



**CAISO Board Vision Discussion Paper**  
**Electricity 2030 – Trends and Tasks for the Coming Years**  
**Public Generating Pool Comments**  
**November 20, 2017**

Public Generating Pool (PGP) appreciates the opportunity to comment on the California ISO Board's Vision Discussion Paper that identifies trends and suggested actions as California drives towards meeting its carbon emissions reduction goals. PGP represents ten consumer-owned utilities in Oregon and Washington that own more than 6,000 MW of generation, 96% of which is carbon-free.

**Role of CAISO in Implementation of Vision**

PGP appreciates the transparency the Vision Discussion Paper provides into the CAISO's thinking on the challenges and policy solutions facing California in meeting current policy goals for 2030 and 2050. We understand the Vision Discussion Paper's purpose to inspire discussion on strategies and issues involved in decarbonizing and decentralizing California's electric service. This is a large task and will involve numerous California state agencies and organizations that bear the responsibility of certain actions suggested to support movement toward the outcomes outlined in the document's Trends and Tasks.

The CAISO has many important functions as market operator, balancing authority, regional transmission planner, etc., including providing feedback to policy makers about the system requirements associated with different policy options. The broad nature of this document and the numerous recommendations for policy, however, do not seem to fit the expected role of the CAISO as an independent system operator. If there are future versions of this document, it would be helpful for the CAISO to be more specific about its role relative to California legislature and state agencies.

**CAISO Role in Trends 2, 3, and 4**

The Trends in the document provide a useful perspective of the future electricity sector landscape within which all of us operate. The Trends are thoughtful and are very useful in anticipating where there may be stress points or opportunities on the system. PGP believes it is important for an independent system operator to objectively design and operate a market that is non-discriminatory, achieves least-cost solutions, and assures reliable service to load. Relative to this document, we believe that it is the role of the CAISO to ensure that their market design and market rules are agile enough to send proper price signals, and it is the role of the energy planning bodies and other entities to establish the energy policy priorities and incentives to achieve the broader vision.

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PGP finds Trends 2, 3 and portions of 4 to be the Trends that are directly relevant to CAISO's grid operations and provides comment on elements of those Trends.

Trend 2: Gas-fired generation declines significantly as the grid is modernized.

- PGP recommends a more technology neutral approach to the issue of financial viability of resources that provide Essential Reliability Services. The current draft focuses on helping gas-fired generators remain viable. Proper market design should appropriately compensate resources based on resource capability and location such that they remain financially viable, independent of resource type.
- PGP understands the intent behind "regional sharing" to assure efficient use of existing capability across the West. To assure that any type of shared approach is reliable and equitable, common definitions of resource adequacy and demonstration of adequacy are required and could be noted as an important first step.

Trend 3: The system is shaped by the variable output of wind and solar resources.

- PGP finds the tasks under Trend 3 to be state policy oriented actions that we believe to be outside the scope of the CAISO. However, the Guiding Questions are important for the CAISO to address.

Trend 4: Demand becomes as important as supply in balancing the system.

- PGP finds the Tasks and Guiding Questions to fall into the category of state policy. However, given the importance of the issue of evolving and changing demand, it would seem appropriate that the CAISO offer key issues or questions they need to address or be prepared for in operating the grid if these changes in demand occurred.

### **Independent Governance continues to be important in Regionalization**

As Balancing Authority Areas and resource owners external to the CAISO, PGP takes specific interest in Trend 6: Regional Coordination Supports Efficient Grid Operations. We agree there may be benefits that can be gained with regionalization, however the Vision Discussion paper is explicitly focused on the benefits of regionalization to the state of California. For many years, the NW parties have indicated that independent governance will be an important issue in determining the approach to more formalized coordination. Future versions of this document or discussions of regionalization should highlight what is needed to assure benefits are realized by other states as well as California and highlight the actions the CAISO is taking or can expand to balance different regional policies and resources.

### **Near-term actions the CAISO can take to increase regional participation**

While regionalization is a long-term endeavor, there are near-term market design options that can be explored by the CAISO that may better incent the use of existing resources in the West.

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- Focus on market design that provides proper price formation, strong price signals for the capability that is needed on the system, and market rules that ensure reliable non-discriminatory access to resources.
- Clean, flexible hydroelectric resources of the Pacific Northwest (PNW) can provide immense benefits to the CAISO in reducing renewable curtailment and meeting flexible ramping needs. In addition to offering flexibility, PNW hydro can provide storage capability by taking energy during the middle of the day and providing energy during the morning and evening ramp periods. However, the CAISO would need to advance initiatives that provide appropriate compensation for opportunity costs and a market structure that considers the planning timelines for large PNW hydroelectric systems.
- CAISO, in coordination with the California Public Utilities Commission, would need to remove current barriers in the CAISO's current flexible resource adequacy framework that prohibit external resources from participating.

Finally, PGP encourages the CAISO Board of Governors, leadership and stakeholder processes to find ways to hold public meetings in other states. California relies heavily on imports from the Desert Southwest and the Northwest to meet load and this Vision paper advances the idea of expanding the ISO into those areas. Additional time spent in these states could only be helpful in developing mutual understanding and working relationships that are necessary for continued coordination.

PGP appreciates the opportunity to comment on this very thoughtful and well-designed document. We look forward to continued coordination with the CAISO.

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