

**Matrix of Stakeholder Comments on Draft Tariff Provisions Posted on July 31, 2015  
to Implement Energy Imbalance Market Readiness Criteria, and Related Matters**

Topic	Stakeholder comments	CAISO response
General comments	<p>NV Energy states that it “generally supports the tariff language proposed by the CAISO,” with the revisions described below.</p> <p>PacifiCorp “supports the effort to incorporate the previously-developed EIM Entity readiness criteria into the CAISO’s tariff.”</p>	<p>The CAISO appreciates stakeholder recognition and support of the proposed tariff changes that reflect feedback provided through all discussions leading up to the July 21 order and since that date.</p>
Comments on stakeholder process	<p>BPA provides the following comments:</p> <p>“The current pace of the stakeholder process has made it challenging for stakeholders to participate in a meaningful manner. The Commission’s July 21<sup>st</sup> order in docket ER15-861-002 directs CAISO to include the results of the readiness criteria stakeholder process in a revised compliance filing within 60 days. On July 30, 2015 the Commission issued Deficiency Letter ER15-1919 that ordered CAISO to address the EIM Capacity concerns within 30 days. Clearly the Commission has order two separate timelines for these processes, but the schedule put forth by the CAISO</p>	<p>The CAISO recognizes that there are several ongoing EIM-related proceedings before FERC, and that each must be attended to by the CAISO and stakeholders. However, the effort required to attend to those proceedings should not distract from the development of satisfactory EIM Entity readiness criteria through this proceeding. Each stakeholder process addresses distinct issues that are each on its own timeline. The CAISO is committed to addressing the matters raised in all proceedings in a timely fashion.</p> <p>The CAISO believes that the stakeholder process undertaken prior to the July 21 order must be taken into consideration here. It is the totality of the engagement with stakeholders that should be recognized, not just the efforts since that order. The readiness criteria underwent almost two months of</p>

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	<p>for the readiness criteria stakeholder process does not appear to recognize this distinction.</p> <p>The proposed stakeholder schedule only allows four business days after the first stakeholder call on August 10, 2015 for development of comments due on August 14, 2015. CAISO intends to respond to comments within four business days and hold a subsequent stakeholder call on August 19, 2015. During the August 10, 2015 stakeholder call ISO staff indicated that the ISO intends to expedite filling the revised tariff language for section 29.2(b) at the end of August. In addition to the EIM Readiness Stakeholder process, CAISO continues to press forward with EIM Year 1 Phase 2 Enhancements, FERC held a technical conference on August 11, 2015, and the transmission providers for EIM Entity's have ongoing implementation work. Further, FERC ordered CAISO to file tariff language addressing the EIM capacity concerns resulting from the technical conference following the March 16, 2015 order within 30 days after July 20, 2015. It appears that CAISO is going to align these separate issues into a single proceeding on a schedule that presents significant</p>	<p>stakeholder process already, in which stakeholders had several weeks to review multiple iterations of the readiness criteria, the opportunity to participate in two stakeholder calls, and the opportunity to comment in writing twice on the proposed criteria. The CAISO made several significant changes to the criteria based on those comments, and the Commission's July 21 order acknowledged the categories of criteria developed in that process by naming each of those categories and directing the CAISO to incorporate them into the tariff. Moreover, the re-posting of the readiness criteria on July 31, as draft tariff language, incorporated additional changes to the criteria reflecting comments made in the FERC proceeding about the readiness criteria that were not submitted to the prior stakeholder process.</p> <p>To view this process and the 60 day compliance timeline in isolation would be to misread the Commission's direction. The Commission did not direct the CASIO to restart the process and there is no reason not to consider the prior two opportunities for stakeholders to comment. The July 21 order directed additional stakeholder process to appropriately reduce the developed readiness criteria to tariff provisions, and ensure that the measurement and control of those criteria are satisfactory. Based on the work previously done with respect to defining the readiness criteria and setting forth reasonable measurement of the same, the additional weeks of process during the month of August 2015 should be</p>

