

**Seattle City Light Comments on
Regional Integration and Energy Imbalance Market Greenhouse Gas Initiative
December 18, 2017**

Please accept these comments on behalf of Seattle City Light (City Light) regarding the California Independent System Operator's (CAISO) Regional Integration and Energy Imbalance Market (EIM) Greenhouse Gas (GHG) Compliance Attribution Accuracy Report Demonstration Call, held December 4, 2017.

Seattle City Light is the tenth largest consumer-owned electric utility in the nation, providing retail electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. City Light relies on hydroelectric resources for approximately 90% of the energy we deliver to our customers. Meaningful action on GHG emission reductions is a critical issue to the City of Seattle, and we are proud to be GHG neutral as an electric utility since 2005. City Light has executed an Implementation Agreement with the CAISO and intends to begin participating in the EIM in 2020.

On the December 4, 2017 call, CAISO indicated that it would like to continue discussions with stakeholders to address concerns identified with the two-pass solution, and to review options. In response to these concerns, CAISO is considering further revisions to the two-pass solution, as well as two alternative solutions that were discussed at the outset of this process—a counterfactual to calculate residual emissions and a hurdle rate. City Light continues to support the two-pass optimization and believes that CAISO should first seek to address any concerns through its continued refinement. The two-pass solution preserves the resource-specific cost and GHG attribution components within the optimization, and provides for price signals that meaningfully represent the value of low- or zero-emitting resources.

As stated in previous comments, City Light does not support the application of a hurdle rate. The hurdle rate is overly simplistic and would improperly discriminate against zero-emitting resources outside of California, reducing their incentives to participate in the EIM or the other CAISO markets. Moreover, the two-pass solution is better suited to address a scenario in which multiple states have implemented greenhouse gas policies.

City Light suggests that before CAISO moves forward with any of these proposals, it should engage stakeholders in a robust exploration, analysis, and discussion of the concerns that have been raised and the various options under consideration. This would allow stakeholders to better understand the possible outcomes, and the benefits and risks of each.

Thank you for this opportunity to comment. Please don't hesitate to contact Stefanie Johnson at (206) 386-4539 or stefanie.johnson@seattle.gov for any questions or clarifications around these comments.