

**Comments of Powerex Corp. on
2019 Draft Three-Year Policy Initiatives Roadmap and Annual Plan**

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to submit comments on CAISO’s 2019 Draft Three-Year Policy Initiatives Roadmap and Annual Plan (“Draft Roadmap”). Powerex appreciates the effort that CAISO has spent in developing the Draft Roadmap, including CAISO’s careful attention and responsiveness to stakeholder concerns expressed in the course of this initiative.

Powerex notes that it strongly supports the emphasis placed on addressing the shortcomings of the existing resource adequacy (“RA”) framework in the Draft Roadmap. As Powerex has explained in other proceedings, there is ample evidence that the existing RA framework is not leading to just and reasonable rates or ensuring that CAISO has sufficient resources available to reliably meet system needs. While the existing RA framework is administered by CAISO in coordination with the California Public Utilities Commission and California Energy Commission, it is ultimately the responsibility of the CAISO to ensure that the RA framework contained within its tariff is capable of resulting in just and reasonable prices for capacity and preserving reliability. Powerex therefore strongly supports CAISO moving forward with its proposed initiatives to enhance the RA framework.

Powerex believes that there are also a number of areas where the Draft Roadmap should be modified.

As an initial matter, while the Draft Roadmap indicates that CAISO plans to consider changes to the resource sufficiency mechanism as part of its effort to extend the day-ahead market to EIM Entities, Powerex believes that CAISO should initiate a separate, stand-alone stakeholder proceeding focused on the EIM resource sufficiency evaluation. Powerex remains concerned that tying the evaluation of the resource sufficiency framework to other initiatives will prevent CAISO from engaging in the type of holistic review that is necessary to ensure that an effective and equitable resource sufficiency framework is implemented. As evidenced by the workshops that have been held to date regarding resource sufficiency, there is extensive stakeholder interest in improving the workability and accuracy of the resource sufficiency framework as applied to the existing EIM footprint. In short, there is an immediate and pressing need to evaluate the existing resource sufficiency framework that is separate and distinct from any initiative to extend

the day-ahead market. Powerex requests that CAISO modify the Draft Roadmap to include a separate EIM resource sufficiency initiative and to commence this initiative as soon as possible.

Powerex also encourages CAISO to closely coordinate any effort to establish an expanded greenhouse gas (“GHG”) attribution framework within the CAISO’s markets with the California Air Resources Board (“CARB”). Powerex strongly supports efforts to ensure that the GHG emissions associated with transactions within the CAISO markets are appropriately and accurately tracked and accounted for in dispatch, pricing, and settlement. As noted in the Draft Roadmap, other states within the Western Interconnection are actively considering changes to their carbon reduction policies. In addition, certain states and provinces, such as British Columbia, have already implemented robust carbon reduction policies and frameworks that are highly aligned with California’s long-term environmental objectives. Within California, CARB is unequivocally the state agency charged with implementing and administering California’s Cap-and-Trade regime and the state agency responsible for harmonization of its program with those adopted by other states and locales. For that reason, any effort to develop an expanded GHG attribution framework that accommodates diverse carbon policies and approaches within a broader, multi-state market must occur in close coordination with CARB. Ultimately, any GHG attribution methodology that is proposed for use in CAISO’s regional markets must be consistent with CARB’s Cap-and-Trade program and must also consider the potential to impact the GHG attribution regimes adopted in other states within the CAISO footprint.