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	<p>challenges for meaningful stakeholder participation. The matters before FERC should be dealt with in a thoughtful and deliberate manner. CAISO’s proposed stakeholder schedule for EIM Readiness identified above is unreasonable and shortens the available time for the process by 30 days. Allowing more time for an engaging stakeholder process would very likely enhance the effectiveness of the CAISO’s EIM, and actually accelerate its approval process with FERC.”</p> <p>Powerex provides the following comments:</p> <p>“Powerex is concerned that CAISO’s process has short-circuited the collaborative process FERC directed in its July 21 order. It is critical that the development of the standards used to assess whether a BAA is ready to begin participation in the EIM be clear and effective, with opportunity for meaningful stakeholder input and meaningful collaboration, rather than driven by artificial deadlines or an EIM Entity’s target date for integration into the EIM. FERC recognized as much in the July 21</p>	<p>sufficient for stakeholder comment and discussion. Stakeholders had an additional 10 days to review the proposed language for discussion and two weeks to submit written comments. Stakeholders then have an additional week of process to discuss comments with the CAISO and offer any additional concerns or revisions. Questions raised on the August 10, 2015 stakeholder call and comments submitted in writing concerned specific measurements and particularized language edits and are reflected in this response. These refinements suggest that the process has achieved an overarching framework acceptable to the stakeholders and that the conversation today is about the final details. Moreover, these timeframes for comments are consistent with CAISO stakeholder process guidelines. Stakeholders can’t now ignore previous discussions and claim that they have not been engaged in a meaningful process to develop readiness criteria.</p> <p>Because the July 21, 2015 order acknowledges the substance of the stakeholder process that previously occurred, finalizing the details through additional process in August 2015 and filing the tariff promptly provides FERC staff ample time to consider the readiness criteria and tariff provisions and transparency related to it. In addition, the CAISO has announced a one month deferral of the NV Energy implementation to allow time for this process to occur. Stakeholders must understand that the 30 day prior certification with an associated period of parallel</p>

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	<p>Order, stating that ‘carefully developed, measurable readiness criteria should be the basis for determining the actual date on which a potential EIM Entity begins financially binding participation in the EIM’ and that ‘meeting a potential EIM’s preferred start date should not be a determining factor.’ Given that stakeholders will be forced to bear the consequences in the event that a BAA begins participation in the EIM before it is ready, it is also essential that stakeholders be given a voice in the development of readiness criteria, with ample time both for stakeholders to review and provide input on CAISO’s proposals and for CAISO to meaningfully consider and address their concerns.</p> <p>Unfortunately, thus far, the highly expedited process CAISO has used to develop its readiness criteria appears to have been driven primarily by the goal of accommodating NV Energy’s anticipated start date rather than crafting robust measures of system and operational readiness in collaboration with stakeholders. With CAISO affording stakeholders with extremely limited time for review and input, there simply has</p>	<p>operations necessarily requires that the CAISO submit its compliance filing before the full 60 days have elapsed. Any suggestion that the CAISO has placed implementation above readiness is mistaken. The one month deferral should ensure that the NV Energy implementation occurs within a reasonable timeframe of what was initially contemplated. The current schedule allows meaningful engagement with stakeholders, opportunity for the Commission to consider the submission, and for NV Energy and the CAISO to certify readiness in anticipation of a November 1 implementation date.</p> <p>Specific stakeholder comments that provide further input into this process have been further considered and are addressed below.</p>

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	<p>been insufficient time for stakeholders to play a meaningful role in the development of the readiness criteria reflected in CAISO's draft tariff language. And with CAISO announcing the date on which it planned to complete its evaluation of the readiness criteria before it even posted the criteria for stakeholder review, there has been little opportunity for stakeholders to participate actively in the process.</p> <p>Regrettably, this same approach has been carried forward to the development of CAISO's proposed tariff language, with CAISO expressing an intention to file its proposed tariff revisions with FERC less than four weeks after it posted this language for stakeholder review and well before the deadline for the submission of CAISO's compliance filing.</p> <p>Rather than allowing NV Energy's proposed start date to take precedence over the development of meaningful readiness measures, Powerex urges CAISO to establish a process that affords stakeholders with the time necessary to engage in a careful evaluation of the challenges faced by BAAs integrating into</p>	

