

Southern California Edison
Stakeholder Comments

CAISO Energy Imbalance Market (EIM)
First Draft Tariff
Dated November 12, 2013

Submitted by	Company	Date Submitted
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Southern California Edison’s (SCE) comments on the California Independent System Operator’s (CAISO) First Draft Tariff for an Energy Imbalance Market (EIM) issued on November 12, 2013. SCE recommends language changes or comments on provisions of the draft tariff as described in the following sections. SCE also attaches a redline version of the document in the appendix.

[Item 1](#)

Section 29.4 (3) 4 (E)

Delete “ensure that the EIM Participating Resources it represents are registered in the Compliance Instrument Tracking System Service of the California Environmental Protection Agency Air Resources Board.”

The CAISO tariff should not be used to enforce an obligation onto Schedule Coordinators (SC) to ensure compliance with CARB’s regulation. Furthermore, registration with a CARB compliance system is not necessary for schedule coordinator operations with the CAISO, therefore it is unnecessary. It is unreasonable to place this requirement upon SCs.

[Item 2](#)

Section 29.4 (3) (e) “EIM Participating Resource Scheduling Coordinator”

Does an existing Schedule Coordinator in the CAISO market need to sign a separate EIM Scheduling Coordinator agreement?

[Item 3](#)

Section 29.9 “Outages and Critical Contingencies”

EIM Entity such as PacifiCorp will still be the Balancing Authority, does there need to be any exceptions to Section 9 to cover Critical Contingencies?

[Item 4](#)

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[Item 4](#)

Section 29.11 “Settlements And Billing”

To the extent there is no different in settlement between Section 11 and EIM settlement, then Section 29 should reference Section 11. In many cases language is not needed in Section 29.11.

SCE has following comments and recommends the following changes:

- 29.11 (a) Applicability. In general, Section 11 of the tariff applies to EIM, This Section 29.11, rather than Section 11, and shall apply to the CAISO settlement with EIM Entity Scheduling Coordinators and EIM Participating Resources Scheduling Coordinators of all EIM charges. Section 29.11 described herein applies to transactions unique to the EIM that necessitates a difference from Section 11.
- Delete 29.11 (b) (1) (B)
- Delete 29.11 (b) (2)
- Edit 29.11 (b) (4) (A) (i) to read see Section 11 and delete remaining language and item (ii)
- Unclear if the language in 29.11 (b) (4) (B) for non-participant load is needed, it could refer to Section 11.
- Unclear if the language in 29.11 (c) (1) for calculation of Unaccounted for Energy of EIM Entities is needed, instead reference appropriate section in the tariff.
- Edit in 29.11 (c) (2) to read: The CAISO will settle Unaccounted For Energy at the hourly real-time Load Aggregation Point price with the EIM Entity Scheduling Coordinator.

However, the above is unclear as when the EIM occurs there will be no hourly real-time Load Aggregation Point Price. Instead it will be the 15 minute price.

- Edit in 29.11 (d) (1) (A) change “remand” to “demand:
- How is Load Aggregation Point defined in 29.11 (d) (1) (A)? Is it different than the CAISO definition?
- Edit Section 29.11 (d) (3) to read: Distribution of Revenues. The CAISO will calculate the total daily excess revenues received from under-scheduling and over-scheduling charges and allocate them to load at the Load Aggregation Points that ~~was~~ were not subject to under-scheduling or over-scheduling charges according to metered demand.
- Add to Section 29.11 (d) (4) the sentence: Otherwise the penalties shall apply.
- Edit 29.11 (f) (1) to read: The CAISO will provide Eligible Bid Cost Recovery to Resources in the EIM with Real-Time Bid Cost Recovery to ensure that the resources receive sufficient Real-Time Market revenues to cover bid costs and commitment costs
- Edit 29.11 (f) (2) (B) to read: the CAISO will treat a non-zero EIM Base Schedule of an EIM Participating Resource as a self-schedule and the EIM Participating Resource will not be eligible for recovery of Start Up Costs and Minimum Load Cost.
- Edit Section 29.11 (g) (2) to read:

The CAISO will allocate Flexible Ramping Constraint costs to each EIM Entity Balancing Authority Area according to the ratio of the product of the flexible ramping capacity in that Balancing Authority Area and the marginal flexible ramping constraint price in that Balancing Authority Area to the sum of such products for all EIM Entity Balancing Authority Areas.

