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Submitted electronically: initiativecomments@caiso.com

Subject: Regional Integration California GHG Compliance Issue Paper

PGP appreciates the Issue Paper on Regional Integration California Greenhouse Gas (GHG) Compliance and the opportunity to provide comment.

The Issue Paper includes a summary of the approach used in the EIM and contemplates the applicability of the EIM approach to the Regional ISO. PGP has provided comments to the Air Resources Board regarding GHG accounting in the EIM and believes the underlying principles are relevant to the development of the Regional ISO straw proposal.

The current EIM algorithm allows Participating Resources to establish a limit on the amount of resource output that can be considered "deemed delivered" to California. However, the current algorithm does not provide the ability for a Participating Resource to designate that the deemed delivered output is *only* from incremental dispatch above the base schedule. PGP believes the algorithm's instruction to assume base schedules as "deemed delivered" to California enables carbon leakage and creates unique opportunities for "redispatch" and market pricing in the EIM that are not available in the day-ahead or other real-time markets.

In order to eliminate these consequences, PGP believes the EIM algorithm should be modified to allow EIM Participating Resources to designate that only the incremental generation above their base schedules be "deemed delivered." This concept should also be applied to any approach considered for Regional Integration California GHG Compliance proposals. Specifically,

- Participating Resources are provided the ability to set limits on what portion of their output is delivered to California or other states with specific carbon obligations, and
- The treatment of carbon obligations and associated dispatch is consistent across all markets; bilateral, day-ahead integrated market, and real-time integrated market.

While PGP recognizes that modifications to the approach to GHG in the EIM may have implications for the Regional Integration California GHG Compliance approach, PGP requests that the EIM solution proceed promptly and that it not be delayed for coordination with the Regional Integration process.

Sincerely,

A handwritten signature in black ink, appearing to read "Therese Hampton", is written in a cursive style.

Therese Hampton
Executive Director, Public Generating Pool

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