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	<p>the EIM. This process should include a full exploration of the issues that have been experienced since the EIM commenced operations and, at a minimum, should address the issues detailed below. Only after CAISO and stakeholders have had an opportunity to craft a robust set of readiness criteria that address these and other issues, and NV Energy has demonstrated that it is capable of passing these criteria, should CAISO and NV Energy set a date for NV Energy’s integration into the EIM.”</p> <p>[Footnotes omitted]</p>	
<p>Title of tariff section 29.2(b)</p>	<p>NV Energy suggests the following black-lined addition:</p> <p>“EIM <u>Entity</u> Access to the Real-Time Market”</p> <p>SCE provides the following comment:</p> <p>“Confused where this goes in 29.2(b) as there is already a 29.2(b)(4)”</p>	<p>The CAISO accepts the change proposed by NV Energy. Also, the CAISO recognizes that it prepared the proposed changes in a clean version to avoid redline upon redline and apologizes for any confusion this approach may have caused.</p>
<p>Tariff section 29.2(b)(4) [labeled as “28(b)(4)” in BPA’s comments]</p>	<p>BPA provides the following comments:</p> <p>“BPA supports specific requirements regarding successful Market Simulation and Parallel Operations. However, the CAISO should include more specificity regarding standards for successful</p>	<p>The CAISO believes that specific criteria with respect to market simulation and parallel operations that will be established in the tariff comply with the July 21 order. The tariff requires market simulation and parallel operation sufficient to demonstrate readiness. Each stage in that process includes various scenarios and built in exit criteria. The CAISO regularly</p>

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	<p>Market Simulation and Parallel Operations. The CAISO should include specific periods that are required for both Market Simulation in Section 29.2(b)(4)(B) and for Parallel Operations in Section 29.2(b)(4)(B).”</p>	<p>manages such processes and publishes information concerning progress towards completion. The CAISO will specifically report on progress towards achieving the readiness criteria and the market simulation and parallel operation results will support the thresholds associated with those criteria. It is unreasonable to require that the CAISO include all such supporting details in the tariff criteria. Placing the thresholds in the BPM allows for adaptation for future use cases based on EIM entity initiate circumstances and stakeholder concerns for that particular entity. This necessary flexibility requires tariff provision 29.2(b)(6)(A)(iii), which allows that readiness certification may include deviations from the thresholds established in the business practice manual for meeting the criteria. As set forth in 29.2(b)(8), readiness criteria reporting will include explanation of those deviations and the reasons therefore. In any event, the thresholds need not be restated in the tariff to make them transparent and rigorous. The thresholds have been subject to this stakeholder process and the CAISO has explained the basis for setting the thresholds as it has. Changes in the thresholds going forward will be subject to the business practice manual change management process as well as challenge by stakeholders on the public calls held during market simulation and parallel operations when the CAISO discusses testing results and any resolution of issues. Should a stakeholder have concerns, it may raise</p>

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		<p>them and ask that they be addressed. To the extent its valid concerns are not satisfied during the change management or testing phase, they may be raised in context of the filed readiness certification for FERC consideration.</p> <p>In addition, the CAISO does not believe it is necessary to include specific periods for market simulation in the tariff. The length of the market simulation period that apply to a given EIM entity initiate's market entry is an excellent example of where that flexibility should apply, i.e., the amount of market simulation needed is a function of the EIM entity initiate's particular circumstances. The CAISO and each EIM entity initiate necessarily need the flexibility to adjust these timeframes and that is precisely why we believe the July 21 order did not require specified timeframes. While the tariff comprehensively and finally establishes the criteria to be applied to EIM entity initiate readiness, the experience with NV Energy demonstrates that the length of those periods will be transparent, as directed by FERC, even though not defined in the tariff. The CAISO will be posting that information on its dashboard of criteria and thresholds, and holding public calls throughout the period of market simulation and parallel operations commensurate with the length of that period. For example, information on the CAISO website indicates that NV Energy is</p>

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		<p>subject to 30 days of market simulation and 30 days or more of parallel operations.</p> <p>Nonetheless, as explained below, the CAISO will commit to include in the tariff a minimum period of 30 days for parallel operations. The CAISO does not commit to specify a definitive period of market simulation in the tariff.</p>
<p>Tariff sections 29.2(b)(4)(B) and 29.2(b)(5)</p>	<p>Six Cities provide the following comments:</p> <p>“The draft tariff language refers to ‘an adequate period’ of parallel operations with an EIM Entity Initiate. Recognizing that it may be appropriate to allow some flexibility with respect to the parallel operations period, simple reference to ‘an adequate period’ is unduly vague and allows overly broad discretion. The Six Cities suggest the following modification – in place of ‘an adequate period of parallel operations’ substitute ‘a period of parallel operations of at least thirty consecutive days.’ This modification is consistent with the reference at page 4 of the August 10 paper to ‘thirty full days of parallel production that the EIM Entity will engage before implementing a financially binding market.’”</p>	<p>The CAISO appreciates the need for clarity and will update the tariff to require a minimum of 30 days for parallel operations. This requirement must be distinguished from requiring that the entire 30 period have passed prior to certification. This was not required by the July 21 order and it is important to have the opportunity to maximize the value of the 30 days following certification by continuing but not extending parallel operations by a full 30 days. This should also be distinguished from market simulation. The CAISO maintains that more flexibility is required for market simulation since different EIM entity initiates might need more or less time during that period. No specific tariff duration should be included in the tariff with respect to market simulation.</p>

