



News Release

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California ISO, PacifiCorp launch first western energy market

The six-state wholesale electricity market will generate millions in cost savings for consumers

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) and Portland-based PacifiCorp announced today that the Energy Imbalance Market (EIM) went live on November 1. The real-time market is the first of its kind in the West.

“Consumers across the West win one today as the Energy Imbalance Market is live, performing well and working to reduce costs to consumers,” said Steve Berberich, ISO President and CEO. “When combined with EIM’s inherent ability to enhance reliability by improving responsiveness and visibility, the western grid will drive the use of clean resources, such as solar and wind, to power our modern, high-tech society well into the future.”

“Better coordination in the way we manage energy in the West is crucial to reduce costs for customers and more effectively integrate renewable energy sources,” said Pat Reiten, President and CEO of Pacific Power, a unit of PacifiCorp. “We’re confident the EIM will grow and the benefits of coordination will increase further.”

The real-time market that covers six western states - California, Oregon, Washington, Utah, Idaho and Wyoming - culminates work that began in fall 2012 when the Western Interstate Energy Board’s [PUC-EIM](#) Group (composed of utility commissioners from 12 states) asked interested western entities to provide a proposal for a real-time imbalance market. In February 2013, the ISO and PacifiCorp announced [plans to jointly develop](#) an EIM using the ISO’s proven state-of-the-art technology and market platform. After running EIM for a month under non-binding conditions, the market became financially binding on November 1.

“Over the past 22 months, technology and market experts from PacifiCorp and ISO spent thousands of hours bringing EIM online,” said Petar Ristanovic, ISO Vice President, Technology. “The innovation and ability to merge highly sophisticated systems is an amazing feat. I am very proud of what we have jointly accomplished in launching the EIM.”

The ISO and PacifiCorp would also like to acknowledge the extensive collaboration with Bonneville Power Administration (BPA), which is the transmission provider for PacifiCorp’s rights across the BPA system, in support of EIM’s launch while ensuring efficient and reliable delivery of power.

Although the overall EIM launch was successful, there were some challenges leading to price volatility, primarily in the first 11 hours. The volatility in prices was seen mostly in the PacifiCorp service territory and due to a number of data and software factors during the initial transition from systems in the parallel environment to actual production mode. The ISO has initiated price corrections for the first 11 full hours after launch and is assessing other price results, as part of its normal process.

“The overall launch was successful when considering the magnitude of creating a new real-time energy market over six states,” said Mark Rothleder, ISO’s Vice President of Market Quality & Renewable Integration. “Also, this time of year presents challenges on its own, with lower load levels and reduced resource availability. Given we are in the first days of operations and the underlying system conditions, we are more than satisfied with the initial results and will continue to refine our processes to more easily add future market participants.”

[A major benefit](#) EIM brings to the West is cost savings. An Energy+Environmental Economics (E3) study released in March 2013, [PacifiCorp-CAISO Energy Imbalance Market Benefits](#), identified savings to consumers of EIM market participants of \$21 million to \$129 million per year with minimal annual costs to participants. And as the market is using the ISO’s sophisticated system to automatically balance demand in the West every five minutes with the lowest cost energy available, savings are expected to increase as other energy entities in the West join. Other benefits include reducing the amount of costly energy reserves utilities have to carry because they can draw upon resources from across the West to fill their demand needs that are not available without the EIM.

EIM also greatly improves the efficiency of dispatching resources by employing systems that analyze the needs of the grid every five minutes then automatically finds the lowest cost generation to meet demand. Without an EIM, utilities have to meet demand with resources in their own service areas which often means using higher priced generation or even more expensive energy reserves.

Renewable integration is another significant benefit of EIM. Wind and solar power generated in one state can now be scheduled to meet consumer demand in another. Regional coordination can unlock more efficiency in dispatching renewable resources, can help reduce potential overgeneration of mid-day solar production, and assist states in meeting their renewable energy goals.

The EIM also translates into less risk for participants and their consumers. Rather than building an EIM from scratch that could cost tens of millions of dollars, utilities and their service area resources can tap into the ISO’s advanced platform for only a modest per use fee.

In less than a year, the next EIM participant is expected to enter the market. Las Vegas-based NV Energy, which is the major energy supplier in Nevada, recently received the greenlight from the [Public Utilities Commission of Nevada](#) to participate in the EIM starting in October 2015.

The ISO and PacifiCorp will be monitoring the effectiveness of the EIM and reporting its benefits through a quarterly report beginning early next year.

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