

January 23, 2015

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,  
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA ON THE ENERGY  
IMBALANCE MARKET YEAR 1 ENHANCEMENTS PRESENTATION**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's January 8, 2015 presentation of proposed Energy Imbalance Market Year 1 Enhancements:

The Six Cities support the following elements of the ISO's EIM Year 1 Enhancements proposal as described in the January 8<sup>th</sup> presentation:

- The proposal to calculate allowed GHG bid adders on a resource-specific basis based on anticipated GHG compliance costs;
- The proposal to apply an enhanced capacity test to ensure that the overall bid range from participating resources is sufficient to meet the FMM load forecast;
- The proposal to make fifteen minute bidding on EIM external interties mandatory; and
- The proposal to enforce the EIM transfer limit at each intertie scheduling point rather than on a net scheduled interchange basis.

With respect to the ISO's proposal to extend the EIM transition period, discussed at slides 55-57 of the January 8<sup>th</sup> presentation, the Six Cities are concerned about potential gaming opportunities. In particular, if convergence bidding at the interties is permitted to resume as of May 1, 2015, as anticipated, there is a potential that different market rules applicable to the EIM BAAs as compared with the ISO BAA may be exploited to create convergence bidding uplifts at the expense of ISO load. The Six Cities therefore urge the ISO to evaluate the potential interaction of convergence bidding at the EIM interties with the EIM transition proposal and make plans in advance to implement any measures necessary to avoid adverse impacts on uplifts.

The Six Cities also urge the ISO to give careful consideration to the alternative approach for addressing GHG compliance for EIM transfers into the ISO BAA suggested in the comments submitted by the Southern California Edison Company ("SCE") on December 2, 2014. The approach outlined by SCE would avoid or minimize reductions in supply from resources outside of California available for optimization in the EIM. The ISO should undertake a comprehensive evaluation of SCE's suggested approach as promptly as possible.

The Cities take no position at this time on the other aspects of the ISO's EIM Year 1 Enhancements proposal that are not discussed above.

Submitted by,

Bonnie S. Blair  
Thompson Coburn LLP  
1909 K Street N.W., Suite 600  
Washington, D.C. 20006-1167  
[bblair@thompsoncoburn.com](mailto:bblair@thompsoncoburn.com)  
202-585-6905

Attorney for the Cities of Anaheim, Azusa,  
Banning, Colton, Pasadena, and Riverside,  
California