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	<p>PG&amp;E provides the following comments:</p> <p>“CAISO should provide further details and/or description of what the CAISO means by an ‘adequate period’.”</p>	
<p>Tariff section 29.2(b)(6)(A)(i)</p>	<p>NV Energy suggests the following black-lined revision:</p> <p>“(i) that the processes and systems of the EIM Entity Initiate have satisfied or will have satisfied the readiness criteria set forth in Section 29.2(b)(7) <u>as of</u> the EIM Implementation Date;”</p>	<p>The CAISO appreciates this clarification and accepts the proposed change.</p>
<p>Tariff section 29.2(b)(6)(A)(iii)</p>	<p>BPA provides the following comments:</p> <p>“BPA has reviewed the Energy Imbalance Market (EIM) Entity Readiness Criteria published June 30, 2015, and selected portions of the revised criteria published on August 10, 2015. The criteria and measurable thresholds published on August 10, 2015 appear to be the same criteria as the ones published on June 30. BPA is unclear whether those criteria are the measurable thresholds referenced in section 29.2(b)(6)(A)(iii). BPA objected to the use of those thresholds as not providing sufficient rigor measuring the readiness of the EIM Entity Initiate. In</p>	<p>The CAISO continues to believe that the readiness criteria included in the tariff should not include the specific thresholds for each criteria. The thresholds may be included in the business practice manual. The thresholds have been subject to this stakeholder process and the CAISO has explained the basis for setting the thresholds as it has. Changes in the thresholds going forward will be subject to the business practice manual change management process as well as challenge by stakeholders on the public calls held during market simulation and parallel operations when the CAISO discusses testing results and any resolution of issues. The process will be transparent since a failure to meet the threshold would require explanation prior to certification or</p>

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	<p>particular, demonstrating that the EIM Entity Initiate has adequate reserves to meet the already low and demonstrably inadequate requirements for flexible capacity in the tariff for 90% of the hours for two days is inadequate. BPA believes the measurable thresholds describing system readiness should be incorporated in the revised tariff language. BPA believes section 29.2(b)(A)(iii) should be deleted from the tariff language.”</p> <p>NV Energy suggests the following black-lined revision:</p> <p>“(iii) to any deviations from the <u>readiness criteria</u><del>established</del> thresholds specified in the Business Practice Manuals, and that despite such deviations the criteria was met or will be met as specified in 29.2(b)(7);”</p>	<p>additional time to satisfy the threshold. If the CAISO can’t adequately justify the exception to a threshold, then it would not be possible to certify readiness in the face of a failure to meet that specific threshold.</p> <p>In addition, the CAISO distinguishes the thresholds by which the EIM entity initiate’s ability to pass the resource sufficiency tests is measured from the justness and reasonableness of the resource sufficiency tests themselves. Some comments suggest that the CAISO make changes to the underlying resource sufficiency tests. Such requests are beyond the scope of the readiness criteria under consideration here. These comments suggest that the criteria should include measures that ensure an EIM entity initiate will commit sufficient resources to the Energy Imbalance Market at a level that meets imbalance needs under a full range of operational conditions. Such requests are not consistent with the overall design of the EIM and not necessary to address the issues associated with readiness. A readiness criteria that, for example, ensures that the EIM entity meets imbalance needs under a full range of operational conditions would require a conclusion in this proceeding that the CAISO real-time market design including the EIM is unjust and unreasonable and must be changed. Such requests rely on the wrongful premise that the CAISO <i>should</i> be ensuring there is sufficient flexibility to meet 100 percent of</p>

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		<p>imbalance needs that meet a full range of operational conditions. There is no suggestion in the July 21 order that would reasonably lead one to such a conclusion. Rather, the CAISO has demonstrated that the bulk of the infeasibilities that continue to persist in the EIM are likely due to the lack of visibility to available capacity that the EIM entity has at its disposal, and are not due to a fundamental flaw in the CAISO's overall design.</p> <p>As the CAISO has stated previously, the EIM is designed and built on CAISO's pre-existing real-time market to provide participating balancing authorities the ability to participate voluntarily in sharing capacity to meet their imbalances within the transfer constraints. The EIM as designed and approved by the Commission leaves the EIM entity latitude to continue to operate as a separate control area and voluntarily participate in the EIM, while continuing to maintain system reliability when conditions fall outside of the expected range of conditions the EIM was intended to address. The EIM design as approved and accepted by the Commission, fully recognizes that the EIM entity as do CAISO stakeholders, have full authority over the degree of operational conditions for which the respective balancing authority areas wish to plan and procure.</p> <p>The existing Section 206 proceeding established by the Commission was not intended to question the overall design and fundamental underpinnings of the</p>

