Interaction between the EIM and State Carbon and Clean Energy (CCE) Programs

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Potential Role of the ISO/EIM in Supporting State CCE Programs

- None – CCE program is implemented independently of EIM, e.g.
  - California RPS implemented based on REC retirement only
- Data support – ISO provides market information to state regulators to support implementation of CCE programs, e.g.
  - Transfers between EIM entities
  - GHG intensity of total EIM system and/or individual entity systems
  - Resources dispatched and deemed delivered
  - “Secondary dispatch”
- Market Design Integration - ISO modifies EIM algorithm to facilitate implementation of state CCE programs, e.g.
  - Identification of EIM imports where EIM entity BA overlaps state boundaries
  - GHG adder(s) for carbon pricing
  - Improved functionality to enable Participating Resource Scheduling Coordinators to better control where output of resources is deemed delivered

Process Considerations

- Implementation schedule for state programs
  - Oregon cap and trade would have a much tighter timeframe for implementation than Washington's clean energy standard
- Technical Feasibility of some EIM options and potential consequences should be understood before state program requirements are finalized, e.g.
  - Ability to delineate Oregon border for multi-state EIM entities
  - Improved functionality to control where resource output is deemed delivered
- In other cases, state program requirements should be finalized before changes to the algorithm are considered
  - Oregon rules for EIM imports
  - Whether California and Oregon will link cap and trade programs

Considerations for Market Design Integration

- Can a CCE program be implemented effectively without integration into market design?
  - Clean energy standards could be implemented entirely outside of market
  - Market integration more important for effective implementation of carbon pricing programs that apply to electricity imports
- Would market design integration help achieve broader environmental goals?
  - Design changes made to address double-counting concerns for clean energy standards would likely hinder participation of renewable resources in EIM
- Is market design integration sustainable if more states adopt similar or different CCE programs?
  - If day-ahead market is extended to EIM entities?
- What are implications for EIM algorithm complexity and market efficiency?
- What are the potential impacts on EIM Entities and Participating Resources in non-CCE jurisdictions?