



**COMMENTS OF NV ENERGY
2017 STAKEHOLDER INITIATIVES CATALOGUE
DATED NOVEMBER 3, 2016
CAISO STAKEHOLDER PROCESS**

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NV Energy appreciates the opportunity to comment on the 2017 Stakeholder Initiatives Catalogue dated November 3, 2016. As the Catalogue determines the priority of policy initiatives for the following year, this process is of particular importance to the newly implemented and expanding Energy Imbalance Market (EIM).

I. Discretionary Initiatives of the Greatest Importance to NV Energy

NV Energy is very supportive of the following initiatives marked as discretionary: 6.4.7 Management of EIM Imbalance Settlement for Bilateral Schedule Changes; 6.4.2 Potential EIM-wide Transmission Rate; 6.3.1 Real-Time Market Enhancements; 6.1.3 Extended Pricing Mechanisms; and 6.4.8 EIM Over/Under Scheduling Load Enhancements. NV Energy believes these initiatives are of critical importance and should be highly ranked in the final 2017 Catalogue.

- **6.4.7 Management of EIM Imbalance Settlement for Bilateral Schedule Changes.** Under an EIM Entity's Open Access Transmission Tariff (OATT), a transmission customer may modify a transmission schedule down to T-20. In the EIM, however, that same customer must submit their balanced forecast of load and generation to the EIM Entity at T-57. Any change after T-57 is considered to be imbalance energy. While in many instances an equal difference of generation and demand will net the LMP price, there is the possibility that congestion can cause a price difference to the transmission customer. Accordingly, NV Energy is highly supportive of an initiative that would either: (1) reduce the time differential and/or (2) would otherwise enable the transmission customer to manage the congestion price risk. NV Energy agrees with the CAISO ranking this among the most important of the discretionary initiatives in the Draft Roadmap and agrees this initiative should be listed as E1.
- **6.4.2 Potential EIM-wide Transmission Rate.** NV Energy supports the description in the stakeholder catalogue that this initiative should examine both alternative potential transmission service rates, for compensation for transmission use of EIM as well as the issue of compensation for wheels between balancing authority areas and the EIM footprint. As the EIM expands and participants have more information on



use of the respective transmission systems, NV Energy believes this should be a highly ranked initiative promoting fairness and efficiency.

- **6.3.1 Real-Time Market Enhancements.** This initiative would examine market design changes needed to enable the five-minute real time dispatch to perform many of the functions that are now performed by the 15-minute real time unit commitment and currently is among the highest ranked discretionary initiatives in the November 4 Draft Roadmap. NV Energy supports this high ranking, as NV Energy believes a longer optimization horizon leads to more optimal market outcomes in the long term. Given the relationship to the EIM, NV Energy believes this initiative should be listed as E3.

- **6.1.3 Extended Pricing Mechanisms.** This initiative would explore extended pricing mechanisms to either incorporate non-priced constraints into energy prices or to reduce uplifts. As noted by the CAISO, the Midcontinent Independent System Operator has implemented an extended locational marginal pricing program (ELMP). Under ELMP prices are designed to reflect the full cost of commitment (i.e., start-up and no-load) of an offline fast-start resource when it is the marginal resource. NV Energy believes this initiative may promote market efficiencies by enabling LMPs to better reflect the full cost of satisfying demand and should be ranked as “7” rather than “3.” Again, given the relationship to the EIM, NV Energy believes this initiative should be listed as E3 or possibly E4.

- **6.4.8 Over/Under Scheduling Load Enhancements.** NV Energy greatly appreciates the CAISO response to NV Energy’s September 30, 2016 comments by including a new initiative that would examine possible improvements and enhancements to load forecasting transparency and accuracy and would review current the penalty bands for EIM entities deviating from the forecast. NV Energy believes that with the addition of two more EIM Entities, this initiative is critical for the following reasons:
 - There is no accuracy threshold the CAISO must meet in their load forecasting, and yet market tests conducted by the market operator, which determine whether a market participant may transfer energy to and from other EIM Entity Balancing Authority Areas, are premised off of the CAISO load forecasts. This serves as an unduly harsh incentive to schedule to the CAISO load forecast, particularly at times during a day when there has been a pattern of inaccuracy.

