Comments of PacifiCorp on the EIM Greenhouse Gas Enhancement

Submitted by	Company	Date Submitted
Christine Kirsten Christine.kirsten@pacificorp.com 916-207-4693	PacifiCorp	March 1, 2018

Introduction

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation ("ISO") on its EIM Greenhouse Gas ("GHG") Enhancements second revised draft final proposal ("Proposal") dated February 16, 2018, and discussed during a February 22, 2018, webinar.

PacifiCorp is supportive of the ISO's decision to adjust from its previously proposed two-pass solution and continue to build on its existing market design algorithm. PacifiCorp's focus continues to be on maintaining the integrity of the EIM and ensuring that the basic principles of non-discriminatory least-cost dispatch are not compromised. While PacifiCorp continues to believe that it is not achievable or desirable to attempt to design a regional market that will fully accommodate individual state policies, PacifiCorp understands there is a balance that must be achieved to address concerns of all stakeholders. However, the EIM provides enhanced visibility into the dispatches relative to the entire EIM footprint, and this visibility to resource dispatch outside of California should not translate into expanded authority or jurisdiction.

GHG Bid Quantity and Bid Price

PacifiCorp is generally supportive of the ISO's proposed framework for a GHG bid quantity and GHG bid price wherein the ISO would limit the GHG bid quantity of EIM participating resources to the megawatt ("MW") value between the EIM participating resource's base schedule and the resource's upper economic level. PacifiCorp believes the ISO's proposed approach will allow the ISO to better determine which resources are utilized to serve California load.

The ISO has also proposed a change to the ability of zero-emitting resources outside of California, except those resources contracted to serve California load, to utilize a price floor or minimum GHG bid price. The ISO's proposed minimum bid price at a secondary emission GHG cost would be a rate established by the California Air Resources Board ("CARB") through its regulatory process. Again, PacifiCorp is generally supportive of the ISO's proposal, but is concerned with the calculation as an "average" across all resources as well as the differentiation of resources that are contracted to serve California load. Unless those outside zero-emitting resources are pseudo-tied into the California balancing area, it is difficult for the ISO to claim that variations in their output, which are regulated by entities outside of California, do not cause secondary emissions. PacifiCorp recommends that this carve out for resources located outside of the state be more thoroughly examined for parity and clarification purposes relative to resources that, similarly, when they are incremented above base schedule are also delivered to serve California loads. With regard to the "averaging" of secondary emission impacts related to different resources, e.g. hydro resources versus wind or solar resources, PacifiCorp would like to understand if there is an ability to better refine this calculation to be specific to the resource type.

Further, PacifiCorp has some concern regarding the proposed bidding rules for each resource type, specifically how these rules line up with CARB reporting rules. Currently, PacifiCorp reports all EIM transfers to California as specified imports. Under the Proposal, these transfers effectively become unspecified due to the application of a default emission rate. The Proposal also applies an asset-controlling supplier ("ACS") emission rate to transfers from an ACS entity. It is unclear how this treatment for an ACS is justified when the default emission rate will be applied to all other specified imports. PacifiCorp requests further explanation from the ISO regarding this issue.

Multiple GHG Programs in the West

The ISO has stated that it believes that its proposed solution is scalable to another state that places a GHG compliance obligation on supply. PacifiCorp believes that the ISO and stakeholders should examine this claim further, particularly as it would apply to a multi-state utility such as PacifiCorp. For example, PacifiCorp's loads are not currently defined by state, which would make it challenging to determine imports and exports specifically with Oregon or Washington within the PacifiCorp West balancing area.

Conclusion

PacifiCorp appreciates the opportunity to submit these comments and looks forward to continuing to work with the ISO on resolving this complex and challenging issue.