



## **EIM GHG Enhancements 2<sup>nd</sup> Revised Draft Final Proposal**

**Public Generating Pool Comments  
March 1, 2018**

Public Generating Pool (PGP) appreciates the opportunity to comment on the California ISO's Regional and EIM GHG 2<sup>nd</sup> Revised Draft Final Proposal. PGP represents ten consumer-owned utilities in Oregon and Washington that own almost 6,000 MW of generation, 95% of which is carbon-free. Three of the PGP members operate their own Balancing Authority Area (BAA), while the remaining members have service territories within the Bonneville Power Administration's (BPA) BAA.

PGP members are not currently participants in the EIM. However, BPA and other BAAs continue to evaluate the costs and benefits of EIM participation. For PGP, a key consideration for ISO and EIM market participation is evaluation of the role that market rules play in proper price formation and equitable treatment of resources both within the market footprint and outside the footprint.

### **Support for EIM Governing Body Classification**

PGP agrees that this policy initiative involves market design changes that fall entirely within the EIM Governing Body's primary authority. PGP believes it is appropriate for the EIM Governing Body to have primary authority in approving enhancements to EIM GHG design to address the atmospheric effect of secondary dispatch.

### **Support for Limitation on Bid Quantity but Revisit in Extended Day-Ahead Market**

PGP is supportive of CAISO's proposal to limit the GHG bid quantity of EIM participating resources to the MW value between the EIM participating resource's base schedule and the resource's upper economic level. PGP agrees that the proposed GHG bid quantity limit will reduce the quantity of secondary dispatch emissions by not allowing attribution to output that cannot be incrementally dispatched by the market.

Regarding extending the proposed GHG bid quantity limit to the day-ahead market, PGP is unsure of how that will be applied and what potential unintended consequences may exist as the full scope and implementation details of the extended day-ahead market have yet to be vetted. PGP requests the ISO revisit the application of the GHG bid quantity limit in the extended day-market initiative.

### **Bid Price Proposal raises Concerns**

PGP agrees with stakeholder concerns raised on CAISO's February 22<sup>nd</sup> EIM GHG compliance web conference call. Requiring EIM participating resource scheduling coordinators to submit a positive GHG bid price for all EIM participating resources offering their output to serve CAISO load, subject to a minimum bid price at a secondary emission GHG cost, introduces inequities. Stakeholders expressed specific concerns about inequities between different resource types external to CAISO, non-emitting resources internal and external to the CAISO, and non-emitting EIM resources and non-emitting inertia resources that participate in the CAISO market.

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1. **Different EIM resource types:** Requiring a minimum GHG bid price attributes the secondary emission GHG cost to non-emitting EIM resources only. However, there are instances when carbon-emitting EIM resources, such as gas fired generation, are being dispatched to serve California load and higher-emitting EIM resources, such as coal, are used to “backfill” this dispatch to serve EIM load outside of California. In these instances, non-emitting EIM resources are bearing the secondary dispatch consequence of coal-fired EIM generation being dispatched when gas-fired EIM generation is deemed to serve California load. Additionally, by requiring a minimum GHG price, CAISO is changing the relative price of non-emitting to higher emitting EIM resources, which provides a competitive disadvantage to non-emitting EIM resources.
2. **Non-emitting EIM resources and non-emitting internal California resources:** Requiring a minimum GHG bid price attributes the secondary emission GHG cost to non-emitting EIM resources, even when the resource is dispatched at its full output and no secondary dispatch occurs. In these instances, non-emitting resources internal to California are advantaged over non-emitting EIM resources as the non-emitting EIM resources are attributed a GHG bid price, even though the atmospheric effect of the two resources are the same.
3. **Non-emitting EIM resources and non-emitting intertie resources:** As mentioned above, requiring a minimum GHG bid price attributes the secondary emission GHG cost to non-emitting EIM resources, even when the resource is dispatched at its full output and no secondary dispatch occurs. In these instances, non-emitting intertie resources that participate in the CAISO market are advantaged over non-emitting EIM resources as the non-emitting EIM resources are attributed a GHG bid price, even though the atmospheric effect of the two resources are the same.

In closing, PGP recommends CAISO move forward with the proposed GHG quantity limit but take more time to address stakeholder concerns regarding the inequities described above that would be introduced with the implementation of a minimum GHG bid price meant to capture the cost of secondary dispatch. PGP also requests that CAISO revisit the application of the GHG bid quantity limit in the extended day-market initiative.

### **Public Generating Pool**

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Eugene Water & Electric Board / Grant County PUD  
Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power