Purpose: To document the design objectives of a successful EDAM GHG market optimization. These were discussed in 1/6 working group and will be further discussed (and hopefully finalized) in the 1/11 meeting. Please consider revisions to the language below in preparation for 1/11 meeting.

GHG design objectives to achieve the GHG policy framework principles (modified in red):

1. No inappropriate or unacceptable GHG impact in non-GHG zone.
2. Leakage should be minimized.
3. Enable similarly situated (or similar technology?) resources in non-GHG zone to compete on a level playing field with resources inside GHG zone and vice versa.
4. Do not inadvertently undermine RPS and CES policies.
5. Allow for market efficiency by accurately reflecting relevant including GHG compliance costs.
6. Balancing precision and implementation feasibility (implementablity?) and simplicity(?).

*Potential to be added in 1/11 working group meeting:*

1. ~~Don’t let perfect to be enemy of the good. (Vistra)~~ Confirmed that this is captured in #6
2. ~~Solution should seek simplicity. (Vistra)~~ Confirmed that this is captured in #6
3. Allow for linkage between carbon pricing regimes where possible. (Public Generating Pool).
4. Use simple solution where possible and avoid administratively burdensome, complex accounting approaches where possible (Public Generating Pool).
5. Reporting should be enabled (LADWP)
6. Allow for single and multiple GHG zones (Vistra)
7. Respects transmission constraints (CES, Powerex)
8. Starts from status quo by leveraging the existing EIM model (PUC MOU)
9. Potential to allow for resources to direct where energy goes/comes from (Public Generation Pool)
10. Accurate unit commitment based on bid-in costs (PG&E)