

## DOCKETED

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*Comment Received From: Damon Franz*

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## **SolarCity's Comments on ISO Revised Governance Principles**

*Additional submitted attachment is included below.*

August 2, 2016

Chair Robert B. Weisenmiller  
California Department of Energy  
Re: Docket No. 16-RGO-01  
Dockets Office, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5512

RE: CAISO Regionalization Governance Issues

Dear Chair Weisenmiller,

SolarCity respectfully submits the following comments on regional grid operator governance issues in response to the Revised Governance proposal released on July 15 and the workshop held on July 26, 2016.

### **Background**

SolarCity is a full service solar power provider for homeowners and businesses – a single source for engineering, design, installation, monitoring, and support. As of March 31, 2016, the company had more than 6,000 California employees, based at more than 40 facilities around the state and had installed solar energy systems for over 260,000 customers nationwide.

In addition to rooftop solar, SolarCity develops and deploys other non-solar distributed energy resources (DER) for both residential and commercial applications. Specifically, SolarCity offers smart thermostats, smart electric water heaters, and battery energy storage systems to help customers manage their energy use. Accordingly, SolarCity has a strong interest deploying technologies that help reduce the state's greenhouse gas (GHG) emissions and meet its climate and clean energy goals.

### **The Revised Governance Proposal**

SolarCity is concerned that the Revised Principles for Governance of a Regional ISO place increased control over the Transitional Committee in the hands of states and entities that are not aligned with California's view of a clean energy future.

To illustrate the importance of ISO governance to state clean energy policy goals, SolarCity attaches a letter (Attachment A) from Richard Kauffman, Chair of the New York Energy Sub-Cabinet, to Brad Jones, President of the New York Independent System Operator (NYISO). In that letter, Kauffman says that it is apparent "that the NYISO is held captive by your stakeholders, the majority of whom represent the status quo interests that are threatened by the renewable future that New Yorkers want and deserve."

California should be careful not to repeat the governance mistakes in New York that have resulted in an ISO board that is at odds with the state's clean energy vision. SolarCity is concerned that the Revised Principles issued on July 26 would create a governance structure very similar to that of the NYISO, with significant control ceded to entities that are not aligned with California's vision. Our recommendations here do not rectify all of those concerns or represent an endorsement of the proposal. Rather, they seek to rectify two of the more concerning features of the Revised Proposal.

Our first and most pressing concern is that the Revised Principles have changed from the initial principles such that they now provide one representative from each of the states in the expanded ISO footprint. This means that California's 38 million residents would have a voice on the transition committee exactly equal to Wyoming's 583,000 residents.

The discrepancy between population and representation is even more troubling given the fact that many of the states that would likely be represented on the Transitional Committee have energy policy preferences that are nearly opposite California's. For example, while California was the first state in the nation to take action on climate change by passing a law limiting carbon emissions, Arizona, Wyoming, Utah and Nevada have all acted to oppose action on climate by challenging Clean Power Plan.

To rectify this disparity, SolarCity recommends that the votes of state representatives on the Transition Committee be weighted by the population or the electric load of that state. If such action is not taken, California risks ceding too much of its sovereignty to states that do not share its clean energy goals.

Second, on the issue of stakeholder representation, SolarCity appreciates the inclusion of a representative from the category of "Distributed Energy Resource Providers." Nevertheless, we are concerned that traditional fossil generators effectively have three representatives on this 9-member body: Investor-owned utilities, Independent Power Producers, and Generators & Marketers are all categories of stakeholders that own traditional fossil generation. To make the stakeholder committee more evenly weighted, SolarCity recommends replacing the "Generators & Marketers" category with a new category: Environmental and Clean Energy Advocates.

### **Conclusion**

SolarCity appreciates the opportunity to offer comments on this important issue. As policymakers pursue the difficult task of formulating an ISO governance structure, we urge you to be mindful of the critical role the ISO plays in implementing California's clean energy vision and the importance of governance in the ISO's performance of that role.

Respectfully submitted,

Damon Franz  
Director, Policy and Electricity Markets  
SolarCity

# Attachment A



STATE OF NEW YORK  
EXECUTIVE CHAMBER  
633 THIRD AVENUE  
NEW YORK, NY 10017

Brad Jones  
President and Chief Executive Officer  
New York Independent System Operator  
10 Krey Blvd  
Rensselaer, NY 12144

Dear President and CEO Jones:

As a society we must combat the harmful effects of climate change and under the direction of Governor Andrew Cuomo, New York has an ambitious and smartly devised program to expand renewable energy resources. We understand that conversion to non-fossil fuel units will take time and require changes in how the power grid is developed and operated –but simply put change must happen. Our team has worked with the New York Independent System Operator (NYISO) in pursuit of transmission upgrades through the Governor’s Energy Highway initiative, and we are pleased that those efforts are already reducing historic bottlenecks on the transmission grid. We also know, however, that technology changes, increases in distributed energy and simply smarter markets and operations allow the system to easily accommodate renewable resources.

We are dismayed, however, that your recent filing to the Public Service Commission (PSC) and recent press reports on the Clean Energy Standard (CES) are misleading, incomplete, and grossly inaccurate. The filing reveals an alarming lack of developed analysis and understanding into the imperative to address climate change by transitioning to a clean electric system, and how a modern grid can be developed and operated. The NYISO’s paradigm of analysis is outdated -- a world where large power plants produce electricity based upon a fixed demand and where electrons flow in one direction. Thus, NYISO has not adequately taken into account the way new technology can balance electricity load in response to intermittency, to renewable resources or to dynamic price signals, nor has NYISO considered how market-based approaches to stimulate energy efficiency will change the amount of renewable energy needed to achieve the Governor’s 50 percent renewables goal by 2030.

The NYISO’s call for delay is nothing more than a path to prolonging the outdated status quo of relying on sources of power that send millions of tons of dirty emissions into the air we breathe. In addition, NYISO’s analysis means that the current carbon-free sources of power, such as the FitzPatrick plant, will shut down and for no reason – at a time when even the NYISO’s own analysis said more generation is needed in the future in that area. Replacing these plants would either mean restarting mothballed coal plants or building new fossil fuel plants and will cost customers more money to pay for generation and pipeline infrastructure: either choice would be bad for New Yorkers.

Contrary to what you have said, we have been discussing these issues with the NYISO for more than two years and the PSC's regulatory review process has held two technical conferences, 24 public statement hearings and received more than 6,000 public comments to date, with a significant number expressing strong support for the State's action.

It is apparent from the filing and subsequent information, that the NYISO is held captive by your stakeholders, the majority of whom represent the status quo interests that are threatened by the renewable future that New Yorkers want and deserve. Indeed your critique only makes sense in this context. It is, therefore, hardly surprising that in recent press reports, the Independent Power Producers, an industry advocacy group that represents the interests of fossil fuel producers, has been so quick to endorse the views of the NYISO when it appears that its interests are so well served.

The Public Service Commission has vast expertise in system planning and operations. They will no doubt work with all of the stakeholders to identify the challenges associated with the energy future we are designing. As necessary, we will find ways to address those challenges in a manner that is independent of the economic interest of incumbent fossil generators that you seem to be protecting. Again, I am dismayed by your filing and public comments. We want and expect better from our local grid operator.

Sincerely,



Richard L. Kauffman  
Chairman of Energy and Finance for New York  
Office of the Governor

CC Audrey Zibelman, Chair of Public Service Commission  
Norman Bay, Chair of Federal Energy Regulatory Commission