

Valley Electric Association, Inc. Comments on Regional GHG Issue Paper

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September 20, 2016

Valley Electric Association, Inc. (VEA) appreciates the opportunity to provide comments on the CAISO's Regional GHG Issue paper issued August 29, 2016.

VEA is a small electric cooperative utility, primarily serving load in Nevada. VEA, recognizing the benefit of regional cooperation, was a first-mover in transitioning the service of its Nevada load into the CAISO as a Participating Transmission Owner (PTO) and a CAISO Load Serving Entity (LSE) in 2013. VEA is keenly interested in the CAISO's regional GHG proposal because VEA is currently incurring costs that are significant to VEA as a result of GHG accounting mechanisms that are not aligned for a multi-state RTO, as the CAISO recognizes in its issue paper (p. 3).

VEA encourages the CAISO to reach out to the California Air Resources Board (CARB) such that the agencies can address these issues together; it will be of little benefit if the CAISO adopts a robust Regional GHG design if the CARB program does not recognize, and align with, that GHG design.

VEA is supportive of the direction the CAISO is taking in addressing the design required for a multi-state RTO. No longer can it be assumed that a MW of electricity imported into the CAISO sinks with California load nor that a MW that serves regional load from the CAISO came from a California generator. Traditional contract-path-based tags into the CAISO cannot properly account for the electricity that is consumed in the CAISO if there is more than only California load participating in the CAISO's markets.

VEA appreciates the CAISO's perspective that some sort of attribution regime akin to that being used in the EIM today is necessary. VEA supports a method that aligns the treatment in the EIM and traditional ISO markets, and one in which recognizes net flows not gross schedules.

VEA offers additional feedback on two design features raised by the CAISO

- Self-Schedules: VEA encourages the CAISO to continue exploring treatment of self-schedules. The possibility raised by the CAISO in its issue paper about presuming that a self-schedule only sinks in its state of origin is problematic for a number of reasons, and such a limitation would unnecessarily constrain the market and reduce market efficiency. VEA recommends that the CAISO consider maintaining a GHG bid adder paradigm wherein Scheduling Coordinators (SCs) can both (1) express a preference to self-schedule an energy delivery and (2) express a cost/price preference for having their energy serve California load (and thereby incur a carbon obligation). As with the economic bids in the EIM, such bid adder is separable from the resource's energy bid. Creating this separate ability to express GHG bid adders on self-schedules allows SCs to continue to self-scheduled energy to manage resource constraints yet choose the manner in which the ISO treats the availability of this energy to be delivered to California or not.

For example, VEA may self-schedule its Western Federal hydro resources given water constraints, yet VEA would like the option of indicating how much (and at what price) that energy can be made available to serve California load. That is, the need to self-schedule often arises given constraints on the resource's production but not necessarily given constraints as to where that energy has to sink.¹

- Existing Interties – Existing interties should not – by default – be deemed to be “inside California” as the CAISO suggested in its issue paper. VEA's import point of Mead is a good example; VEA delivers its energy schedules to Mead to serve its Nevada load. If Mead were assumed to be a California internal intertie this likely would continue to preclude proper GHG treatment of VEA's imports and load service through the CAISO.

VEA appreciates the CAISO's consideration of these comments.

¹ VEA at times may also have constraints on where the energy sinks. For example the hydro allotments may be deemed for VEA to use to serve its own load before being available to the market generally. As these requirements vary and can change over time, VEA supports the ability to express the willingness to have the self-schedules considered for the California market through the ability to express a bid adder.