

**PACIFICORP'S SUPPLEMENTAL COMMENTS
ON DRAFT FINAL TARIFF
February 6, 2014**

I. INTRODUCTION

Pursuant to the stakeholder process established by the California Independent System Operator Corporation ("CAISO") for its Energy Imbalance Market ("EIM") Stakeholder Process, PacifiCorp submits the following supplemental comments to the CAISO on the Draft Final Tariff, dated January 16, 2014 ("Second Draft Tariff"), many of which are administrative in nature. Although PacifiCorp submitted timely comments January 31, 2014, additional review of the Second Draft Tariff has necessitated these supplemental comments in order to ensure that CAISO receives PacifiCorp's complete feedback on the Second Draft Tariff.

II. COMMENTS ON SPECIFIC SECTIONS OF THE SECOND DRAFT TARIFF

A. General Comment

The references to specific provisions used in these supplemental comments are based on the redline version of the Second Draft Tariff posted by CAISO. PacifiCorp notes that in some cases the numbering used in the Second Draft Tariff is slightly off and needs to be corrected.

B. Section 29.4 Roles and Responsibilities

Section 29.4(b)(1)(C) states "During any interruption of the normal operation of the Real-Time Market, the EIM Entity as Balancing Authority shall remain responsible for managing the resources in its Balancing Authority Area and the flows on internal transmission lines, including imports into and exports out of its Balancing Authority Area, for the duration of the interruption." PacifiCorp requests that instead of the broad reference to "interruption" that the CAISO clarify more precisely the circumstances giving rise to the identified responsibility. For example, the CAISO could consider cross-references to other provisions in Section 29 relating to market disruption, temporary discontinuation, etc., as appropriate.

Section 29.4(c)(4) requires the EIM Entity Scheduling Coordinator to "obtain any transmission service necessary for the EIM Entity it represents to participate in the Real-Time Market under the terms of the CAISO Tariff or the tariff of another transmission service provider, as applicable" (emphasis added). PacifiCorp does not believe that an EIM Entity or EIM Entity Scheduling Coordinator should be required to "obtain" transmission service in the manner suggested. For example, PacifiCorp in its role as an EIM Entity will not be purchasing transmission rights and reservations from other transmission service providers to enable the EIM as is suggested by the provision. Sections 29.4(b)(3)(E) and 29.17 should be sufficient to ensure that the MO is informed of the transmission capacity that is available to the EIM.

C. Section 29.7 EIM Operations Under Normal and Emergency Conditions

Section 29.7(e)(4) (EIM Transfers) should be modified to add the phrase "by CAISO" between the words "updated" and "within."

Section 29.7(i)(2) should be modified to use the defined abbreviation "LMP."

D. Section 29.11 Settlements and Billing for EIM Market Participants

PacifiCorp provides below comments on specific sub-sections of Section 29.11 concerning settlements.

29.11(b)(3) (Uninstructed Imbalance Energy): Section 29.11(b)(3)(A)(ii) states that "The CAISO will settle the Uninstructed Imbalance Energy with the EIM Participating Resource Scheduling Coordinator or the EIM Entity Scheduling Coordinator, as applicable." PacifiCorp requests that the CAISO clarify under what precise circumstances the MO would be settling UIE for an EIM Participating Resource with an EIM Entity Scheduling Coordinator. PacifiCorp understands that this will not be the case. In addition, Section 29.11(b)(3)(B)(i) states "For non-participating resources in an EIM Entity Balancing Authority Area, the CAISO will calculate Uninstructed Imbalance Energy as the difference between the 5-minute Meter Data and the EIM Base Schedule, plus any EIM Manual Dispatch Energy identified by the EIM Entity Scheduling Coordinator." PacifiCorp's previously submitted comments noted that the Second Draft Tariff seems inconsistent in the settlement treatment of Manual Dispatch, which also appears to be the case with the referenced section. PacifiCorp understands that Manual Dispatch should be settled as IIE. Section 29.7(i)(3) states "treat an EIM Manual Dispatch to an EIM Participating Resource or non-participating resource as FMM or RTD Instructed Imbalance Energy for Settlement," which supports PacifiCorp's view that Manual Dispatch is to be treated as IIE. Furthermore, also as previously submitted in PacifiCorp's prior comments, the reference to "the 5-minute Meter Data" does not make clear that non-participating resources in the PacifiCorp EIM Entity Area are not required to have 5-minute Meter Data; rather, it is permissible for these resources to have 15-minute Meter Data, which will be disaggregated into 5-minute intervals.

