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Submit comment on draft summary report

Initiative: Assembly Concurrent Resolution 188

Please submit written comments to infoACR188@caiso.com.

Submitter information

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Western Freedom (WF) is a non-profit entity with the mission of enabling the delivery of low-cost electricity and energy freedom to the West through an efficient and integrated grid system. We are developing and executing a campaign to support the development of a western regional transmission organization (“RTO”) on behalf of a coalition of large energy customers across the region. We are focused on eleven western states including Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. We are not taking a position about which entity should run region-wide markets over what footprint.

Western Freedom appreciates the opportunity to provide comment on the ACR-188 Report Draft and follow-up stakeholder session on January 20, 2023.

1. Provide a summary of your organization’s comments on the draft summary report and January 20, 2023 stakeholder call discussion:

Western Freedom applauds CAISO’s work with the National Renewable Energy Laboratory (NREL) in writing the report and in providing unbiased analysis and insight on the value of expanded energy markets in the West. The stakeholder meeting on 1/20 provided a thorough explanation of the report and was effective in conveying the importance of regional coordination.

Furthermore, it is through the ACR-188 Report and the many studies on market formation reviewed by NREL that policy makers, stakeholders, and customers can be informed regarding the benefits of wholesale market formation. Western Freedom supports how NREL has framed both cooperation and coordination among entities in the region (Slide 11 of the stakeholder presentation – copied below). It is our understanding that CAISO and NREL have committed to working together to better identify and quantify the distribution of benefits from wholesale market formation among the western states and utilities. Western Freedom notes that cost benefit studies occur with frequency in organized market contexts and that the “Value Proposition” is critical for participants, regulators, and policy makers to review on a periodic basis.

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Executive summary

- Cooperation depends on mutual benefits—for California *and* the rest of the West
- The literature suggests regional cooperation will help California and other states realize cost savings and common energy policy goals
- Benefits might not be spread evenly across participating states and their utilities.
- Regional coordination already takes place, but several states have recently engaged in efforts to explore benefits of expanded collaboration.

2. Provide your organization’s comments on the regional cooperation efforts in the West, as described in section 2 of the draft report:

Section 2 lists western state initiatives towards market formation and points out corresponding frameworks for regional cooperation. This includes the advent of single and multiple RTOs in addition to the two EIMs and day ahead market design. The section is both a progress report and explanation of existing and conceptual market designs. Discussion of functions not found in EIMs but inherent in RTOs is important, and Western Freedom highlights these functions here:

- Centralized reliability services
- Centralized congestion cost management
- Centralized transmission pricing and open access to the transmission system; and
- Centralized transmission planning.

Collectively these services are material aspects of CAISO’s function. With the recent update of the Memorandum of Understanding (MOU) between CAISO and the California agencies, CAISO’s role in planning will be especially critical in achieving GHG mitigation in the state and WECC as a whole.

3. Provide your organization’s comments on the literature included in the review, as described in section 3 of the draft report: [p.80]

The literature review in Section 3 is comprehensive relative to the 26 studies considered in addition to the 12 studies listed as “Other Literature”. NREL has appropriately organized the studies according to technical, policy, and legal categories and has provided concise summaries and findings.

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CAISO's reporting on the growth of the WEIM since its start and the benefits accrued both to California and outside of the state speaks volumes to the level of regional integration the WEIM has achieved. In reviewing the data according to BAA, both the ISO and BAs in California have seen large benefits. However, it is the increase in benefits to other western states that is most compelling and sets up the conditions for greater benefits once the day ahead market function is added. We anticipate the dollar value and MWh volume of transactions to increase under EDAM as energy transfers by and among WECC participants multiply.