Why are Flexible Ramping Constraint costs pooled and split among EIM entities rather than each EIM BA picking up the costs for its BA?

- Edit Section 29.11(g) (2) to read: The CAISO will charge each EIM Entity’s allocated flexible ramping constraint costs to the EIM Entity Scheduling Coordinator in accordance with Section 11.25.3.
- Edit Section 29.11(i) (1) to read: The CAISO will record costs associated with costs specific to EIM administration and operation and charge EIM Entities for these costs. The CAISO will charge EIM Market Participants a fixed EIM Administrative Charge of \$0.19/MWh, applied as specified *in subsection (h)(2)*.

In addition, does the \$0.19/MWh that was calculated for PacifiCorp apply to all EIM Entities that would want to join the EIM?

The (h)(2) referenced above is missing.

- Clarification of the VER forecast charges referenced in Section 29.11 to waive the fee for VERs supplying their own forecast. Does the CAISO plan to forecast all VERs regardless of whether a VER supplies its own forecast? If yes, then it would be inappropriate to waive the fee because there are no savings to the CAISO and other parties would be unjustly charged the cost of the VER forecast.

[Item 4](#)

Section 29.12 (b) Credit Default

Does CAISO plan to segregate default amount for EIM RT Market from the CAISO IFM Market? Should EIM market participants share in the default amount unrelated to the EIM RT Market?

[Item 5](#)

Section 29.17 (b)

The term "EIM Transmission Service Providers" has not been defined

[Item 6](#)

Section 29.20 Confidentiality Provision in Addition to Section 20

How is non-participant generation information protected?

[Item 7](#)

Section 29.22 (c) Title of Energy edited as follows: Title for energy in the Energy Imbalance Market passes directly from the entity that holds title when the energy enters the Real Time Market ~~CAISO Controlled Grid~~ to the entity that removes the energy from the Real Time Market ~~CAISO Controlled Grid~~.

Clarification as EIM energy will include transfers that are not in the CAISO Controlled Grid; instead it should say Real Time Market. Who is the entity that removes power from EIM as there is no 'buyer' of EIM energy? How does this determination interact with the CAISO's "deeming" of imports?

Item 7

Section 29.26 (b) edited to read: The determination and charges for transmission service charges for EIM transactions on facilities that are part of the contractual or ownership rights made available to the EIM by an EIM Entity will be the responsibility of the EIM entity that made the facilities available, except that no EIM Transmission Service Provider may impose a separate charge for EIM Transfers that use its facilities.

Item 8

Section 29.32 should be edited as follows:

Greenhouse Gas California Bid Adders.

- (1) **Bid Submission.** EIM Participating Resources may submit a California bid adder. ~~that is based on the estimated cost of compliance with California Air Resources Board greenhouse gas regulations, which may include the cost of allowances, uncertainty on the final resource specific emission factor, and other costs of greenhouse gas compliance.~~
- (2) **Cap on California Bid Adder.** The sum of the greenhouse gas bid adder and the *energy cost portion* of the bid cannot exceed \$1000/MWh.
- (3) **Minimum California Bid Adder.** The greenhouse bid adder shall not be less than \$0/MWh.
- (4) The California Bid Adder shall be a single rate per day.
- (4) ~~Market Power Mitigation. The greenhouse gas bid adder shall not be subject to local market power mitigation.~~
- (b) **Consideration of Greenhouse Gas Compliance in Market Optimization.** The CAISO shall modify its Security Constrained Economic Dispatch optimization in the Real-Time Unit Commitment and Real-Time Dispatch to take into account ~~greenhouse gas~~ California Bid Adders in selecting energy produced by EIM Participating Resources outside California for import into California but not when selecting EIM Participating Resources to serve load outside of California.
- (c) **Effect on Locational Marginal Price.** ~~Greenhouse gas compliance costs~~ California Bid Adders ~~shall~~ are be included in the shadow prices for the net imbalance energy export allocation as a fourth component in the Locational Marginal Prices for EIM Entity Balancing Authority Areas.
- (e) **Reporting Requirements.** The CAISO will report to the EIM Participating Resource and their Schedule Coordinator the portion of the 15-minute energy schedule and the portion of 5-minute energy dispatch that is associated with energy imports to CAISO for all EIM Participating Resources as part of the Real-Time Market results publication.
- (f) EIM Participating Resources that import into California are eligible to receive a

