



Valley Electric Association, Inc.

Your Touchstone Energy® Cooperative 

July 25, 2017

Dear Governing Board Members,

The CAISO staff is providing a briefing during this week's CAISO Board Meeting on the EIM Greenhouse Gas Enhancement Proposal. Valley Electric Association, Inc. (VEA) appreciates the opportunity to bring to the Board's attention a component of the initiative that has a significant impact on VEA, as well as potential regionalization.

VEA has a vested interest in the ISO's EIM GHG proposal, because VEA currently incurs significant costs due to a misalignment between the current GHG accounting mechanism and its application to non-California load (i.e. VEA's Nevada load). The ISO has acknowledged through the stakeholder process that the current design does not support a multi-state RTO, yet the ISO has been a multi-state RTO since VEA became an ISO participant. The GHG design that will be discussed at the July 26th meeting fails to address the misalignment between GHG accounting mechanisms and the existence of out-of-state loads within the CAISO grid. As a result, it will be a missed opportunity to put in place a more comprehensive and robust GHG market solution.

The ISO's GHG design results in VEA incurring costs that it would not incur if it were to deliver energy through the EIM structure rather than being an ISO participant. The CAISO staff initially proposed to pursue a more comprehensive multi-state GHG design that would recognize that VEA's injections into the CAISO and withdrawals from the CAISO do not necessarily reflect energy transfers to or from the state of California. This design would also have eliminated an issue that may be a future impediment to regionalization. Unfortunately, the ISO staff has since withdrawn this portion of the design proposal. While this more comprehensive design may not be needed at this time for regionalization, a solution is still needed for VEA. The ISO's more comprehensive design would function properly not only under a multi-state GHG regime but also under regionalization, while at the same time providing a solution that would assist with the current misalignment impacting VEA.

VEA would appreciate the CAISO's staff commitment to continue to explore solutions that remedy the situation for VEA. We appreciate the Board considering VEA's concerns with these CAISO GHG market design issues.



Daniel J Tillman
Executive Chief Financial Officer