

Stakeholder Comments

**EIM Year 1 Enhancements, Energy Transfer Scheduling in Energy Imbalance Market Technical Paper – January 23, 2015**

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on CAISO’s Energy Imbalance Market (EIM) Technical Paper presenting calculations, added elements and interactions for energy transfer scheduling. SDG&E supports the CAISO’s effort as it continues to illuminate process detail through the stakeholder process.

The mathematical implementation of the EIM transfer scheduling seems sound when considering equation structure and contemplating market interaction. However, SDG&E remains concerned about implementation and the added level of complication introduced by new calculations and interactions. There is a limited amount of transparency to the EIM process, including energy transfer scheduling. SDG&E would like to emphasize a desire for continued monitoring and reporting of these new elements to ensure the market continues to function as intended in the design phase. SDG&E also recommends continued emphasis on results from the methods outlined in 4.1 Base Schedules. It is imperative base schedules are as accurate as possible. They are fundamental to all subsequent market solutions. Thus, small inaccuracies can have a large impact.

SDG&E would like to see more detail on the method for identifying the appropriate ETSR cost adder. SDG&E agrees with the need to include something in the optimization to mitigate circulating flows and multiple solutions for transferring energy from supply centers to demand centers. The CAISO proposes including a small nominal cost in the objective function for each Energy Transfer System Resource (ETSR). The discussion on the call was vague about exactly what the cost would be or how it would be derived. Some discussion pointed to it being very small such that it might not impact LMP formation while other discussion mentioned it could impact LMPs. SDG&E requests more detail on how this cost adder will be formulated and a better impact analysis to ensure it performs its purpose, mitigating circulating flows and resolving a unique solution, while minimizing the impact on LMPs. Also, will this cost adder be the same for all ETSRs or change over time?

As mentioned in our last comments, SDG&E is concerned about flows and counterflows at interties. This adds an additional layer to monitor, especially with additional BAAs and possible loop flow scenarios. SDG&E would appreciate more detail to ensure possible market gaming is addressed.