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		<p>EIM, particularly not in the context of the readiness requirements addressed here. Rather it was designed to in part address whether there should be readiness criteria in the EIM environment. There is no connection between this issue and imposing a sufficiency tests that tests for a full range of operational outcomes.</p> <p>The currently accepted test is aligned with the fundamental policy and principles on which EIM is established. What some are effectively asking for is that, regardless of the fact that the EIM entity is held to the same requirements that the CAISO is held to with regard to the flexible ramping constraint, regardless of the fact that how much flexible ramping capacity is procured is to be based on the the principles specified in the tariff and business practice manuals, which do not require that the CASIO or the EIM procure sufficient flexibility to meet a full range of operational outcomes, the Commission should require the CAISO to adopt a sufficiency test that imposes a requirement that the EIM entity demonstrate that it has sufficient capacity in that hour to meet a full range of operational conditions. Not only is any request that the CAISO adopt such a test unjust and unreasonable since it would impose requirements on the EIM that are not commensurate with the issues identified in this proceeding, any such request is outside the scope of this proceeding constitutes a collateral attack on the Commission's orders approving the CAISO markets including the</p>

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		EIM.
Tariff section 29.2(b)(6)(B)	<p>BPA provides the following comments:</p> <p>“BPA also believes section 29.2(b)(6)(B) should be edited to allow the EIM Entity Initiate the ability to delay or withdraw its Readiness Certification. BPA sees no basis to limit this section to the California ISO.”</p> <p>NV Energy provides the following comments:</p> <p>“NV Energy does not believe that wholesale withdrawal of an already-submitted readiness certification is the appropriate response to an issue that may arise and cause delay of a set Implementation Date. Rather, should the CAISO and EIM Entity determine to delay the Implementation Date, notice to the Commission and other market participants should include a forecasted new Implementation Date so that all parties are aware of the anticipated timing of the EIM Entity Initiate’s entry into EIM. This date will be based largely on whether some or all of the readiness certification requires recertification.</p>	<p>The CAISO recognizes the potential need for an EIM entity initiate to withdraw its certification and accepts the proposed change.</p> <p>Also, the CAISO recognizes that withdraw may not be the ideal option if there is only a delay and will make the proposed clarification.</p>

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	<p>Therefore, the notice best serves the interests of the Commission and market participants by pointing to the readiness criteria undermined by the issue and requiring recertification, if any; the timing of recertification, if necessary; and the new Implementation Date as based on the need to recertify some or all of the readiness criteria.”</p> <p>NV Energy suggests the following black-lined revisions:</p> <p>“(B) <b>Delay or <u>Re-Certification</u></b><del>Withdrawal</del>. If, subsequent to readiness certification pursuant to Section 29.2(b)(6)(A), the CAISO determines that it cannot proceed with implementation on the Implementation Date, the CAISO will notify the Federal Energy Regulatory Commission of the delay, the reason for the delay, <u>the new Implementation Date if it can be determined,</u> and whether it will <u>need to re-issue a portion or all of the</u><del>withdraw its</del> readiness certificate.”</p> <p>SCE suggests the following black-lined revisions:</p>	

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	<p>“(B) <b>Delay or Withdrawal.</b> If, subsequent to readiness certification pursuant to Section 29.2(b)(6)(A), the CAISO or EIM Entity Initiate determines that it cannot proceed with implementation on the Implementation Date, the CAISO or EIM Entity Initiate will notify the Federal Energy Regulatory Commission of the delay, the reason for the delay, and whether it will withdraw its readiness certificate.”</p>	
<p>Tariff section 29.2(b)(7)</p>	<p>Six Cities provide the following comments:</p> <p>“In the fourth line, the capitalized term ‘Prospective EIM Entity Initiate’ is undefined. The Cities suggest deleting ‘Prospective.’”</p>	<p>The CAISO accepts the proposed change.</p>
<p>Tariff section 29.2(b)(7)(A)</p>	<p>BPA provides the following comments:</p> <p>“In Section 29.2(b)(7)(A) the CAISO’s Readiness Criteria should reference any need to have effective models of non-EIM Transmission Providers. The EIM has the potential to impact a broad, interconnected transmission system. And EIM Participants may need to utilize 3<sup>rd</sup>-party transmission systems to effect EIM dispatches. The need to effectively model those 3<sup>rd</sup>-party systems should be</p>	<p>The CAISO recognizes the unique interest of third party transmission service providers that facilitate operation of the EIM through rights made available by their customers or over paths that they operate. Accordingly, the CAISO will clarify that such provider systems are accurately modeled and recognized in the full network model. For example, the CAISO will validate that all required constraints, including transmission constraints and other information that third party transmission providers are sending to the CAISO production system, are fed into the parallel</p>

