

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the Clean Energy and Pollution Reduction Act Senate Bill 350 Study initiative posted on February 4, 2016.

Please submit comments to regionalintegration@caiso.com by close of business
 February 19, 2016

Materials related to this study are available on the ISO website at:
<http://www.caiso.com/informed/Pages/RegionalEnergyMarket/BenefitsofaRegionalEnergyMarket.aspx>

Please use the following template to comment on the key topics addressed in the initiative proposal.

1. Do you think the proposed study framework meets the intent of the studies required by SB350? If no, what additional study areas do you believe need to be included and why?
Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

2. Five separate 50% renewable portfolios are being proposed for 2030 as plausible scenarios for the purpose of assessing the potential benefits of a regional market. Are these portfolios reasonable for that purpose, and if no, why?

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

3. To develop the five renewable portfolios the RESOLVE model makes a number of assumptions resulting in a mix of renewable and integration resources for the scenario analysis (rooftop solar, storage, retirements, out of state resources etc.) Do you think the assumptions associated with developing the renewable portfolios are plausible? If no, why not?

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

4. The renewable portfolio analysis assumes certain costs and locations for the various renewable technologies. Do you think the assumptions are reasonable? If no, why not?

Comment: MID questions the assumption on slide 10 of the E3 presentation that “Minimizes cost of electric grid operation and expansion.” Further explanation is required for this assumption. On its surface, the statement appears to presume a best-case scenario for grid expansion, without operational, business or political obstacles, when experience with changes in the electricity market have been anything but seamless. If the presumption is that grid operation and expansion will run seamlessly, such presumption would appear to provide a misleading view of the benefits of regional expansion of CAISO operations. MID urges that a more realistic presumption of the efficiency of CAISO expansion be inputted into the study, at least as a scenario for stakeholders to review. MID reserves the right to raise further comments on this issue at a future date.

5. The renewable portfolio analysis makes assumptions about the availability and quantity of out-of-state renewable energy credits (“RECs”) to California. Do you think the assumptions are plausible? If no, why not?

Comment: It is unclear from the assumptions as to how California utilities’ unmet needs and Portfolio Content Category balance requirements will be attained from out-of-state renewable energy resources. During the presentation E3 expressed that there was a desire to have the out-of-state renewable resources count as Portfolio Content Category 1 Products. One can conclude that the regional approach would allow remote renewable energy resources to be considered delivered into California if this is

the direction that the study is headed. The assumption must then be that out-of-state renewable energy projects will be interconnected to transmission lines (existing and new) that deliver directly into a California Balancing Authority or are dynamically scheduled into a California Balancing Authority to operate in the existing regulatory framework. What level of consideration is being given to the California utilities' needs in light of the Portfolio Content Category balancing requirements for unmet need? The Portfolio Content Category 1 Product assumption in the implementation of a regional market footprint that is being presented can have costly impacts to California's ratepayers. MID reserves the right to raise further comments on this issue at a future date.

6. The renewable portfolio analysis makes assumptions about the ability to export surplus generation out of California (i.e., net-export assumptions). Do you think these assumptions are reasonable? If no, why not?

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

7. Does Brattle's approach for analysis of potential impact on California ratepayers omit any category of potential impact that should be included? If so, what else should be included?

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

8. Are the methodology and assumptions to estimate the potential impact on California ratepayers reasonable? If not, please explain.

Comment: While the Brattle Group's presentation depicts several benefit assumptions, the cost impact to ratepayers is not clear when a comparison will be made between the pre-regional market footprint case and the post-regional market footprint case. What are the specific cost categories that a ratepayer can use as a metric in determining the cost and benefit resulting from the implementation of a regional market footprint? MID reserves the right to raise further comments on this issue at a future date.

9. The regional market benefits will be assessed based assuming a regional market footprint comprised of the U.S. portion of the Western Interconnection. Do you believe this is a reasonable assumption for the purpose of this study? If not, please explain.

Comment: This is a follow up to the previous comment. The assumption is that production costs will be translated to utility revenue requirements. However, it is unclear as to how costs will be passed through to ratepayers (i.e. how will the Transmission Access Charge ("TAC") be impacted by the regional market footprint

expansion? How will various out-of-state transmission owners recover their costs?). At this time it is unclear as to the metrics or bottom line impact categories that are going to be evaluated so that California rate-payers can conduct a meaningful cost benefit analysis.

10. For the purpose of the production cost simulations, Brattle proposes to use CEC carbon price forecasts for California and TEPPC policy cases to reflect carbon policy implementation in rest of WECC. Is this a reasonable approach? If not, please explain.

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

11. BEAR will be using existing economic data, and generation and transmission data from E3, the CAISO, and Brattle. These data are currently being developed. Are there specific topics that you want to be sure to be addressed regarding these data?

Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.

<p>12. The economic analysis will focus on the electricity, transportation, and technology sectors to develop the economic estimates of employment, gross state product, personal income, enterprise income, and state tax revenue. These results will be further disaggregated by sector, occupation, and household income decile. Do you think these sectors are the appropriate ones on which to focus the job and economic impact analysis? If no, why?</p>
<p>Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.</p>
<p>13. Under the proposed study framework, both economic and environmental impacts of disadvantaged communities will be studied. Based on the study overview do you think this satisfies the requirements of SB350?</p>
<p>Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.</p>
<p>14. The BEAR model will evaluate direct, indirect, and induced impacts to income and jobs, including those in disadvantaged communities. Do you think additional economic analysis is required? If yes, what additional analysis is needed and why?</p>
<p>Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.</p>
<p>15. The environmental analysis will evaluate impacts to California and the west in five areas – air quality, GHG, land, biological, and water supply. Do you think additional environmental analysis is required? If yes, what additional analysis is needed and why?</p>
<p>Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.</p>
<p>16. The environmental analysis presentation identified a number of potential indicators for the various impacts. Are the indicators sufficient? If no, what additional indicators would you suggest?</p>
<p>Comment: MID does not comment on this issue at this time, but reserves the right to raise comments at a future date.</p>
<p>17. Other</p>

Comment: MID is a customer-owned utility and has an interest in ensuring that its ratepayers are not harmed by regional expansion of CAISO operations. MID does not oppose regionalization, and appreciates the benefits that regionalization is meant to accomplish. Nevertheless, MID is cautious, if not skeptical, of the claims that benefits of regional expansion will accrue to MID and Californians to the degree that has been suggested and which the instant study is meant to clarify. MID is interested, among other matters, in the initial claims by BEAR that induced effects of greater disposable income will accrue to Californians, resulting in improvements to the service economy. To the extent such induced effects are the result of reduced electric rates, MID would be very much interested in reviewing the outcome of BEAR's and the other consultants' analyses.

However, MID cautions that benefits can be sensitive to cost allocation, TAC structure and rate design, which are unclear as to how they are factored into such economic analyses. MID has received mixed signals on TAC structure, and the impression that MID has received is that the TAC would be structured to leave Californians in a cost-neutral position at best.

Lastly, MID expresses reservations as to the pace of the studies and time allotted for stakeholders to understand and evaluate the study outputs. The present schedule with a completion date in May/June leaves inadequate time for stakeholders to make informed assessments as to the studies and study process.

MID reserves the right to raise comments on any of the above matters, or any matter not covered above, at a future date.