

## AWEA CALIFORNIA CAUCUS (ACC) COMMENTS ON THE CAISO'S "ENERGY IMBALANCE MARKET (EIM) GREENHOUSE GAS (GHG) ENHANCEMENT" REVISED DRAFT FINAL PROPOSAL

The AWEA California Caucus (ACC) appreciates the opportunity to offer comments on the California Independent System Operator's (CAISO or ISO) Revised Draft Final Proposal in the *EIM GHG Enhancement* initiative ("proposal"). ACC is supportive of a well-functioning EIM which appropriately attributes GHG emissions associated with EIM dispatches to serve California load. A well-functioning EIM is a critical piece of achieving California's GHG reduction goals as the EIM facilitates mutually beneficial trades of renewable energy across a broad footprint.

ACC generally supports the approach the ISO has proposed for accurately capturing the atmospheric impact of EIM dispatches to serve California's electrical demand. The proposed two-pass market solution appears to accurately achieve the key principles which have been outlined by the CAISO. In particular, the proposed solution has the benefit of providing individual resources with appropriate market signals (including GHG costs, when applicable), while also insulating states that do not have GHG compliance regimes from the costs associated with GHG compliance. And, furthermore, if a regional energy market is developed, the proposed solution could be easily expanded to the day-ahead market optimization.

As discussed in more detail below, ACC supports the CAISO moving forward with implementation of the proposed GHG enhancement, while working with stakeholders who have specific concerns, developing the proposed GHG attribution accuracy report, and conducting outreach to the Western Renewable Electricity Generating Information System (WREGIS) to address related issues associated with the environmental attributes of renewable energy dispatched in the EIM.

### CAISO Should Work with Those Expressing Concerns to Address Minor Changes which may be Necessary

During the May 25<sup>th</sup> stakeholder meeting, several parties expressed relatively minor concerns about the proposed solution. In particular some parties had concerns about the unrestricted ability for resources to designate themselves as "California supply." Others had questions and concerns about the mechanics of how "California supply" would be designated if only part of a generator was used to serve California or if the owner of the resource did not have knowledge of the final use of the generation. ACC encourages the CAISO to work with the parties expressing these concerns to appropriately address the issues to ensure the EIM GHG Enhancement is as accurate as possible.

### As Planned, the CAISO Should Release a GHG Attribution Report

ACC greatly appreciates the CAISO's plan to produce a report in Q4 of 2017 to help assess the accuracy of the proposed GHG attribution methodology. The report itself will be useful, but, perhaps more importantly, the report's development will allow CAISO staff to better understand, in practice, how the proposed solution will function. The preparation of the report may allow the CAISO to spot, prior to implementation, adverse unintended consequences and develop solutions. ACC appreciates the ISO's responsiveness to prior comments suggesting a similar concept and believes the GHG accuracy report will be a useful tool for the CAISO and stakeholders.

### CAISO Should Work with WREGIS to Address Concerns about Splitting of RECs due to the EIM's GHG Structure

As the CAISO may be aware, WREGIS has recently discussed concerns with the use of Renewable Energy Credits (RECs) associated with EIM dispatch and has proposed that RECs from renewable energy dispatched by the EIM must be retired. While this concern is certainly outside of the scope of this particular CAISO initiative, ACC urges the CAISO to work with WREGIS to provide education on the EIM and GHG attribution. The CAISO involvement in that discussion may help address concerns of WREGIS stakeholders regarding the CAISO's GHG accounting methodologies and the implications for RECs.

Conclusion

In conclusion, AWEA appreciate the ISO's leadership in this area and the ISO's continued work to develop workable solutions to implement an accurate GHG accounting system for the EIM, and which can be expanded to a regional energy market in the future. We look forward to continuing to engage on this important initiative.