



Comments of Pacific Gas and Electric Company on the Regional Integration and Energy Imbalance Market Greenhouse Gas Compliance Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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Pacific Gas and Electric (PG&E) appreciates the opportunity to comment on the Regional Integration and Energy Imbalance Market Greenhouse Gas Enhancement Revised Draft Final Proposal. PG&E is proud of its commitment to playing a leadership role in achieving California’s environmental targets, and appreciates that the Energy Imbalance Market (EIM) has contributed to reducing greenhouse gas (GHG) emissions in California and nearby states. PG&E appreciates that the CAISO has committed to ongoing engagement with stakeholders throughout the testing and evaluating process as it seeks to refine the treatment of GHG in EIM to achieve the goals outlined by the California Air Resources Board (CARB). PG&E looks forward to participating actively in this process.

The EIM must balance three crucial objectives:

1. Produce an efficient market dispatch across the EIM Area consisting of CAISO and the EIM Entities.
2. Produce proper price signals that reflect the locational marginal cost of service across the EIM Area.
3. Account for the cost of GHG emissions resulting from secondary dispatch in EIM Entities caused by imports into California in the dispatch process as well as in the prices seen in California but not in the prices seen in the EIM Entities.

Each of the three objectives is essential for the EIM to continue improving real-time dispatch efficiency, providing a broader market for California renewables, and serving as a valuable tool for reducing emissions. PG&E understands the difficulty of developing market models that would be able to achieve the three goals exactly, so PG&E appreciates CAISO’s efforts to find a dispatch and pricing mechanism that is able to find a better balance of the three goals.



PG&E supports the CAISO's proposed two pass solution as a foundation for an approach to achieving these pillars of a functioning EIM, and CAISO's on-going development and testing efforts. PG&E encourages the CAISO to conduct a thorough analysis to evaluate impacts of the model on all three objectives. PG&E understands that it may not be possible to capture all GHG emissions resulting from the secondary dispatch in EIM Entities in the EIM's dispatch and pricing models, and supports CAISO's proposal to provide CARB with data on any residual GHG emissions caused by imports into California that are not captured by the final approach. Such information will allow CARB to deal with such residual emissions outside the EIM market process. PG&E commends CAISO for committing to test the performance of the approach outlined in the revised draft final proposal and developing modifications if warranted. PG&E looks forward to evaluating the performance data that CAISO's testing will produce and working with CAISO and other stakeholders to develop improvements if needed.