 - There is a safe harbor provision in the CAISO Tariff for EIM Entities that choose to use the CAISO load forecast. This promotes the use of a load forecast, even if the EIM Entity may question the accuracy of the CAISO forecast. This results in potentially inefficient market outcomes through pre-market scheduling activities and resource commitment which are not aligned to the best possible forecast.

NV Energy strongly supports a stakeholder discussion of this topic to determine whether other mechanisms or approaches may be possible for purposes of determining whether a market participant has scheduled reasonably and without leaning on the EIM, as well as revisiting the forecasting methodology and technology to potentially increase accuracy. Given the importance of accurate forecasting to the overall efficiency of the EIM and the CAISO real-time market, NV Energy believes this initiative should be rated “7” rather than “3.”

II. Important Ongoing Initiatives

NV Energy also strongly supports and requests the CAISO to expedite two current initiatives: 5.13 Commitment Cost and DEB Enhancements and 5.11 Stepped Constraint Parameters. NV Energy notes that in its November 8, 2016 Answer filed in ER17-110, the CAISO stated:

NV Energy requests that the CAISO commit to undertake a stakeholder process to address on a permanent basis the ability of EIM entities without market-based rate authority to recover their fuel procurement costs above their default energy bids. The CAISO plans to address this very issue in the stakeholder process concerning commitment cost and default energy bid enhancements.

NV Energy greatly appreciates the commitment expressed in the FERC pleading. However, the E2 designation for 5.13 is incorrect. The appropriate designation should be E3, similar to that proposed for the stepped constraint parameters. EIM Entities are the only market participants required to bid at the DEB at all times, accordingly they have specific circumstances that should be addressed by the EIM Governing Body.

III. EIM-Related Proposed Initiatives NV Energy Would Accord a Lower Priority

NV Energy agrees with the PacifiCorp September 29 comments that 6.4.1 Enhanced Participation of External Resources should be designated as a lower priority. Specifically, the ranking of “7” for improving overall market efficiency should be reduced to “3,” the same lower priority assigned 6.4.6 Bidding Rules on External Interties. Each of the EIM Entity Commission-approved tariffs provide for external participation. During the October 28, 2016 Technical Conference in Docket No. ER16-1518, the CAISO identified why external participation at an EIM Entity boundary is not similarly situated to participation at the CAISO boundary. While NV Energy would support actions to be taken to facilitate EIM participation by small Balancing Authority Areas, these can be handled by means of customized implementation agreements based on the specific circumstances of the new EIM participant.

IV. Concerns About the Categorization of the Greenhouse Gas Initiative

In the November 3 catalogue, the CAISO identifies item 5.8 Regional Integration California Greenhouse Gas Compliance as “E2” meaning an advisory rather than primary role for the EIM Governing Body. If this initiative *only* involves a different approach for tracking and reporting greenhouse gas emissions if a non-California transmission owner joins the CAISO and will no



longer utilize e-Tags to support energy schedules into California, then the E2 designation may be appropriate. This would be consistent with the CAISO's proposal to delete item 7.9 from the catalogue.

If, on the other hand, EIM Entities will be impacted then the E2 designation is clearly in error. Indeed, if there is a change in greenhouse gas accounting, prior to an external transmission owner joining the CAISO, the proper designation should be E1 with the EIM Governing Body having primary authority as the only participants to be effected will be the EIM participants. On October 27, 2016, NV Energy and the other present and future EIM Entities expressed their substantive concerns with the regarding the options presented by the CAISO at the October 13, 2016 Regional Greenhouse Gas Initiative Technical Workshop. The CAISO must clarify whether or not this proposal will impact EIM Entities as well as any potential future non-California Participating transmission owner.