

**Seattle City Light Comments on
Regional Integration and Energy Imbalance Market Greenhouse Gas Initiative
March 1, 2018**

Seattle City Light (City Light) is pleased to submit these comments regarding the California Independent System Operator's (CAISO) EIM Greenhouse Gas Enhancements Second Revised Draft Final Proposal (EIM GHG Proposal), issued on February 16, 2018.

Seattle City Light provides retail electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. City Light relies on hydroelectric resources for more than 90% of the energy we deliver to our customers. Meaningful action on greenhouse gas (GHG) emission reductions is a critical issue to the City of Seattle, and we are proud to be GHG neutral as an electric utility since 2005. City Light has executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Energy Imbalance Market (EIM) in April 2020.

The GHG policy eventually adopted by CAISO will have considerable implications for the market and EIM participants. City Light believes it is critical that whatever CAISO adopts must be non-discriminatory. It is also important that the EIM GHG policy is robust enough to incorporate and account for carbon policies that might be adopted in other states. City Light believes the most recent EIM GHG proposal represents a reasonable starting point to build a GHG policy that accomplishes these outcomes, but requires additional analysis, discussion, and revision.

City Light supports CAISO's proposal to limit the GHG MW bid quantity of EIM participating resources to the MW value between the EIM participating resource's base schedule and the resource's upper economic level. Stakeholders would benefit from additional details about how this aspect of the policy would be implemented, but, overall, this is a reasonable step CAISO can implement to account for the GHG effects of EIM resources dispatched to serve CAISO load.

While City Light is supportive of the first component of CAISO's proposal, we have a few concerns and questions. Specifically, City Light has significant concerns on the proposal to require all EIM resources to submit a positive GHG bid price for all participating resources offering to serve CAISO load. This hurdle rate appears to result in a discriminatory outcome for some resources based on their location and emission profile and is particularly problematic for zero-emitting resources. Before proceeding with the proposal, CAISO should engage stakeholders to develop an alternative solution that is non-discriminatory. We also believe that stakeholders would benefit from additional discussion of how the proposed EIM GHG policy would be adaptable in the situation where one or more other states adopt cap and trade or a carbon tax, which are currently under consideration in Oregon and Washington, respectively.

The EIM GHG issues have been under discussion for several years, however, this is an entirely new proposal, and CAISO should not rush to implement it on a short time frame. Moreover, it is not clear that there is a need for CAISO to push through this proposal in a short time frame,

particularly as CARB has adopted a solution that addresses the GHG accounting concerns in the interim.

Thank you for this opportunity to comment. Please don't hesitate to contact Stefanie Johnson at (206) 386-4539 or stefanie.johnson@seattle.gov for any questions or clarifications regarding these comments. City Light looks forward to updates on the development of the proposed solution and continued engagement on these issues.