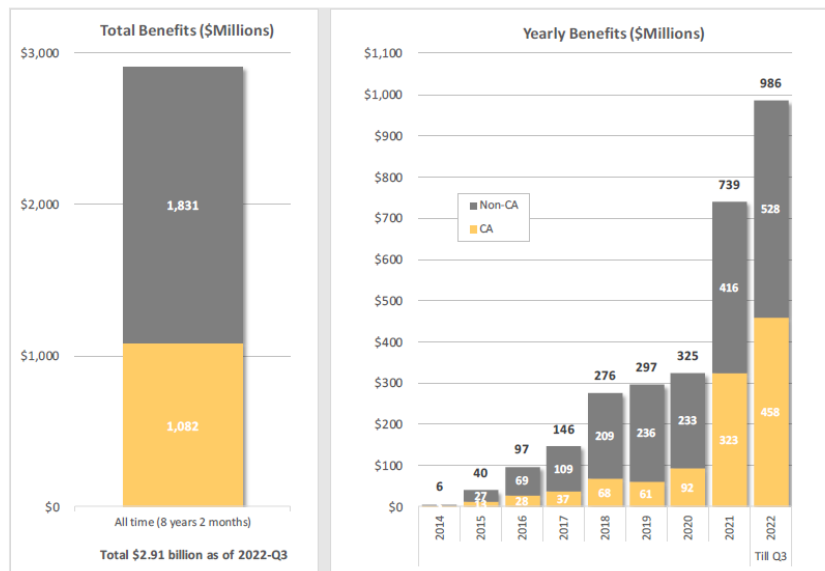


Figure 7 WEIM's actual economic benefits thanks to operational cost savings

4. Provide your organization's comments on the annotated summary of the literature, as described in section 4 of the draft report:

Please see response to Question 5

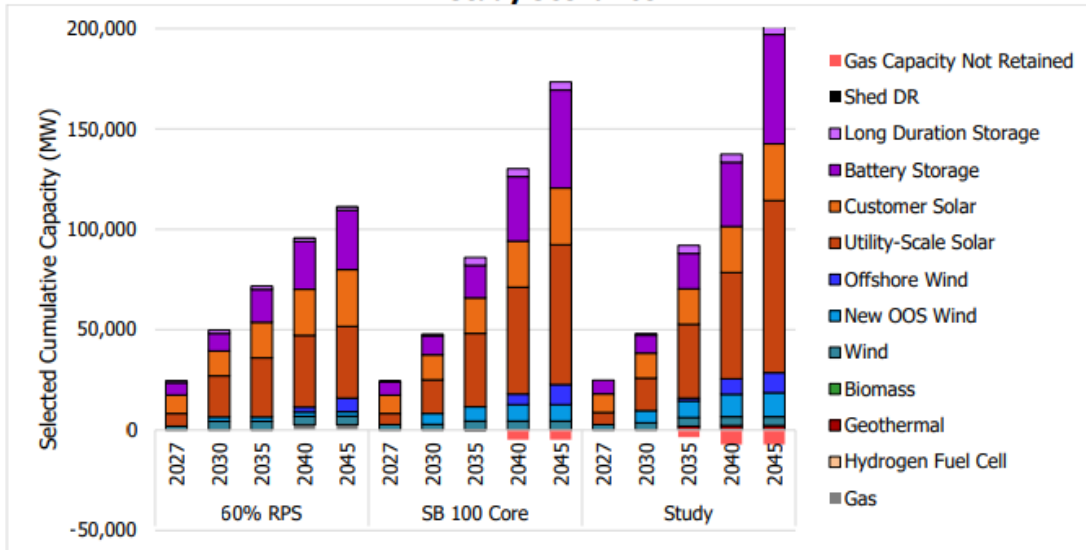
5. Provide your organization's comments on SB 100 and relevant updates, as described in section 5 of the draft report:

The discussion in Section 5 on modeling capacity additions in order to achieve the 60% target RPS, the SP 100 Core assumptions, in addition to the reviewed studies is best portrayed below in Figure 28 on page 47 of the Draft Report. The immediate take-away in all 3 scenarios is California will need an additional 110 GWs of capacity. Even conservative estimates suggest that California will rely on 2.2 GWs of external exports from WECC to satisfy the 60% threshold. To the extent there are multi-year gaps in SB100 reporting under statute, NREL advises that both the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) have revised their

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forecast models and have identified the need for “thousands of MW of new procurement annually over the next decade”.

Figure 28: Cumulative Capacity Additions for the 60 Percent RPS, SB 100 Core, and Study Scenarios



Source: CEC staff and E3 analysis

An organized market construct in WECC is imperative to meeting California’s decarbonization goals. Without one, policy objectives will not be met, and the clear and unambiguous efficiencies referenced in the report will not be realized. This includes reduced production costs, enhanced resource adequacy in concert with WRAP, increased deployments of zero emitting energy, and carbon reduction targets mandated under law.