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Advanced Energy Economy's Principles on CAISO Expansion

Additional submitted attachment is included below.

AEE CAISO Expansion Principles

Senate Bill (SB) 350 (de León), passed in 2015, expresses “the intent of the Legislature to provide for the evolution of the Independent System Operator into a regional organization to promote the development of regional electricity transmission markets in the western states and to improve the access of consumers served by the Independent System Operator to those markets.”

Such a regional expansion could provide important benefits such as improved operational efficiencies and grid reliability from sharing of resources over a wider geographic area, including the ability to integrate greater amounts of clean energy generation by expanding electricity exchanges throughout the western power grid.

At the same time, it is important to assure that CAISO expansion preserves the authority of states to establish and implement aggressive climate policies. CAISO expansion must also assure balanced treatment and efficient utilization of all grid resources, including distributed generation, and fair market access for all technologies and stakeholders.

With these important factors in mind, AEE has developed the following principles to inform and guide the CAISO expansion discussion.

- Each state should maintain control of its own planning and procurement as well as regulatory oversight
- Decision-making process should be guided by the overarching goal of creating a more efficient grid that accelerates greenhouse gas emissions reductions while maintaining grid reliability and low consumer rates
- Decisions should be informed by a balanced stakeholder process that:
 - Encourages innovation and grid modernization
 - Considers the needs of all stakeholders
 - Affords equal representation to all categories of generation and service providers (wholesale, distributed, incumbents and new technologies)

- Expansion should not result in California paying disproportionately for out-of-state infrastructure costs and ensure cost-sharing principles are developed and upheld by a non-partisan stakeholder group
- Processes should be open and non-discriminatory to all technology participants and service providers
- The current CAISO interconnection queue process should be maintained across the expanded system
- Transparency should be ensured in processes and decision-making by providing open access to information
- Governance should have its own set of guiding principles, including:
 - Development of governance principles should be an open process
 - A stakeholder nominating committee to help select board members should be established through a transparent process
 - Each state should have fair representation on the board
 - A regional issues forum should be established to drive greater transparency and regional cooperation which representation from all impacted stakeholders
- All entities participating should adhere to all FERC Orders, including 1000, requiring public utility transmission providers to engage in regional transmission planning and consider proposed non-transmission alternatives such as wholesale and distributed energy resources