



September 20, 2016

VIA EMAIL

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Re: Comments of Public Power Council on the ISO's "Regional Integration California Greenhouse Gas Compliance" Issue Paper

Thank you for the opportunity to comment on the ISO's "Regional Integration California Greenhouse Gas Compliance" Issue Paper (Issue Paper) date August 29, 2016. Public Power Council (PPC) is a non-profit trade association that represents the common interests of approximately 100 consumer-owned electric utilities (COUs) in the Pacific Northwest that are preference power customers of the Bonneville Power Administration. Many of PPC's members are located within PacifiCorp's balancing authority area (BAA) both east and west of the Cascades. PPC's members range from very large utilities that own generation and transmission facilities to very small utilities that purchase all of their power needs from BPA. PPC's interest in this proceeding is in ensuring that our members' delivered power costs are not increased and that they have fair access to a regional ISO's markets to the extent they choose to participate.

PPC appreciates the efforts that the ISO staff are making to develop proposals for adapting their current markets and organization to meet the demands of a multi-state system and its overlapping federal and state authorities, policies and programs. In regard to designing compliance measures for the multi-state Energy Imbalance Market, the ISO has taken constructive steps to facilitate the California greenhouse gas program while preserving the ability of generators to bid into the EIM without making sales into California and ensuring that loads outside that state do not pay costs arising from that program.

The Issue Paper notes that "to support a multi-state balancing authority area, the design must be mindful of the potential need to support multiple GHG trading programs in the West." We agree and respectfully suggest that the ISO should state as explicit goals in seeking and making rule changes that the following two principles must be met:

1. Each state's policies and authority will be accommodated and implemented by the ISO's market rules; and
2. The market rules must prevent costs attributed to one state's policies or program from being paid by loads or generators in located in another state.

The ISO's governance proposal acknowledges that protection and expression of state sovereignty is a critical matter for the various states whose consumers would be affected by the ISO were it to expand. To be meaningful that principle must also extend into the ISO's market

rules; in order to treat each state as a peer, the market rules must respect and facilitate each state's policies on greenhouse gas regulation within that state. Incorporation of the second principle is an important extension of the substance of the first. Consumers should not be forced to pay costs that are not their responsibility and do not correspond to a direct economic benefit that they acquire. This type of basic equity in the allocation of costs and benefits underlies of much FERC rate and cost allocation principles.

PPC looks forward to the initial straw proposal and to participating in the discussions with the ISO staff and stakeholders.

A handwritten signature in black ink, reading "Nancy P. Baker". The signature is written in a cursive, flowing style.

Nancy Baker
Senior Policy Analyst