

July 6, 2017

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,  
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA ON THE EIM  
GREENHOUSE GAS ENHANCEMENT REVISED DRAFT FINAL PROPOSAL**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's EIM Greenhouse Gas Enhancement Revised Draft Final Proposal posted on June 27, 2017 (the "Revised Draft Final Proposal"):

The Six Cities support the ISO's continuing development of a "two-pass" optimization methodology for identifying resource-specific emissions for resources that support transfers of energy to serve California load under the Energy Imbalance Market ("EIM") as described in the Revised Draft Final Proposal. Consistent with their December 15, 2016 comments on the Straw Proposal in this initiative, the Six Cities also support the ISO's determination, described at page 3 of the Revised Draft Final Proposal, to focus the initial efforts to develop and implement the two-pass optimization methodology on enhancements to the real-time market design, including the EIM, with possible future extension of two-pass optimization if appropriate to accommodate development of a regional Day-Ahead market design. The Six Cities also support the ISO's proposal, described at pages 13-14 of the Revised Draft Final Proposal, to include the base schedules for external resources contracted to serve California load as California resources in the first-pass optimization in order to avoid double counting GHG compliance obligations for such resources.

The Revised Draft Final Proposal at pages 16-17 discusses potential simplifying approximations to expedite the solution time for the first-pass optimization ("the GHG allocation base"). The Six Cities support the concept of developing simplifying approximations to reduce solution time for the first-pass optimization and, as of this time, have not identified any concerns with the simplifying assumptions currently contemplated by the ISO. The Cities also have not identified any concerns with the revision, described at pages 5 and 14 of the Revised Draft Final Proposal, to the second-pass optimization to limit the GHG bid quantity for a resource to the difference between the resource's upper economic limit and the GHG allocation base determined in the first-pass solution. However, the Cities look forward to the outcome of the ISO's

simulations of the two-pass optimization methodology and may identify and comment on implementation concerns based on the simulation results.

Submitted by,

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