29.11(d) (Charges for Over- and Under-Scheduling of EIM Entities): Sections 29(d)(1)(A) and (B), (d)(2)(A) and (B) read awkwardly. PacifiCorp suggest the addition of the word "at" before each instance of the phrase "a price that is" in each of the referenced sections. In addition, it is not clear in Section 29(d)(3) whether a Load in the EIM Area would be eligible for distribution of penalty revenues when the Load experienced only one hour of penalties during a day. PacifiCorp would prefer that eligibility for distribution of penalty revenues be based upon an hourly assessment of eligibility, even if the calculations are grouped and administered on a daily basis.

29.11(i) (EIM Administrative Charge): Sections 29.11(i)(2)(i) and (3)(i) both include a reference to "RTD Imbalance Energy". PacifiCorp requests that the CAISO clarify whether the use of this phrase was intentional or whether the CAISO should have added the word "Uninstructed" or "Instructed" before the word "Imbalance" in the phrase.

E. Section 29.34 EIM Operations

In general, and consistent with PacifiCorp's previously submitted comments, the Second Draft Tariff does not make sufficiently clear that the submission of forecast data, including EIM Resource Plans and EIM Base Schedules for all resources, including EIM Participating Resources, will be submitted to the MO through the EIM Entity, using the interface system

mentioned in Section 29.34(f)(4). This clarification is necessary to make clear that it is the EIM Entity that is responsible for ensuring that each BAA is balanced coming into the EIM. The Second Draft Tariff could be improved in this regard. PacifiCorp suggests utilization of language similar to what is utilized in Section 29.34(f)(4) throughout Section 34 wherever there is a reference to the submission of forecast data which will involve the interface.

PacifiCorp requests that the CAISO modify language used in Section 29.34(e)(4)(C) and (D) because the language currently used is confusing and appears to have a superfluous word.

With regard to Section 29.34(f)(1)(A) and (B), PacifiCorp requests that the CAISO further modify the provisions because, as drafted, they impose a requirement on non-participating resources to comply with the Business Practice Manual, which is not permissible or appropriate. CAISO can only require the EIM Entity Scheduling Coordinator to ensure, through its tariff or business practices, that non-participating resources fulfill necessary requirements. To the extent there are any other provisions in the Second Draft Tariff which similarly impose requirements directly on non-participating resources or loads by CAISO, PacifiCorp requests that the CAISO modify any such provisions consistent with the comment made here.

PacifiCorp requests that the CAISO review and modify Section 29.34(f)(4) (EIM Base Schedule Disaggregation) so that it is consistent with PacifiCorp's understanding of EIM design, which does not require disaggregation of schedules in the manner required in this provision.

Section 29.34(i) (Interchange Schedules With Other Balancing Authorities) uses the phrase "EIM Entity Interchange Schedules," which PacifiCorp does not believe is a defined term in the CAISO tariff.

Section 29.34(m)(5)(2) appears to be missing a word or transitional phrase between the words "Area" and "individual" in the referenced section.

Section 29.34(n)(1)(A) references "regulating reserves" as a component of reserve sharing. This is incorrect. Reserve sharing is limited to contingency reserves, which does not include regulating reserves.

Section 29.34(n)(1)(B)(i) and (ii) are not clear. The use of the phrase "if time permits" does not clearly enough indicate what is intended in terms of specific timelines. In addition, it is not clear to PacifiCorp why provision (ii) is needed if provision (iv) is allowed. If resource EIM Base Schedules for a contingency reserve event can be updated after the fact, why would it be necessary to use the update process in real-time that is used for Manual Dispatch. Furthermore, in light of what CAISO has covered in Section 29.34(n)(1)(B), PacifiCorp suggests that CAISO consolidate (or delete as appropriate) provisions in Section 29.34(n)(2) which appear to be duplicative or may properly belong in the prior section.

III. CONCLUSION

PacifiCorp appreciates the ongoing efforts of the CAISO management and staff to consider and develop changes to the CAISO Tariff in a timely manner and in accordance with the market design principles set forth during this Stakeholder Process. PacifiCorp will continue to be an

active participant in the EIM Stakeholder Process and undertake the necessary activities to be able to support startup of the EIM on October 1, 2014.