

Stakeholder Comments

Submitted by	Company	Date Submitted
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Seattle City Light (City Light) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. City Light owns and operates resources with approximately 2,000 MW of flexible, fast-ramping, hydroelectric capacity. We regularly transact in the wholesale energy and transmission markets. City Light executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Energy Imbalance Market (EIM) in April 2019.

City Light thanks CAISO for the opportunity to provide comments on the below issues encompassing this initiative:

Third Party Transmission Contribution

City Light supports CAISO removing this issue from the scope of the initiative.

Management of Bilateral Schedule Changes

The initiative's proposal of allowing timeline changes to help alleviate certain issues associated with bilateral scheduling changes is a step in the right direction. Seattle City Light continues to encourages CAISO to initiate and complete its efforts that will allow EIM entities the ability to adjust base schedules closer to the operating hour. This should be addressed with a more thorough and robust discussion in the Real-Time Market Enhancements Initiative. As stated in our earlier comments, CAISO's Real Time Market Enhancements initiative has the potential to allow EIM entities to adjust base schedules closer to the operating hour and we continue to encourages the CASIO to prioritize the Real-Time Market Enhancements initiative.

Equitable Sharing of Wheeling Benefits

CAISO's investigation into "wheel through" EIM entities fails to demonstrate that entities are being harmed by EIM transactional flows; CAISO has provided no evidence of market distortions, free riding, or that cost shifts are occurring. Moreover, the current market design accounts for and prices flow-based costs via the congestion mechanism. Given that there is no evidence of harm to "wheel through" entities, and that there is an existing mechanism to

provide for congestion pricing, it appears that the current market design adequately addresses and compensates entities for their transmission. In the absence of entities suffering harm by the current market design, it is difficult to see why a change is needed.

Transmission reciprocity is a fundamental tenet of the EIM market design. If a change to the foundational structure of the market is contemplated, a more robust stakeholder process is necessary. Before proceeding with any of the proposed options, City Light encourages CAISO to further study existing conditions, develop a substantial record of any harms, and explore appropriate responses through a more comprehensive stakeholder process where there is more of an opportunity for consensus building.

City Light is particularly concerned with the proposal to address a benefits-related issue by implementing an additional cost to EIM entities. The addition of a new cost is an imprecise tool to address a concern over inequitable distribution of benefits. Additionally, acting now is premature. The market has only been in operation for a short period of time and will only continue to grow. Given this rapid growth, City Light encourages further study and reporting of wheeling data to ascertain whether or not a redistribution of benefits is warranted.

New EIM Functionalities

Seattle City Light is supportive of the new EIM Functionalities.