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	<p>recognized in the Readiness Criteria.”</p> <p>Six Cities provide the following comments:</p> <p>“Use of the word “consistent” in the second line is unclear. Should the word be ‘consistently’?”</p>	<p>operation environment. This ensures that those limits are reflected in the parallel production environment. This commitment should be limited to third party transmission service providers and distinguished from a requirement that would apply more broadly to adjacent balancing authorities or transmission service providers that whose systems are not part of the EIM.</p> <p>The CAISO appreciates the potential confusion caused by the term “consistent” and suggests that it simply be removed.</p>
<p>Tariff section 29.2(b)(7)(A)(i)</p>	<p>Six Cities provide the following comments:</p> <p>“Use of the word ‘exported’ in the fourth line is unclear and appears unnecessary.”</p>	<p>The CAISO appreciates this may be vague and instead suggests it be removed and that the phrase “in the CAISO Full Network Model” be added on the end of the section.</p>
<p>Tariff section 29.2(b)(7)(A)(ii)</p>	<p>Six Cities provide the following comments:</p> <p>“Change ‘matches’ to ‘match’.”</p>	<p>The CAISO accepts the proposed change.</p>
<p>Tariff section 29.2(b)(7)(B)</p>	<p>BPA provides the following comments:</p> <p>“In Section 29.2(b)(7)(B) BPA would propose the deletion of the words ‘within the measurable thresholds specified in the Business Practice Manual for the Energy Imbalance Market or’ in the operative language of the first paragraph</p>	<p>As more fully explained above, the CAISO disagrees that the thresholds applied to the criteria are required to be in the tariff pursuant to the July 21 order. The order specifies that measurable criteria must be included in the tariff. The criteria proposed by the CAISO are measurable and the thresholds measures will be included in the business practice manual. This will be transparent and allow the thresholds to be</p>

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	<p>establishing the readiness criteria in section 29.2(b)(7). BPA believes the Commission’s order required the criteria and measurable thresholds affecting the readiness of the EIM Entity Initiate to be established in the tariff, not modified by approximate capability to implement that can be established and modified in a Business Practice. Removing this language would require any exceptions to the criteria and measurable thresholds to be specified in the Readiness Certification filed under section 29.2(b)(6).”</p> <p>Six Cities provide the following comments:</p> <p>“The phrase ‘all operations staff identified by the EIM Entity Initiate’ is not sufficiently prescriptive and allows undue discretion to the EIM Entity Initiate. The phrase should read ‘all operations staff of the EIM Entity Initiate who will have responsibility for EIM transactions, operations or settlements.’”</p>	<p>tailored for future EIM entity initiates. Moreover, stakeholders will have an opportunity to comment on such changes through the CAISO’s business practice manual change management process. This process includes a notice and comment requirement.</p> <p>The CAISO appreciates the change proposed by the Six Cities and proposes the following: “<u>all operations staff of the EIM Entity Initiate who will have responsibility for EIM transactions, operations or settlements</u>, identified by the EIM Entity Initiate.</p>
Tariff section 29.2(b)(7)(C)	<p>Six Cities provide the following comments:</p> <p>“In sub-sections (i) and (ii), the references</p>	<p>EIM Demand is defined as energy to serve load internal to an EIM balancing authority area. This by definition may include third party load within that</p>

