

## DOCKETED

<b>Docket Number:</b>	16-RGO-01
<b>Project Title:</b>	Regional Grid Operator and Governance
<b>TN #:</b>	214299
<b>Document Title:</b>	Sierra Club Comments
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	Sierra Club
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	10/31/2016 4:41:18 PM
<b>Docketed Date:</b>	10/31/2016

*Comment Received From: Travis Ritchie*

*Submitted On: 10/31/2016*

*Docket Number: 16-RGO-01*

## **Sierra Club Comments**

*Additional submitted attachment is included below.*



October 31, 2016

California Energy Commission  
Docket Office  
1516 Ninth Street  
Sacramento, California 95814

**Re: Regional Grid Operator and Governance (Docket No. 16-RGO-01)**

Sierra Club hereby submits these comments on the California Independent System Operator's ("CAISO") and California Energy Commission's October 17, 2016 workshop discussing the revised governance proposal for a proposed multi-state regional energy market.

Sierra Club appreciates the work among the various stakeholders that has gone into the proposed governance documents. However, at this time Sierra Club remains opposed to the proposal to transform CAISO into a multi-state regional entity. Sierra Club does not have any specific recommendations or criticisms of the revised governance proposals. Nevertheless, it is clear that whatever governance proposals are adopted will necessarily result in the subordination of many of California's currently held powers and authorities to manage its laws and policies – both existing policies and future policies that are not yet known – with respect to energy and climate. It is therefore imperative that California establishes baseline policies and rules on issues such as greenhouse gas regulations, resource adequacy, transmission access charges, and other principles before committing to any governance changes.

At some point, California will likely be required to relinquish some of its authority if a regional energy market is to move forward. Before that occurs, California must firmly establish that its core principles, and in particular its leadership on climate change policy, will be upheld in whatever new governance structure is ultimately implemented. At this time, those core principles are neither defined nor secure. On climate policy, CAISO's recent workshop related to greenhouse gas accounting demonstrated that severe and potentially unsolvable flaws remain in the accounting of greenhouse gases in the Energy Imbalance Market ("EIM"), and those flaws will likely be amplified in a day-ahead regional energy market.

Moving toward a more integrated regional energy market offers the potential to achieve benefits that could be beneficial to the environment and customers within the region, but that potential does not come without risk. California has undertaken a pursuit of ambitious climate goals and is a global leader in the fight against climate change. Unless and until California ensures through the establishment of baseline greenhouse gas principles that a regional market will help, not hinder, those ambitions, Sierra Club will remain opposed to the transition to a regional market.

Sierra Club appreciates the opportunity to provide these comments.

Sincerely,

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