

News Release

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Regional energy market study shows positive impacts for the environment; significant cost savings for consumers California ISO releases preliminary study results for public comment

FOLSOM, Calif. – A multi-state, regional electric market would provide environmental and economic benefits to California and the West, and yield significant cost savings to the state's electricity ratepayers, according to preliminary study results released today by the California Independent System Operator (ISO).

Managing the western power grid under one regional energy market will lead to improved operations and market efficiency, and more strategic transmission planning, the draft results show. A new western region energy market would reduce harmful gas emissions and impacts to land and water while creating thousands of new jobs in the state and helping disadvantaged communities. Potential savings to California ratepayers are estimated to reach up to \$1.5 billion annually by 2030.

“Although these are preliminary results, we're encouraged by the considerable benefits possible with a regional energy market,” said Steve Berberich, president and CEO of the ISO. “The findings urge us to continue exploring the advantages and challenges of a regional energy market, while including many voices in a transparent and thorough stakeholder process.”

The studies were required by the Clean Energy and Pollution Reduction Act, or Senate Bill 350, which sets California's goal of reaching a 50-percent renewable portfolio standard by 2030.

The preliminary study results highlighted the following key findings on the potential effects of an expanded regional energy market:

- reduce California's greenhouse gas emissions by 4 to 5 million metric tons, or 8 to 10 percent of the total for the electric sector, in 2030. The same year, the western region would see a decrease of 10 to 11 million metric tons;
- decrease emission of carbon dioxide, nitrous oxide, sulfur dioxide and hazardous particulate matter both in California and the West;
- reduce impacts of the electricity sector on land and water resources. With improved planning, land used for new wind and solar plants would be reduced by 45,400 to 73,100 acres in California, and 38,900 to 69,300 acres in the rest of the West. That eases pressure on biological resources and groundwater extraction for construction and operation of power plants;
- integrate larger amounts of renewable energy more smoothly. When solar output creates midday oversupply conditions in California, that energy can be exported to other areas, rather than solar energy going unused;
- spur development of additional renewables beyond Renewables Portfolio Standard (RPS) requirements, which multiplies positive impacts to the environment;

- save California electricity ratepayers \$1 billion to \$1.5 billion annually in 2030, assuming a fully integrated market across all western United States utilities except the federal power marketing administrations;
- create between 9,900 and 19,400 new jobs by 2030 in the state, primarily stemming from lower energy rates;
- increase household incomes by \$300 to \$550 annually in 2030 due to lower energy costs;
- improve real income and job opportunities to disadvantaged California communities, particularly in the Inland Valley, Greater Los Angeles and Central Valley. In those areas, a regional grid would create 1,300 to 4,600 new jobs and boost annual income by \$170 to \$340 per household. The regional energy market would also alleviate environmental effects of new power plant development and reduce pollution from gas-fired generators in the San Joaquin Valley and South Coast air basins; and
- reduce operating reserves needed to meet reliability requirements; offer improved real-time visibility of system conditions in a larger regional footprint; and enhance management of unscheduled power flows.

The study authors pointed out that many of these findings are conservative estimates, and some of the likely regional market benefits are not easily quantified. While the study focused primarily on the benefits of a regional energy market to California, the results can be used as a foundation for other states to determine their specific benefits.

SB 350, signed into law last year, required the ISO to study the impacts of a regional energy market in the following specific areas:

- job creation and retention, along with other economic impacts to California;
- environmental impacts to California and elsewhere;
- effects on disadvantaged communities;
- emissions of greenhouse gases and other air pollutants; and
- grid reliability and integration of renewable energy.

A two-day public meeting to review the preliminary results is scheduled for Tuesday, May 24, and Wednesday, May 25, at the ISO headquarters, 250 Outcropping Way, Folsom, CA. Comments on the draft results and the meeting discussion are due June 8. Final results are expected to be released in late June.

As directed in SB 350, the studies examined impacts of participation by 31 balancing authority areas in the United States, including Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, Utah, Colorado, Arizona and New Mexico.

The ISO studies are being conducted by leading consultants in the fields of economics, environment, social justice and energy policy modeling. For profiles of the study authors, visit the ISO's "Benefits of a regional energy market" page [here](#).

The process to create these studies began in February to outline study methodology and solicit comments from a broad and diverse cross section of interested parties followed by a public meeting in April to discuss the detailed modeling and methodology that each of the consultants planned to use in their analysis. To date, more than 400 stakeholders have participated in the process and many have provided public comments.

SB 350 also laid out a process for evolving the ISO into a regional organization. The ISO will conduct a public process to explore the appropriate governance structure of a regional organization to provide other states with fair representation in oversight of the ISO. That process

has included briefings with western state's energy policy and regulatory leadership, and a public workshop led by the California Energy Commission on May 6. Click [here](#) for more information on the process to explore changes to ISO's governance structure.

To see the slide presentations outlining the preliminary results and for more information on next week's two-day public meetings, click [here](#).

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