



## Staff Report Item 6

**TO:** East Bay Community Energy Executive Committee Members

**FROM:** Nick Chaset, Chief Executive Officer

**SUBJECT:** Discuss Legislative Positions: Regionalization

**DATE:** April 27, 2018

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### **Recommendation**

Discuss a proposed Board Resolution supporting regionalization of the transmission system operator as a concept, and delegating to EBCE's CEO authority to support specific legislation if key principles are met.

### **Background**

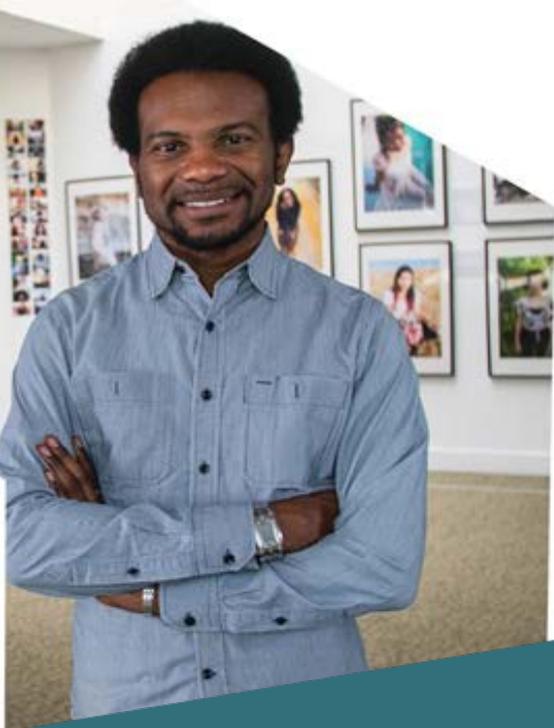
The California Independent System Operator (CAISO)'s role is to ensure efficient and reliable operation of the electrical transmission grid. Regionalization would allow CAISO to join a multistate regional transmission system organization that spans a larger geographic area than the current CAISO to promote the development of regional electricity transmission markets in the western states.

Regionalization may provide some direct financial benefits for EBCE's customers, as well as environmental benefits. The larger control area beyond CAISO may provide access to more geographically diverse and lower-cost renewables, as well as enable sale of excess renewables to other regions during times of oversupply in California, preventing curtailment of renewable energy. It would also reduce reserve requirements, meaning there would be less need to keep dirtier fossil plants online for use during ramp periods. The variation in timing of daily and annual peak loads could also provide savings in terms of capacity that EBCE is required to buy. Regionalization would also enable EBCE to treat renewables delivered into the broader multistate area as greenhouse gas-free for purposes of customer disclosure, helping to further EBCE's greenhouse gas free product goals.

EBCE staff recommends that any legislation enabling regionalization include the following key principles:

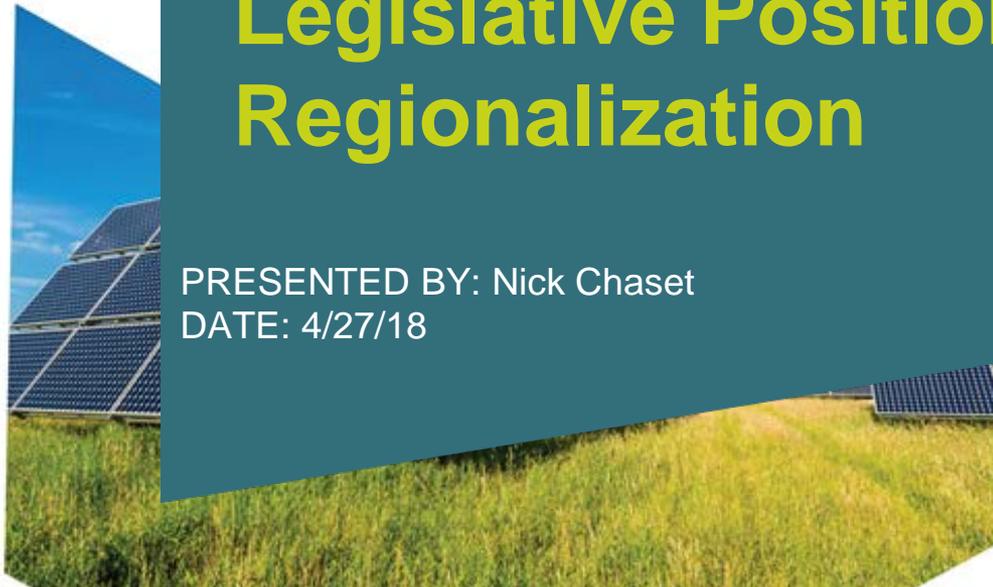
- Open, transparent governance process for multistate entity
- Ensure California maintains its authority over California regulatory matters including procurement policy, resource planning, and resource or transmission siting within the state
- Allow for transparent tracking of greenhouse gas emissions from resources dispatched to serve California load
- Allow participation of distributed energy resources in multistate market
- Allow CAISO to unilaterally withdraw from a multistate regional transmission system organization

Given the benefits of regionalization, it is recommended that the Board adopt a resolution supporting regionalization in concept, and delegating to the CEO the specific ability to support draft legislation as warranted that would enable regionalization, assuming the proposed legislation includes the key principles above. The delegation of authority will ensure that the CEO can act expediently and at the most strategic time period on behalf of EBCE's interests to sign a letter of support.



# Legislative Positions: Regionalization

PRESENTED BY: Nick Chaset  
DATE: 4/27/18



# Regionalization

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- What Would Regionalization Actually Do?
  - The California Independent System Operator (CAISO)'s role is to ensure efficient and reliable operation of the electrical transmission grid
  - Regionalization would allow CAISO to join a multistate regional transmission system organization that spans a larger geographic area than the current CAISO to promote the development of regional electricity transmission markets in the western states

# Today's Electric Grid

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# Regionalization

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- Direct Benefits for EBCE

- Market benefits from a larger control area beyond CAISO:

- Reduced reserve requirements

- Geographical diversity improves market for renewables and reduces integration costs

- Capacity savings due to diversity in timing of daily and annual peak loads

- Allows increased access to renewables in the west for meeting renewables procurement goals

- Ensures that greenhouse gas accounting treats renewables delivered into the broader multistate area as greenhouse gas-free for purposes of customer reporting

- *Recommendation: Adopt a Board Resolution supporting regionalization as a concept, and delegating to EBCE's CEO authority to support specific legislation if key principles are met*

# Key Principles

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- Key principles that must be met for EBCE to support legislation enabling regionalization:
  - Open, transparent governance process for multistate entity
  - Ensure California maintains its authority over California regulatory matters including procurement policy, resource planning, and resource or transmission siting within the state
  - Allow for transparent tracking of greenhouse gas emissions from resources dispatched to serve California load
  - Allow participation of distributed energy resources in multistate market
  - Allow CAISO to unilaterally withdraw from a multistate regional transmission system organization

# Current Pending Legislation

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- AB 813 (Holden)
  - Informational Hearing was held on 3/14