payment based upon the amount exported on the Marginal California Bid adder.

Discussions with CAISO has clarified that resources without a CARB greenhouse gas (GHG) compliance obligation can submit a bid adder; therefore the adder no longer represents a compliance with GHG requirements in any way, directly or indirectly. Instead it should be called by a more accurate name of a California Bid Adder as it now represents a payment for a sale of energy to California. The language in the final EIM proposal is vague as it states that the “bid adder can include the cost of allowance” which will lead to confusing interpretation as it does not state “only include the cost of allowances”.¹ Clearly, this adder is not a GHG adder and the CAISO’s proposed vague language makes that apparent. The language referring the California Bid Adder be based upon GHG compliance should be removed to avoid confusion. In addition, the tariff is missing the restriction of a single rate per day for the California Bid Adder which was part of the EIM proposal approved by the CAISO governing board. Finally, the CAISO has expressed at the Board Meeting they will continue to investigate the need for regional EIM market power testing and possible mitigation. Therefore it is possible that bid mitigation may be needed for the California Bid Adder, therefore Section 29.32 (a) (4) regarding the adder not being subject to big mitigation should be removed. The tariff should specify who will receive the report on energy deemed to flow to California in Section 29.32 (e). Finally the tariff is missing the payment made to participating generators that are deemed to import to California and receive the value from the marginal California Bid Adder.

[Item 8](#)

Section 29.34 (d) (4) (D) Effect of Bid Requirement

What if the EIM Entity fails to cover sufficient bids to cover the difference in demand forecasts between the CAISO and EIM Entity?

[Item 9](#)

Section 29.38 (a) needs a comma after “false information” to read:

(a) monitoring markets administered by the CAISO for potential ineffective market rules, market abuses, market power or violations of FERC market rules prohibiting provision of false information, or market manipulation;

¹ “This GHG compliance bid adder can include the cost of allowances, uncertainty on the final resource specific emission factor, and other costs with GHG compliance, as a single rate for the day.” Final EIM proposal page 84.

Item 10

Section 28.39 (a) (3) should be edited as follows: the three-pivotal-supplier test used to determine the competitiveness of constraints internal to the CAISO shall not exclude any suppliers participating in the EIM

A new item in Section 29.39 (a) should be added: the three-pivotal-supplier test used to determine the competitiveness of constraints in EIM Entities shall not exclude any suppliers participating in the EIM;

Should these issues be included in Section 39.7 of the CAISO tariff? Please clarify the treatment will be same or different for constraints internal and external to the CAISO in the format as suggested here

Section 29.39 (c) (4), the term ‘EIM Transfer Constraints’ needs to be defined. Does it refer to the constraints used in the flexible ramp sufficiency test between BAAs?

Item 11

Appendix A Definition modifications:

- EIM Area edited to read: The combined ~~CAISO and~~ EIM Entity Balancing Authority Areas

The term Real-Time Market should be the combined areas. There needs to be careful consideration between the terms Real-time market and just the voluntary EIM market.

Edit the Real Time Market as follows:

The spot market conducted by the CAISO using SCUC and SCED in the Real-Time, after the HASP is completed, which includes the RTUC, STUC and the RTD for the purpose of Unit Commitment, Ancillary Service procurement, Congestion Management and Energy procurement based on Supply Bids and CAISO Forecast of CAISO Demand, which will ~~be~~ include the EIM prospectively from the effective date of Section 29.