makers to have that information readily available as they consider the issue.

To ensure an unbiased review of the literature, the CAISO and the other California balancing authorities agreed to secure an independent third party for this synthesis and review. That entity, the National Renewable Energy Laboratory (NREL), is a national laboratory of the U.S. Department of Energy, independent of any particular stakeholder or state authority.

As Assembly Member Holden has noted, California is making significant investments in clean energy resources and infrastructure to meet SB 100 objectives. Based on the experience of the Western Energy Imbalance Market, regional energy cooperation is a proven way to help achieve those objectives more cost effectively and reliably than going it alone.

With states across the West adopting clean energy goals and making similar investments in resources and infrastructure, this is an opportune moment to consider how to achieve our energy policy objectives by further expanding regional cooperation across a broad geographical footprint.

As NREL's review of the literature makes clear, a broad geographic operational footprint that integrates California with the broader West tends to yield the most financial and reliability benefits due to greater resource and load diversity, while requiring resolution of governance issues. The report also illustrates how others in the West are creating alternative mechanisms for enhanced regional coordination outside of the footprint of the CAISO. Utilities and regulators across the West are exploring their options with respect to regional coordination, further underscoring the timeliness and importance of this conversation.

From the perspective of policy makers in California, the overriding take-away in the ACR-188 report may be that "California's goals for renewable energy and greenhouse gas reduction can be achieved faster and with less cost to Californians through expanded regional cooperation."

I am grateful to the team at NREL who prepared the report and to those in the Western energy community who provided input along the way. I hope you find the report helpful in describing the value proposition of broader regional coordination and for characterizing the initiatives that are underway across the region. We stand ready to assist in any way we can as you work to find the most effective way forward for California and our partners across the West.

Sincerely,



Elliot Mainzer  
President and Chief Executive Officer  
California Independent System Operator

Cc: The Honorable Governor Gavin Newsom  
The Honorable Chris Holden, Assemblymember  
The Honorable Eduardo Garcia, Assembly Utilities & Energy Chair  
The Honorable Speaker Anthony Rendon, Assembly  
The Honorable President pro Tempore Toni Atkins, Senate