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February 7, 2025

California Energy Commission
Docket Office, MS-4
Re: Docket No. 24-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission's Regional Electricity Markets and Coordination Workshop, Docket No. 24-IEPR-01

Dear Commissioners:

On January 24, 2024, the California Energy Commission (CEC) hosted a workshop to discuss the West-Wide Governance Pathways Initiative (Pathways Initiative) and capture how current stakeholder groups and interested members of the public view regional electric grid cooperation through the Pathways Initiative. Step 2 of the Pathways Initiative would form a new Regional Organization that would have governing authority over the Energy Imbalance Market (EIM) as well as the Extended Day Ahead Market (EDAM), which would achieve its goals for voluntary wholesale markets across the West. Southern California Edison (SCE) supports the development and operation of the Pathways Initiative and appreciates the opportunity to submit the comments below.

SCE Encourages the CEC to Support Efforts to Expand Regional Markets

SCE extends its gratitude to the California Energy Commission (CEC) for hosting the Integrated Energy Policy Report (IEPR) workshop on January 24, 2025. We also appreciate the opportunity to participate in the "Market Participant Roundtable."

As highlighted by John Trsoukalis from the Brattle Group, their study indicates that enhanced regional cooperation could yield around \$800 million in annual benefits for California electricity customers. The study also noted the potential for additional environmental benefits. Additionally, Michael Wara from Stanford University noted that regional cooperation offers significant reliability benefits, potentially matching the economic advantages.

Given the evident economic and reliability benefits of expanding the electric market to encompass the entire region, it was unsurprising that nearly all participants supported this direction. Notably, the diversity of representatives—from California labor, environmental groups, municipalities, Investor-Owned Utilities (IOUs), Community Choice Aggregators (CCAs), the California Independent System Operator (CAISO), and regulators from Oregon, Washington, New Mexico, and Arizona—demonstrated rare, if not unprecedented, consensus across various stakeholder interests and geographic areas.

SCE emphasized during its panel that independent governance is crucial for greater regional market integration. The West Wide Governance Pathways' Initiative (WWGPI) has now provided a clear proposal for implementing such governance. Furthermore, the CAISO has already demonstrated its capability to operate a regional market through the Western Energy Imbalance Market (WEIM) and plans to launch the Extended Day-ahead Market (EDAM) in early 2026. WEIM has already delivered over \$6 billion in direct economic benefits to customers in the west, along with environmental and reliability advantages. The CAISO is well-prepared to manage a regional market using its existing and soon-to-be released tools.

What is now required is enabling legislation to allow California IOUs to participate in a regional market with independent governance. The customer value proposition is clear, but the window of opportunity is closing rapidly. Several utilities, particularly in Arizona, have expressed intentions to join a different market, SPP's Markets+. If this occurs, the western grid will be fragmented, and significant potential value, reliability, and environmental benefits will be lost for the region.

SCE strongly supports advancing a regional market with the largest possible footprint. With affordability becoming increasingly critical, an expanded market is a feasible and effective way to deliver benefits to California customers. We urge the CEC, through the IEPR process and other avenues, to support efforts to expand our regional electricity markets.

Conclusion

SCE thanks the CEC for consideration of the above comments. Please do not hesitate to contact me at (916) 551-3624 or Adam.Smith@sce.com with any questions or comments you may have. I am available to discuss these matters further at your convenience.

Sincerely,

/s/ Adam Smith

Adam Smith