



**PACIFICORP'S COMMENTS ON THE
2017 STAKEHOLDER INITIATIVES CATALOG
September 29, 2016**

I. INTRODUCTION

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation ("ISO") on the draft 2017 Stakeholder Initiatives Catalog that was published September 15, 2016 ("Catalog"). PacifiCorp appreciates the opportunity to provide comments on this initiative for the ISO's consideration.

II. COMMENTS

The ISO has published its draft Catalog, initiated a stakeholder process, and requested comments regarding, (1) questions or clarification requests on initiatives in the Catalog, (2) a detailed description of any proposed new initiatives for the Catalog, and (3) a detailed explanation of reasons to either delete an initiative listed in the Catalog or to recommend not deleting an initiative proposed to be deleted in the Catalog. PacifiCorp's comments on the Catalog are as follows.

A. Proposed Initiatives in the Catalog Related to Participation of External Resources in the EIM should be Designated as Low Priority

Under Section 10 Energy Imbalance Market ("EIM"), the Catalog lists proposed initiatives titled "Enhancing Participation of External Resources" (10.1) and "Bidding Rules on External EIM Interties" (10.6). While the ISO has not yet proposed its ranking of discretionary initiatives in the Catalog, PacifiCorp strongly recommends that these initiatives, and any other related initiatives that may be added to the Catalog, be given low priority for the following reasons. External resource participation in the EIM is the subject of a Federal Energy Regulatory Commission ("FERC") technical conference scheduled October 28, 2016 in Docket No. ER16-1518, and therefore, may be subject to additional direction from FERC regarding when such an initiative should begin a stakeholder process and how the initiative should be structured. In addition, each EIM entity already has its own tariff provisions that govern how external resources may participate in the EIM. For example, PacifiCorp's tariff provides that resources outside of PacifiCorp's balancing authority areas ("BAAs") may participate in the EIM as long as they are PacifiCorp transmission customers and are pseudo-tied into PacifiCorp's BAA. Finally, PacifiCorp believes there are other more important initiatives as discussed in these comments that will enhance and improve the EIM. If this initiative is to be undertaken,

PacifiCorp strongly feels that such initiative must also necessarily include consideration of transmission access and compensation issues, as discussed in Section D of these comments.

B. PacifiCorp Recommends Initiatives to be Added to the Catalog

The ISO has requested that stakeholders submit a detailed description of any proposed new initiatives for the Catalog. PacifiCorp recommends adding the following initiatives to the Catalog under Section 10 Energy Imbalance Market:

1. **FMM Settlements of Non-Participating Resources.** Through this initiative, the ISO and stakeholders would review the EIM settlement rules and processes governing settlement of non-participating resources, including variable energy resources ("VERs") in the ISO's 15-minute market ("FMM"), to determine if the current settlement processes should be revised to ensure a certain level of FMM settlements, regardless of whether or not it is economic. PacifiCorp believes that non-participating resources should be consistently settled on their 15-minute schedules and forecast data to ensure and improve market efficiency, particularly with respect to non-participating VERs. On behalf of its transmission customers, PacifiCorp believes this initiative should be highly ranked.
2. **Expanded Access to ISO EIM Systems and Data.** This initiative would explore expanding access of certain ISO systems and data to non-participating resources and load serving entities, primarily for purposes of EIM settlements validation. PacifiCorp recommends that non-participants gain access to the ISO's Customer Market Results Interface ("CMRI"), and any other ISO systems and data that would be valuable to customers for EIM settlement validation purposes. PacifiCorp understands that this is very important to its non-participating transmission customers and recommends a high ranking to get this done as quickly as possible.
3. **Availability of Real-Time Market Data Displayed in CMRI.** This initiative has been discussed with ISO staff, who indicated support of making additional real-time market data available to EIM entities in CMRI. Specifically, the ISO would make available in an identified display for the current interval, load forecast data, net scheduled interchange ("NSI") data, VER forecast data, load conforming data, and aggregate of EIM transfer system resource ("ETSR") dynamic signals, and totals of each for all intervals. This initiative would improve market efficiency by providing additional data transparency, and PacifiCorp believes it should be a high priority.
4. **Disturbance Control Standard ("DCS") Reserve Recovery Enhancement.** This initiative would develop a mechanism to better inform the market of real-time instances

of DCS events in EIM entity BAAs. Currently, EIM entities experience adverse pricing during recovery from DCS events. PacifiCorp believes that the market requires enhanced visibility of contingency reserve sharing capacity and actions in order to prevent pricing excursions. PacifiCorp is currently developing a more detailed description and proposal for this initiative to present to EIM entities and the ISO, and recommends it be given high priority.

