



Regional Solutions for the Electric Grid

Members of the Northern California Power Agency (NCPA) operate within three different balancing authorities: the California Independent System Operator (CAISO), the Balancing Authority of Northern California (BANC), and NV Energy Balancing Authority in Nevada. While NCPA supports strategies to improve regional efficiencies, we have opposed recent efforts to push legislative changes that would modify the CAISO into a regionally-governed entity and continue to assert that there is no need for legislative action to achieve greater regional coordination.

The Energy Imbalance Market is Already Facilitating Regional Coordination

Today, in the absence of a regional governance structure, electric utilities are working across balancing authorities and state lines to capture the benefits of regional collaboration.

CAISO's Western Energy Imbalance Market (EIM) facilitates power delivery to over 42 million consumers across eight western states.

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Further improvements, such as the implementation of a Day-Ahead Market, could significantly increase the EIM's value. The resulting benefits could achieve many of the outcomes touted for a regionally-governed transmission operator while ensuring that California's ability to charge ahead with climate and energy policies is not hindered by outside interests.

Many stakeholders have expressed support for this measured approach to regionalizing California markets. Indeed, several large publicly owned utilities plan to begin their participation in the EIM within the next two years. NCPA supports the continued development of the EIM via ongoing discussions in CAISO stakeholder processes. Modifications to the program, paired with new participants, will yield even greater benefits for Californians.

CAISO's Reliability Coordinator Role Will Bring Further Savings

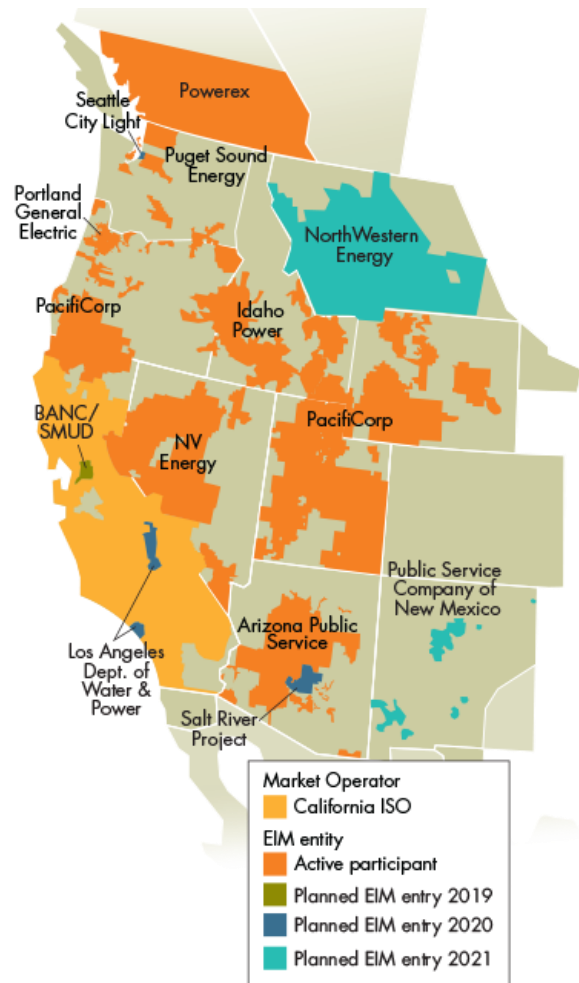
This year, CAISO is taking on the role of Reliability Coordinator (RC) for 32 entities across the western states. As RC, the CAISO will manage day-ahead and real-time assessments, monitoring, and analysis in compliance with both regional and federal reliability standards.

They will be responsible for coordinating outages and system restoration. This new role is projected to bring cost savings to CAISO market participants, but also will facilitate increased coordination in instances of emergency response and recovery of utility operations.

There is No Need for Legislation

Given the efforts already underway, legislation is not necessary to achieve improved regional coordination at this time. However, if policymakers choose to go forward with further efforts to increase regional coordination, NCPA urges that consideration be given to the impacts on California ratepayers who have made substantial investments in the development of clean, in-state generation, transmission to support our State's renewable energy goals, and the CAISO structure itself.

The Energy Imbalance Market Footprint



Source: California Independent System Operator