



**Portland General Electric Company**  
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## **Comments of Portland General Electric Company on *2017 Revised Draft Stakeholder Initiatives Catalog* November 17, 2016**

Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments to the California Independent System Operator (“ISO”) on the *2017 Revised Draft Stakeholder Initiatives Catalog* (“Catalog”). PGE has signed an implementation agreement with the CAISO to become the fifth utility outside the State of California to join the Western Energy Imbalance Market (“EIM”), with a scheduled go live date of October 2017, and is an active participant in the CAISO’s Integrated Forward Market and Real-Time Market. As such, PGE has a vested interest in the development and implementation of programs that have a potential to impact its commercial trading and system operations, and submits its comments below from that perspective.

### ***General Comments:***

At a high level, PGE fully supports the ISO’s Strategic Plan for 2017<sup>1</sup> and believes the ISO has identified in its Catalog a strong set of objectives for the coming year tied to that Strategic Plan that will meaningfully improve the efficiency and reliability of the Western energy markets. PGE understands that yearly management of the Catalog presents a complex challenge in aligning budget, staff time, stakeholder bandwidth, technical feasibility, regulatory approvals, and implementation timing, and applauds the ISO Staff for presenting a reasoned and achievable Catalog for 2017 that allows for additional work should time and resources permit.

### ***Management of EIM-Specific Initiatives:***

PGE recognizes the management and prioritization of EIM-specific initiatives, which impact both California stakeholders and those interacting with or participating in the EIM outside of California, is challenged by the need to address California-specific market efficiency and reliability priorities concurrently. Not excepting the suggestions below for this and future years, the revised draft Catalog, in PGE’s view, presents a balanced and reasonable plan that addresses the needs of all ISO stakeholders to the greatest extent possible.

PGE believes the ISO’s consultation of the EIM Governing Body, and interaction with EIM stakeholders through the EIM Governing Body meetings and the EIM Regional Issues Forum, has been instrumental in

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<sup>1</sup> From *Fiscal Year 2017 Preliminary Budget Grid Management Charge Rates Book*, ISO’s Strategic Plan contains the following three strategies: (1) evolving market structures to encourage the participation of new clean energy resources, including demand response and storage; (2) ensuring that the resource fleet has the capability and flexibility to reliably meet electricity needs of our homes and businesses; and (3) taking a leadership role within the state and throughout the West to ensure we use our infrastructure investments to their fullest potential to benefit consumers and the future.

arriving at this balanced Catalog for 2017. PGE encourages the ISO to continue this engagement, and for the ISO's non-California, EIM-specific stakeholders<sup>2</sup> to remain heavily involved in these stakeholder processes to ensure EIM-specific initiatives receive appropriate attention in the coming years.

PGE strongly supports the ISO's efforts to work with the EIM Governing Body and all stakeholders to identify the appropriate governance authority for all initiatives in the Catalog. PGE believes the process undertaken over the past few months has resulted in an appropriate designation for existing and proposed initiatives, and encourages the ISO, the EIM Governing Body, and all stakeholders to continue to work together in the coming years to maintain and evolve this process as the EIM expands.

### ***Support for 2017 Catalog Priorities:***

#### 6.3.1 Real-Time Market Enhancements:

PGE believes the ISO has appropriately identified Real-Time Market Enhancements as its top Discretionary policy initiative for 2017. This initiative stands to benefit the broadest set of ISO stakeholders and as defined addresses issues that directly target the ISO's Strategic Plan: running the market with a shorter lead time would reduce market seams issues between the bilateral market and the EIM and ISO Intertie Fifteen Minute Market ("FMM")<sup>3</sup>, improving market liquidity, reducing barriers to entry, and providing additional avenues for the management of periodic oversupply; and likewise, extending the horizon of the short-term unit commitment process would improve the ISO's ability to manage the fleet of flexible resources made available to it for integrating clean variable energy resources at least cost, with minimal curtailments, and maximum efficiency. In PGE's view, this initiative should be ranked a "10" in the ISO's 2017 Ranking Table for both "Improving Overall Market Efficiency" and "Desired by Stakeholders", which would bring its overall ranking to "37".

#### 5.4 Flexible Resource Adequacy Criteria and Must Offer Obligation Phase 2:

PGE strongly supports the ISO's commitment to continued work on the Flexible Resource Adequacy Criteria and Must Offer Obligation 2 ("FRAC MOO 2") initiative in 2017. PGE understands that the ISO was prevented from addressing FRAC MOO 2 in depth in 2016 as initially planned due to other initiatives taking a higher priority during the year. However, PGE believes this initiative deserves full attention and an appropriate level of resolution in 2017 given the critical nature of flexible capacity access and valuation in the ISO's markets, and requests the ISO keep this initiative as a high priority in 2017. As the ISO considers the scope of this initiative, PGE recommends it include an assessment of the barriers to full utilization of the CA interties for flexible imports and exports, which should include considering the impact of both the Maximum Import Capability Allocation ("MIC") process and the Transmission Access Charge ("TAC") and associated export fees. While it may not be possible or practical to implement changes in these two areas directly through the FRAC MOO 2 initiative, PGE believes the ISO and its

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<sup>2</sup> PGE understands the extension of the ISO's real-time market through the EIM to parties outside of California has created overlapping sets of stakeholder groups that are at times difficult to parse; however, PGE believes it is critical that the EIM parties who are outside of California, and specifically the registered EIM Entities, are given due consideration, directly or through the EIM Governing Body, as this stakeholder group is best positioned to give feedback on the challenges facing the market as it expands at the seams of the existing bilateral market.

<sup>3</sup> PGE is aware there are additional market liquidity barriers impacting the Intertie FMM, especially with regard to exports, and encourages the ISO to continue working with stakeholders to identify and better understand them.

stakeholders would benefit from considering their potential positive market impact and using that consideration to set the relative priority of making those changes under a separate non-discretionary initiative in the near future.

#### 6.4.5 Donation by Third Party for Transmission Capacity Available for EIM Transfers:

PGE believes that this initiative would have two significant benefits to the EIM at relatively low cost: first, it would present an opportunity to increase the transfer capacity between EIM Entities, which has been shown to increase EIM benefits for customers, and second, it would give an avenue for transmission rights holders to receive economic benefits from the EIM even where the transmission service provider is part of a balancing authority that has not chosen to become an EIM Entity.

#### 6.4.1 Enhancing Participation of External Resources:

PGE supports the consensus position resulting from the FERC Technical Conference to further define the market issues associated with this initiative through discussions with regional partners. PGE believes this initiative should also work to identify barriers to participation in the EIM and to increase efficient, reliable, equitable expansion of the EIM. PGE has witnessed that the benefits of the EIM for all customers have grown with the addition of each new EIM Entity that brings additional flexible resources, enhanced load diversity, and increased transfer capacity to the existing EIM. PGE therefore encourages the ISO to consider identifying ways to lower the barriers for new entities to join the EIM.

#### ***Conclusion:***

PGE appreciates the opportunity to submit comments in this stakeholder process and looks forward to continued engagement with the ISO and its fellow stakeholders on these important issues.