



**COMMENTS OF NV ENERGY ON THE CONSOLIDATED
EIM INITIATIVES FROM THE 2017 ROADMAP**

ISSUE PAPER

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CAISO STAKEHOLDER PROCESS**

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NV Energy appreciates the opportunity to review the June 13, 2017 Issue Paper which presents three Consolidated EIM Initiatives from 2017 Roadmap. Given that the CAISO has only released a preliminary issue paper, NV Energy provides these initial comments and questions and looks forward to engaging in these issues further when the CAISO issues its straw proposal in late July.

1. Third Party Transmission Contribution

The CAISO states that certain third party transmission owners have expressed interest in making available transmission capacity located between two EIM Balancing Authority Areas for use in the EIM and proposes to provide them with congestion revenues from the real-time congestion offset (RTCO) in exchange for making this transmission capacity available.

Given the generally low levels of congestion in the EIM, it is questionable that the RTCO can provide a significant payment. Moreover, NV Energy would be concerned if the initiative either: (1) could potentially increase uplift charges to the existing EIM Entities; or (2) would serve as a disincentive for other Balancing Authorities to join the EIM. As discussed with FERC at the Technical Conference in Docket No. ER16-1518 last October, the EIM works best when new Balancing Authority Areas join to co-optimize their resources, transmission, and imbalance needs. The recent expansion of the EIM to include Arizona Public Service and Puget Sound Energy as well as the impressive lineup of future participants support this full-integration approach.

Accordingly, NV Energy would like to know if setting up the EIM market to handle contribution from third parties would come with any extra associated costs. If so, who will be responsible for these costs and how will these costs be distributed? NV Energy looks forward to learning more about the proposal.

2. Management of Bilateral Schedules

At the outset of the EIM, customers noted their concern about potential exposure to congestion costs if they adjusted their schedules between the T-55 financially-binding schedule submission required by the CAISO Tariff (section 29.34(f)) and T-20 as permitted under the FERC OATT. While congestion has not been significant into, out of, or within the NV Energy Balancing



Authority Area, NV Energy sees value in expanding the existing CAISO wheeling bid functionality into the EIM to provide greater price certainty to customers. However, NV Energy would need to review specifics of the implementation in order to make an informed decision. Items such as the cost and overall design of the functionality would need to be evaluated.

3. Net Wheeling Charge

To date the EIM has operated without a separate transmission charge based on a reciprocity principle. NV Energy sees merit in analyzing the issue of a potential EIM wheeling charge further. The Company is looking forward to the CAISO providing clarity and direction in its straw proposal. As noted in the example in section 5.4 of the issue paper, one approach would be for entities to be compensated for a wheel through on their transmission system only if there was congestion. As noted above, however, there has been little congestion in the EIM. Thus, any proposal may have to consider alternative compensation approaches.

NV Energy has reviewed its non-firm, short-term revenue and identified a decrease in the short-term revenue immediately following its participation in the EIM. Although the Company acknowledges there are other potential contributing factors, it feels this is an example of the issue identified in section 5.4.

NV Energy is prepared to work with the CAISO to provide additional data to support this initiative. The EIM is bringing significant benefits to its participants. NV Energy supports an examination of the relationship between net wheeling amounts and EIM benefits.