

Stakeholder Comments
EIM GHG Enhancements 3rd Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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SCE appreciates the opportunity to provide comments on the CAISO EIM GHG Enhancements 3rd Revised Draft Final Proposal¹. SCE supports the EIM, and any associated improvements that further increase the benefits of the EIM. As stated previously throughout this initiative and reiterated here, SCE believes that, if and when a solution is needed to address concern around secondary dispatch, inter-temporal netting should be considered as part of the solution. Such netting would recognize the significant investment that California has made in renewable resources within the state that when exported tend to reduce emissions outside of the state.

SCE offers the comments below on the latest proposal, where the CAISO no longer proposes a minimum GHG bid price for out-of-the-state renewable resources. The CAISO continues to propose to limit the GHG bid quantity of an EIM participating resource to its upper economic limit less base schedule.

While SCE believes this proposal may be an improvement over the two-pass approach, at this time there is not sufficient information to quantify its impact. In particular, since the proposal will likely limit the pool of resources to serve California load, the proposal can lead to increased market price and cost to serve California load. An estimate of the magnitude of such cost increase would be necessary to evaluate whether the concern on emissions associated with secondary dispatch would be commensurable with such cost increase. Thus SCE recommends that the CAISO continues to evaluate potential impacts of its proposal, including the cost increase, potential reduction in EIM benefits, and potential incentive and market efficiency issues².

In the latest proposal, the CAISO also clarifies there will be additional discussion under the planned initiative examining extension of the day-ahead market to EIM entities. An assessment of potential impacts, as mentioned above, will be valuable not only for this initiative, but also for the planned initiative.

¹ CAISO Proposal, <http://www.caiso.com/Documents/ThirdRevisedDraftFinalProposal-EnergyImbalanceMarketGreenhouseGasEnhancements.pdf>, CAISO Presentation, dated May 2, 2018, http://www.caiso.com/Documents/Agenda-Presentation-EnergyImbalanceMarketGreenhouseGasCompliance-May2_2018.pdf.

² Since base schedules are submitted by market participants and are not optimized, there can be mismatch between the scheduled destination of the power and an optimized outcome. In addition, the utilization rate of EIM transfer capacity can be reduced if there is ample unutilized transfer capability but for the reduced pool of resources that can be deemed to serve California load under the proposal.