

DOCKETED	
Docket Number:	24-IEPR-01
Project Title:	General Scope
TN #:	261611
Document Title:	CalCCA Comments on WWGPI WS
Description:	CalCCA Comments on WWGPI WS
Filer:	Shawn-Dai Linderman
Organization:	CALIFORNIA COMMUNITY CHOICE ASSOCIATION
Submitter Role:	Intervenor
Submission Date:	2/7/2025 2:27:36 PM
Docketed Date:	2/7/2025

**STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION**

In the Matter of:

*2024 Integrated Energy Policy Report
Update (2024 IEPR Update)*

Docket No. 24-IEPR-01

RE: Regional Electricity Markets and
Coordination

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS
ON THE IEPR COMMISSIONER WORKSHOP ON REGIONAL
ELECTRICITY MARKETS AND COORDINATION**

Leanne Bober,
Director of Regulatory Affairs and Deputy
General Counsel
Lauren Carr,
Senior Market Policy Analyst
Eric Little,
Director of Market Design

CALIFORNIA COMMUNITY CHOICE
ASSOCIATION
1121 L Street, Suite 400
Sacramento, CA 95814
Telephone: (415) 302-2376
E-mail: regulatory@cal-cca.org

February 7, 2025

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	THE PATHWAYS INITIATIVE PROVIDES OPPORTUNITIES TO CAPTURE RELIABILITY, AFFORDABILITY, AND ENVIRONMENTAL BENEFITS OF REGIONAL COORDINATION.....	2
III.	THE PATHWAYS INITIATIVE’S INCREMENTAL APPROACH TO REGIONAL COORDINATION WILL MAXIMIZE ITS BENEFITS	4
IV.	CONCLUSION.....	5

**STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION**

In the Matter of:

*2024 Integrated Energy Policy Report
Update (2024 IEPR Update)*

Docket No. 24-IEPR-01

RE: Regional Electricity Markets and
Coordination

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION’S COMMENTS
ON THE IEPR COMMISSIONER WORKSHOP ON REGIONAL
ELECTRICITY MARKETS AND COORDINATION**

The California Community Choice Association¹ (CalCCA) submits these comments pursuant to the January 24, 2025, *IEPR Commissioner Workshop on Regional Electricity Markets and Coordination* (Workshop). The Workshop was held to discuss the West-Wide Governance Pathways Initiative (Pathways Initiative).

I. INTRODUCTION

CalCCA appreciates the opportunity to comment on the Workshop. The Pathways Initiative has taken many meaningful steps towards greater independence of the day-ahead and real-time energy markets through the creation of the Regional Organization (RO). It also sets the groundwork for future opportunities to increase the RO’s level of independence and scope of functions if desired by market participants. CalCCA is supportive of the Pathways Initiative for many reasons, including

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale’s Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

that regionalizing elements of electricity markets across the Western Electricity Coordinating Council (WECC) under a single Federal Energy Regulatory Commission (FERC) regulated RO will advance regional coordination across the West. In addition, enabling opportunities to broaden the regional market footprint will allow California to capture the reliability, affordability, and greenhouse gas reduction benefits such coordination can provide.

Overall, CalCCA supports the Pathways Initiative in that it:

- Provides opportunities to capture reliability, affordability, and environmental benefits of regional coordination; and
- Takes an incremental approach to regionalization to maximize benefits by enabling all states that participate to have a voice in the design and implementation of the market.

II. THE PATHWAYS INITIATIVE PROVIDES OPPORTUNITIES TO CAPTURE RELIABILITY, AFFORDABILITY, AND ENVIRONMENTAL BENEFITS OF REGIONAL COORDINATION

The Pathways Initiative provides significant opportunities to capture reliability, affordability, and environmental benefits of regional coordination. Workshop presentations by the Brattle Group² and the Stanford Climate and Energy Policy Program³ quantified several important reliability, affordability, and environmental benefits that can be delivered through the Pathways Initiative.

Reliability benefits are driven by geographic and weather diversity in a broader regional market. This geographic and weather diversity means that different regions experience peak energy needs and renewable generation output at different times, allowing participants to draw on a much wider resource pool during unexpected or extreme events. The Brattle Group estimates that an increased extended day-ahead market (EDAM) footprint could expand California's supply cushion by 25,000

² Brattle Group, *Preliminary Day-Ahead Market Impacts Study* (Jan. 24, 2025) (Brattle Group Presentation): <https://efiling.energy.ca.gov/GetDocument.aspx?tn=261300&DocumentContentId=97632>.

