

**PUGET SOUND ENERGY COMMENTS**  
**REGIONAL INTEGRATION AND EIM GREENHOUSE GAS COMPLIANCE INITIATIVE**  
**DECEMBER 18, 2017**

Puget Sound Energy (PSE) appreciates the opportunity to provide the following comments on the California Independent System Operator's (CAISO) regional integration and EIM greenhouse gas (GHG) compliance initiative.

**COMMENTS**

1. *CAISO Should Provide EIM Entities With Additional Analysis and Information on the Market Impacts of its Proposed Options to More Accurately Determine GHG Attribution for EIM Transfers to Serve CAISO Load.*

PSE appreciates the analysis CAISO has provided on the two-pass solution to date. That analysis, however, has been focused on a comparison between the current one-pass approach and the proposed two-pass solution. However, PSE is unable to determine from the analysis whether, or to what extent, EIM customer benefits would be impacted. PSE cannot fully evaluate the economic impact of any of the proposed solutions that the CAISO is considering without additional information about the market impacts of its proposed options in the EIM footprint outside of California. PSE believes that this information should include, at a minimum, the impact of proposed solutions on prices outside of California and the impact to overall market performance. PSE respectfully requests that CAISO provide additional information in this regard that includes all EIM Entities and as many EIM Entities that are scheduled to go live as technically feasible.

2. *CAISO Should Explain How Each of the Three Options Would Work in the Event that Other States Within the EIM Footprint Adopt Carbon Pricing Regulations.*

Although California is currently the only state within the EIM footprint that has a carbon pricing mechanism, Washington has issued a rule to cap carbon emissions and other jurisdictions are considering proposals to regulate carbon emissions. Based on the materials provided to date in this initiative, it is unclear how the options and analysis that CAISO has put forth would incorporate carbon regulations enacted in jurisdictions outside California but within the EIM footprint. PSE requests that CAISO explain how it will address a situation in which carbon is regulated in multiple jurisdictions within the EIM footprint.

**CONCLUSION**

For the reasons set forth above, PSE believes that the CAISO should provide additional analysis and information on the market impacts of its proposed options, and explain how each of the three options that it has set forth would work in the event that other states within the EIM footprint adopt carbon pricing regulations.