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	to 'EIM Demand' are unclear. Does this refer to EIM Demand in the EIM Entity Initiate BAA or to overall EIM Demand for all BAAs participating in the EIM?"	balancing authority area. No clarification is required.
Tariff section 29.2(b)(7)(D)	<p>BPA provides the following comments:</p> <p>“BPA proposes that the language in section 29.2(b)(7)(D) be made stronger by deleting “ability to” so that the section would read:</p> <p><b>Balanced Schedules.</b> The EIM Entity Initiate’s Scheduling Coordinator has demonstrated for a period of thirty days that it can-</p> <ul style="list-style-type: none"> <li>(i) balance EIM Demand and EIM Supply</li> <li>(ii) pass capacity test, as set forth in Section 29.34(l); and</li> <li>(iii) pass the flexible ramping sufficiency test, as set forth in Section 29.34(m).”</li> </ul>	<p>The CAISO has proposed a threshold for this criteria of two days, which will be included in the business practice manual. There is no need to include this in the tariff. Previously this comment was rejected based upon the fact that the proposed operational success rates account for the inability of market simulation to precisely emulate all real-time system operations and the associated burden. The CAISO continues to believe that this remains the appropriate threshold measure for this criteria. The two day threshold fully accounts for 48 consecutive hours of balancing by the EIM entity initiate, which also includes the transition period across the two days. However, in consideration of stakeholder comments requesting a longer period, the CAISO proposes to change the threshold from two consecutive monitored days to 5 non-consecutive monitored days during parallel operations. This proposal will be discussed with stakeholders.</p> <p>The testing period regardless of its duration is designed to expose the EIM entity initiate operators to a variety of operating conditions and give them experience with responding to those conditions. No</p>

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		<p>period of testing will ensure that operations will be without exceptional conditions or challenges once the EIM entity initiate commences binding operations. Therefore, an extended period of testing designed to ensure an issue-free or “mistake-free” period is neither sufficient nor necessary to ready the EIM Entity for live operations.</p>
<p>Tariff section 29.2(b)(7)(D)(i)</p>	<p>Six Cities provide the following comments:  “The Six Cities suggest adding at the end of this sub-section ‘for the EIM Entity Initiate’s BAA.’”</p>	<p>The CAISO accepts the proposed addition.</p>
<p>Tariff section 29.2(b)(7)(F)(i)</p>	<p>SCE suggests the following black-lined revision:  “(i) the CAISO Settlement Statements and Invoices match the operational data fed into the settlement system and the resulting calculations correspond to the formulas defined in the CAISO Tariff and applicable Business Practice Manuals during market simulation <u>and parallel operations</u>; and”</p> <p>PG&amp;E provide the following comments:  “CAISO should specify what the</p>	<p>The CAISO agrees with the proposed tariff change by SCE and will include the proposed change by PG&amp;E to provide the additional clarification sought.</p> <p>The details concerning the number of settlement statements and invoices will be included in the market simulation and parallel operations plans, which will be published by the CAISO prior to parallel operations.</p>

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	<p>expectations are for demonstrating success in regards to publishing settlement statements/invoices (e.g. the number of statements/invoices, the number of weeks of quality results).”</p> <p>PG&amp;E suggests the following black-lined revision:</p> <p>“(i) match the operational data <u>published to stakeholders during the market simulation or, if not published, match the operational data fed into or generated by the...</u>”</p>	
<p>Tariff section 29.2(b)(7)(G)</p>	<p>NV Energy suggests the following black-lined revision:</p> <p>“(G) <b>Outage Management System.</b> The EIM Entity Initiate will verify its ability to submit and retrieve outages information to <u>and from</u> the CAISO within the required timelines.”</p> <p>PG&amp;E suggests the following black-lined revision:</p> <p>“(G) <b>Outage Management System.</b> The EIM Entity Initiate will verify its ability to submit and retrieve outages information <u>accurately and correctly</u> to the CAISO</p>	<p>The CAISO agrees with the proposed changes to this section and will accept them.</p>

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	within the required timelines.”	
Tariff section 29.2(b)(7)(H)	<p>BPA provides the following comments:</p> <p>“Section 29.2(b)(7)(H) should also reference the need to demonstrate effective coordination with impacted 3<sup>rd</sup>-Party transmission providers. In some cases electronic and manual communication will be critical for non-EIM transmission providers whose systems are used to effect EIM dispatches to maintain reliable technical and commercial operations.”</p>	<p>The CAISO agrees with this proposal and will include a specific reference to third party transmission service provider communications. Again this would be limited to third party transmission providers whose system has been made available to support the EIM.</p> <p>See also the comment below</p>
Tariff section 29.2(b)(7)(H)(i)	<p>NV Energy provides the following comments:</p> <p>“NV Energy clarifies that the communications relevant to market readiness are those between the EIM Entity and the Market Operator. These communications are more appropriately specified in the EIM Entity’s operating procedures, which must be developed pursuant to 29.2(b)(7)(K)(ii), and not in the EIM Entity’s business practice manual (which addresses the EIM Entity’s obligations to and relationship with its</p>	<p>The CAISO agrees with this proposed changes.</p>

