



California ISO


# GHG Coordination Working Group

October 30, 2023

# Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.

# Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the bottom of your screen.  
**Note:** #2 only works if you dialed into the meeting.
  - Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to all panelists.

# Notice to Participants

***Please be reminded, Commissioners and advisors from state public utility commissions may be in attendance.***

# Agenda

Time	Topic
1:00 – 1:05	Welcome & introductions
1:05 – 3:55	Problem statement building
3:55 – 4:00	Next steps

# Working group progress to date



# PROPOSED PROBLEM STATEMENTS

# Emissions Tracking and Accounting

**Problem statement #8:** The market does not provide the complete reporting metrics desired by all market participants.

**Proposed root causes/sub-problems:**

1. The ISO does not have a current understanding of all data required or desired by participants, the rationale for providing that data, the frequency of providing that data, or the granularity of data desired by market participants.
2. There is a disagreement among states and other stakeholders about whether and how attribution in wholesale markets affects retail GHG claims, load-based state programs and the systems for allocating generation and associated emissions to retail load.



# Emissions Tracking and Accounting

**Problem statement #9:** LSEs subject to GHG reduction mandates do not receive data about market imports indicating which resources were deemed to have served their load.

- **Potential root cause/sub-problem:**
  - GHG attribution has been designed solely around GHG pricing programs that require generators to retire allowances.
- **Potential market outcome:**
  - Without access to data about market imports indicating which resources were deemed to have served their load, it is challenging for the LSE to demonstrate compliance with the state GHG regulation.

# Emissions Tracking and Accounting

**Problem statement #10:** It is unclear if the treatment of GHG used in the optimization accurately reflects actual costs of GHG to end-use customers.

**Problem statement #11:** Current emissions tracking and accounting metrics do not demonstrate the impact of the market on decarbonization and renewable curtailment, or provide requisite data at the greatest feasible granularity for market participants, state regulatory compliance programs, and energy buyers.

# Emissions Tracking and Accounting

**Problem statement #12:** If the methodology for PacifiCorp's compliance reporting of EDAM transactions with the CCA is not congruent with existing regulations and guidance for imports for bilateral transactions and retail, then the GHG regulation area's reporting will be incomplete or inaccurate.

**Problem statement #16:** The current GHG accounting design based on attribution to the lowest cost individual generating resources, allows for emissions leakage. Leakage is caused by not capturing GHG emissions from all the generating resources actually dispatched to support the transfer of electricity from a non-GHG regulation area into a GHG regulation area.

# Emissions Tracking and Accounting

## **Action Items:**

What analysis and/or review is necessary to facilitate the assessment of problem statements 8-12, 16?

# Beyond GHG Pricing Policies

**Problem statement #7:** LSEs subject to a state GHG reduction mandate do not have the ability to affect dispatch to ensure that the emissions of energy deemed to serve their load is within their regulatory limits.

- **Potential root cause/sub-problem:**
  - The dispatch algorithm lacks a price signal that LSEs subject to a GHG reduction mandate can use to indicate their preference for clean electricity.
- **Potential market outcome:**
  - An inability to effectively compete against LSEs subject to GHG pricing programs for low-cost clean energy from the market.

# Beyond GHG Pricing Policies

**Problem statement #13:** If policies (such as CETA's delivery-based renewable compliance paradigm, and prohibitions on coal) base compliance on data from the market operator [data intended to inform market settlements] -- and use that data to represent energy flow serving retail load -- a number of adverse effects would result. These effects include (a) a disconnect would appear between costs and benefits of the resources paid for by retail customers in retail rates and their compliance benefits; (b) it would discount long range clean energy plans developed by utilities to comply with state policies, and (c) it would ultimately disincentivize market participation.

# Beyond GHG Pricing Policies

**Problem statement #14:** There is not a market mechanism to reflect state climate policies that are not based on the cost of carbon. Participating in the market could undermine efforts to decarbonize as the unspecified emissions rate used by states fails to reflect the accuracy of generation and consumption at a local level.

## **Initial stakeholder feedback:**

- The ISO and prospective EDAM participants should explore how EDAM can accommodate non-price based GHG regulation in the near future.
- The goal of the GHG market design is to ensure the market captures the additional GHG cost of serving load in GHG regulation areas, and incorporating non-priced based policies into the optimization was not part of the goal of the GHG design.

# Beyond GHG Pricing Policies

**Problem statement #15:** There is no policy or process that defines how the market can handle both price and non-price based GHG programs and within a state simultaneously.



# Beyond GHG Pricing Policies

## **Action Items:**

What analysis and/or review is necessary to facilitate the assessment of problem statements 7, 13-15?

## Next steps

- Comments due by end of day November 7<sup>th</sup>
  - Submit using the template provided on the working group webpage
  - Comments will inform revised problem statements
- Next working group on November 27<sup>th</sup>
  - Focus: GHG Reporting Requirements
    - Review updated problem statements based on stakeholder feedback
    - Stakeholder presentations on GHG reporting and related problem statements
- Survey following November 27<sup>th</sup> working group meeting
  - Feedback will inform the ISO on topic and problem statement prioritization

## Additional information

- Submit requests to present to [ISOStakeholderAffairs@caiso.com](mailto:ISOStakeholderAffairs@caiso.com)
- Relevant information: <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Greenhouse-gas-coordination-working-group>