

REGIONAL ROUNDUP

[16] Misconceptions Being Spread on Regionalization, Proponents Contend*(from [4])*

Some proponents of regionalizing the California Independent System Operator say misconceptions are being spread that are clouding the debate, particularly regarding the possible expanded influence of President Donald Trump.

Norman Bay, former chairman of the Federal Energy Regulatory Commission, said he “fundamentally disagrees” with the notion that CAISO regionalization would increase the authority of FERC—and Trump—over California energy policy, as some consumer, environmental and public-advocacy groups have said.

“It is what it is,” Bay said on Aug. 8 of FERC’s authority over ISOs and regional transmission organizations. “It’s written in the statute.” He made his comments during an Aug. 8 panel discussion at Advanced Energy Economy’s Pathway to 2050 conference at the Sacramento Convention Center.

FERC in the past has followed a pattern of “cooperative federalism,” said Bay, who was nominated by President Barack Obama in 2014 and resigned from FERC in January 2017 when Trump named FERC member Cheryl LaFleur as chairman. Regionalization of CAISO would mobilize more states than just California to engage with Trump “if FERC were to do something crazy,” Bay said.

There has been a huge paradigm shift, and renewables can now function as the least-cost resource, he said—and the least-cost resource will prevail in markets and lead to coal-plant retirements.

“The thing about markets is they expose resources to competition,” Bay said.

Worries about Trump’s interference in California’s environmental goals expanded in the wake of his efforts to use federal energy agencies to support economically stressed coal and nuclear plants. There is also the question of Trump’s nominee to replace outgoing FERC commissioner Robert Powelson, whose tenure officially ends on Aug. 10 after one year on the commission (see story at [20]).

A contentious regionalization bill sponsored by Assem. Chris Holden, AB 813, is before the Senate Appropriations Committee, which has an Aug. 13 hearing scheduled on the legislation. California labor unions, The Utility Reform Network, Food and Water Watch, and other public-advocacy groups have launched informational campaigns against regionalization of CAISO, which they say will bring dirtier electricity and federal influence into the state’s planning and energy markets. But CAISO itself and many power sellers see advantages of



Advanced Energy Economy’s Pathway to 2050 conference met at the Sacramento Convention Center Aug. 8. Photo: Jason Fordney

increased power flows, markets and connectivity with regionalization.

CAISO’s fast-growing Western Energy Imbalance Market already allows regional trading, and the ISO is developing a day-ahead platform for the market in conjunction with an overhaul of the statewide day-ahead market it already operates. CAISO recently slowed the pace of its day-ahead market enhancements initiative (see CEM No. 1499 [14.2]).

At the AEE panel, Montana Public Service Commission Vice Chair Travis Kavulla said critics of regionalization are pursuing a “false premise.” Without regionalization, other states might form their own ISOs, possibly creating seams issues, he said.

Kavulla’s term at the Montana commission concludes at the end of this year, and he was recently named to the EIM Governing Body for a three-year term. He argued that a strong regionalization proposal created with collaboration between states would actually protect against an activist FERC.

“Wouldn’t it be better for all the states to get together and reach a common understanding” on issues like resource adequacy and market development, Kavulla said, and take that “collaborative Christmas package to FERC?”

At a later panel discussion, Pacific Gas & Electric Senior VP Steven Malnight said that “bigger markets are better” but there are some obstacles for regionalization, including deciding where to build resources and where jobs will be dispersed in a regional market.

“The devil is in the details, and there are many that need to be worked out,” Malnight said, and “it’s got to get through the politics.” He added: “There are some incredible opportunities to do new things in this state, and the whole world is watching.”

—Jason Fordney

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