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Comments of Environmental Defense Fund

Additional submitted attachment is included below.

Thank you for reviewing the following comments. It is imperative that the CAISO addresses two outstanding issues in this context – namely who gets to decide what counts as RA and stakeholder participation. We also thank the ISO for responding to the concerns many have had about capacity markets, but note that the mechanisms to 1) maintain California’s greenhouse gas (GHG) policy for emissions attributed to serving its load and 2) account for regional emissions, are still in development.

First, the question of who gets to decide what counts for Resource Adequacy (RA) is important because it directly affects which resources utilities are required to procure. We believe that this should be a state-by-state decision, similar to how it is done now in the current ISO footprint,¹ with the WSC and the ISO helping to ensure consistency across the region. For example, the WSC could develop a consistent RA counting methodology for reliability to be used across the RSO footprint, which states could then utilize in their planning processes and procurement decisions. This structure would protect each individual state’s decisions about their individual utilities and their resource mix, including California’s SB 350 Renewable Portfolio Standard and other clean energy programs. Relatedly, we recommend that decision makers continue to pursue a WSC voting structure that takes into account load, and is fair and representative of all states.

Second, in addition to the ISO Board and the Western States Committee, stakeholders such as renewable energy, distributed generation, environmental, environmental justice and others must have a meaningful and robust opportunity to offer informed opinions to and to interact with the ISO. We remain concerned that there is no clear, permanent process for stakeholder engagement - rather, the plan leaves such a fundamental issue to be determined by the transitional committee. Having fair and open processes for all stakeholders and participants is critical to the functioning of the market. Critically, the regional ISO must ensure that the process by which sector stakeholders engage, elect representation and vote on proposals is meaningful and not susceptible to marginalization. In addition, decisions must be based upon data that can be accessed by stakeholders. The governance proposal must ensure that there will be fair processes for stakeholder participation and should not leave this basic issue to be determined later.

Lastly, we appreciate the thoughtful treatment of capacity markets - which interfere with states’ ability to determine their resource mix - but we note that the issue of treatment of GHGs for resources serving California, as well as a region-wide GHG accounting system, are still being developed. We know that it is possible to develop these systems in a reasonable amount of time, and will continue to engage in the CAISO proceeding and the legislative discussions. Ultimately, these processes should rigorously support California’s GHG policies for energy serving our state and ensure that GHG emissions do not increase regionally as a result of a larger ISO footprint.

We look forward to continuing to engage in this issue and hammering out these details. If you have any questions, please contact Lauren Navarro at lnavarro@edf.org or (916) 492-7074.

¹ See Public Utilities Code Section 380, available at http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC§ionNum=380.