C. EIM-Related Initiatives in the Catalog

PacifiCorp has collaborated with the other EIM entities and poses the following questions and requests for clarification on initiatives in the Catalog that it believes impact or may impact the EIM and therefore should include at least an E2 – EIM GB Advisory, E3 – EIM GB Hybrid Primary, or E4 – EIM GB Hybrid Advisory categorization. PacifiCorp believes that the following initiatives have some impact on the EIM and should definitely have at least an E2, E3, or E4 indicator:

- 7.1 Multi-Stage Generator Bid Cost Recovery
- 7.2 Extended Pricing Mechanisms
- 9.1 Real-Time Market Enhancements¹
- 9.2 Hourly Bid Cost Recovery Reform
- 11.6 Flexible Ramping Product Enhancements

Further, PacifiCorp requests clarification on whether or not the following initiatives have any connection to or impact on the EIM and should also include an E2, E3, or E4 categorization.

- 5.15 Full Network Model Enhancements – Phase 2
- 9.4 Exceptional Dispatch Incremental Settlement
- 11.5 Multi-Stage Generator Regulation Refinements

¹ PacifiCorp believes this initiative would highly impact the EIM and should be designated in the E1 category which provides for primary authority of the EIM Governing Body.

PacifiCorp appreciates the ISO's efforts in adding an EIM section to its Catalog. PacifiCorp requests that the ISO extend its efforts to more accurately designate as E1, E2, E3, or E4, all initiatives that are anticipated to have any impact on the EIM and its participants.

D. Other Comments on EIM Initiatives in the Catalog

PacifiCorp comments that there appears to be a direct linkage between initiatives 10.4 and 10.5 and suggests that these be combined. The two initiatives, when taken together, will analyze whether the ISO may allocate revenues from congestion rents to either non-EIM Entity BAA transmission owners or to transmission customers that make (or "donate") available incremental transmission to support EIM transfers. There are several points of clarification that are needed to clearly define the scope of these related initiatives:

- The ISO should clarify what is meant by the term "third party" as used in both initiative descriptions. PacifiCorp understands this term to mean transmission owners that are not also EIM Entity BAAs. For example, this could mean the Bonneville Power Administration which is a non-EIM Entity BAA adjacent to PacifiCorp's EIM Entity PACW BAA. The term "third party" could also be used to mean a transmission customer of a non-EIM Entity BAA.
- The ISO should clarify if the term "third party" could also be used to mean a transmission customer of an EIM Entity BAA and if the ISO supports an EIM Entity allocating EIM transfer congestion rents directly to any transmission customer, whether of an EIM Entity or a non-EIM Entity BAA, that is willing to make transmission available to support EIM transfers.

Overall, PacifiCorp is supportive of these related initiatives and sees them as a priority for the ISO, particularly as the EIM footprint continues to expand in the west resulting in a footprint that is partially contiguous and for which the most limiting constraint in actual operations is often related to transfer capability across the EIM footprint. These initiatives would provide an incentive for transmission owners or customers to make otherwise unused transmission available which would potentially improve the overall operations and efficiency of the EIM.

As the ISO is aware, the current framework for transmission utilization in the EIM is that there are no explicit charges imposed or revenues collected between the ISO and EIM entities for EIM transfers, except for the allocation of congestion rents where EIM transfers are being made possible by the EIM Entity (or one of its transmission customers) making incremental transmission available to facilitate the transfers. This concept is a workable one and one that intuitively seems expandable to transmission made available through other means. PacifiCorp

cautions, however, that any consideration of transmission compensation in the EIM must not be unduly preferential or discriminatory as to any particular class of market participant and any such undertaking should consider a wide range of potential ramifications, including analysis of whether the current framework for transmission utilization in the EIM based on reciprocal use and benefit should also be reexamined to ensure that benefits and costs of the EIM among all participants continue to be fairly apportioned.

III. CONCLUSION

PacifiCorp appreciates the ISO's consideration of these comments.