³ Stanford Climate & Energy Policy Program, *Grid Regionalization in the West: Reliability Benefits and Increased Cooperation in Electricity Markets and Operations* (Jan. 24, 2025) (Stanford Presentation): <https://efiling.energy.ca.gov/GetDocument.aspx?tn=261263&DocumentContentId=97631>.

megawatts (MW) relative to a West with two regional markets, with most of this increased availability occurring during the ten tightest hours on the system.⁴ This supply cushion could make it easier to manage the grid during extreme weather events and other unexpected contingencies through market transfers rather than “dialing for MWs.” The Stanford Climate and Energy Policy Program analyzed reliability benefits that could be achieved through greater market cooperation across the WECC under stressed grid conditions. This analysis finds that under the “worst-case stress event,” the benefits of a single west-wide market are greatest, reducing unserved energy by more than half relative to a WECC with multiple markets.⁵ In addition, crucial elements of California’s reliability planning policies, such as the resource adequacy program and integrated resource planning, will remain soundly within California’s control.

Affordability benefits of an expanded EDAM to California could reach up to \$790 million annually in lower net total system costs compared to baseline assumptions, according to the Brattle Group.⁶ These benefits stem first from more efficient dispatch, as the pooling resources across a larger geographic area can lead to more efficient energy production and distribution, producing cost savings for consumers. Second, the benefits stem from renewable energy integration. Today, consumers may pay twice for energy when excess renewable contracts are curtailed on the California Independent System Operator (CAISO) system. They pay for both the curtailed energy, through bilateral contracts with the resource owner, and the energy they consume through the CAISO market. Regional coordination provides a broader market for California’s solar and wind resources, reducing curtailment of existing resources and lowering customer costs by displacing higher variable cost energy. Given ongoing and critical concerns regarding ratepayer affordability, particularly in

⁴ See Brattle Group Presentation, at 8.

⁵ See Stanford Presentation, at 10.

⁶ See *id.*, at 4.

California, the potential to achieve such significant cost savings through a single mechanism should be seriously considered.

Environmental benefits are driven by optimizing the use of renewable resources across the region. Regionalization, as envisioned by the Pathways Initiative, reduces reliance on California's gas resource fleet by up to 31 percent relative to baseline assumptions, thereby reducing greenhouse gas emissions and criteria pollutants in sensitive communities. Collaborative efforts throughout the region can enhance the effectiveness of environmental policies across state lines. At the same time, crucial elements of California's climate policies, such as resource planning and procurement, the Renewables Portfolio Standard (RPS), and other carbon reduction programs, can remain in the hands of California legislators and regulators.

III. THE PATHWAYS INITIATIVE'S INCREMENTAL APPROACH TO REGIONAL COORDINATION WILL MAXIMIZE ITS BENEFITS

The Pathways Initiative's incremental approach to regional coordination will allow maximization of its benefits. As the Brattle Group's analysis demonstrates,⁷ the regional market benefits discussed in Section II., above, depend on the size and diversity of the members that join. The Pathways Initiative aims to expand participation across the West in the day-ahead and real-time energy markets currently managed by the CAISO by creating a governance framework independent of any single state and overseen by a new RO. Addressing governance independence, a longstanding barrier to regionalization, through the Pathways Initiative provides opportunities to maximize Western market participation. This maximization of participation will, in turn, ensure widespread maximization of reliability, affordability, and environmental benefits while retaining California control over important reliability and climate policies.

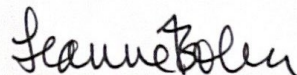
⁷ Brattle Group Presentation, at 1.

To accomplish a broad regional market footprint, the Pathways Initiative follows an incremental approach to regional coordination rather than the holistic approach adopted by some Eastern areas and advanced in prior unsuccessful regionalization efforts in the West. The incremental approach has worked well for the West thus far, as demonstrated through the Western Energy Imbalance Market (WEIM) and soon-to-be-implemented EDAM. This coordination of market functions has occurred while allowing Western states, including California, to continue to maintain control over their own functions. This includes control over transmission planning processes, transmission system operation, reliability functions, integrated resource planning, and State policy goals (including RPS compliance, Senate Bill 100 implementation, etc.). The Pathways Initiative takes a significant incremental step of shifting energy market governance to the RO and a board of members from across the West. This incremental step will promote trust across Western entities, attract a diverse range of potential regional market participants, and maximize the potential benefits of a regional market.

IV. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments herein and looks forward to an ongoing dialogue with the Commission and stakeholders to improve regional coordination in the West.

Respectfully submitted,



Leanne Bober,
Director of Regulatory Affairs and Deputy
General Counsel
CALIFORNIA COMMUNITY CHOICE
ASSOCIATION

February 7, 2025