Topic	Stakeholder comments	CAISO response
	<p>customers). In addition, it is appropriate that these procedures are established as of the date of the EIM Entity Initiate’s readiness certification, although the procedures may be under continuous development and finalization through the period of market simulation.”</p> <p>NV Energy suggests the following black-lined revision:</p> <p>“(j) The process and procedures used for voice and/or electronic messaging <u>between the EIM Entity Initiate and the Market Operator</u> are identified and incorporated into the EIM Entities Initiate’s <u>operating procedures</u><del>business processes before the start of market simulation specified in section 29.2(b)(4)(A).</del>”</p> <p>Six Cities provide the following comments:</p> <p>In the second line, change ‘Entities’ to ‘Entity.’”</p>	
Tariff section 29.2(b)(7)(H)(ii)	Six Cities provide the following comments:	The CAISO agrees with this proposed change.

Topic	Stakeholder comments	CAISO response
	<p>“Re the phrase ‘operations staff identified by the EIM Entity Initiate,’ see the comment on §29.2(b)(7)(B) above. Instead use the phrase ‘operations staff of the EIM Entity Initiate <u>who will have responsibility for EIM transactions, operations or settlements.</u>”</p>	
<p>Tariff section 29.2(B)(7)(I)</p>	<p>BPA provides the following comments:  “Section 29.2(b)(7)(I) should recognize the potential need for 3<sup>rd</sup>-party transmission providers whose systems are use to effect EIM dispatches to develop structured scenarios to demonstrate that they can maintain reliable technical and commercial operations.”</p> <p>NV Energy provides the following comments:  “NV Energy has removed references to “workarounds” in this section of the tariff. The criteria properly establishes that any significant issues arising during market simulation are resolved before implementation. How those issues are resolved is a matter of the threshold, appropriately specified in the CAISO business practice manual. Moreover,</p>	<p>The CAISO, as noted above, agrees that third party transmission providers whose systems are used to support the EIM should be considered in the Market Simulation. Accordingly, the CAISO will seek feedback from market participants in identifying relevant structured scenario exercises and suggests that interested stakeholders participate in that process. That process is reflected in the current draft tariff criteria pursuant to section 29(b)(4)(A). There is no need for a specific criteria associated with third party transmission providers.</p> <p>The CAISO believes that the concept of a workaround in some contexts is relevant. A “workaround”, although not defined, is commonly understood as an alternative means to achieve the same result. If, for example, a user interface fails testing and, rather than fixing that user interface, the same information is displayed through another application, there is no reason to consider that a failure. This is not an exception to the criteria since</p>

Topic	Stakeholder comments	CAISO response
	<p>“workaround” is not a defined term. NV Energy believes that what the CAISO is attempting to convey is that the EIM Entity will pass all market simulation scenarios by demonstrating it can operate a functioning and reliable market in all scenarios, either by using the tools anticipated or by applying an acceptable alternative solution that achieves the same “passing” operational result. NV Energy’s proposed revision confirms its understanding of this criteria.”</p>	<p>the objective was achieved. It would be incumbent on the CAISO to explain why the workaround was equivalent to the planned result. The CAISO therefore suggests removing references to “workaround” and instead making it clear that the resolution of a variance may rely upon an interim solution that supports certification provided that the interim solution is functionally equivalent.</p>
<p>Tariff section 29.2(b)(7)(I)(i)</p>	<p>NV Energy suggests the following black-lined revision:</p> <p>“(i) <b>Day in the life simulation.</b> The EIM Entity Initiate operations staff identified by the EIM Entity Initiate complete end-to-end daily market workflow <del>with no critical defects or workarounds.</del>”</p> <p>Six Cities provide the following comment:</p> <p>“Re the phrase ‘identified by the EIM Entity Initiate,’ see the comment on §29.2(b)(7)(B) above. Instead use the phrase ‘who will have responsibility for EIM transactions, operations or settlements.’”</p>	<p>The CAISO believes the reference to “critical defects” should remain in this criteria. Completion of the workflow processes is not sufficient. The workflow should be completed and not rely on critical defects. The CAISO is OK removing the phrase “workarounds” in this context.</p> <p>The CAISO must rely upon the EIM entity initiate to identify its staff who will be responsible for EIM transactions, operations or settlements. It is important to have a defined list of personnel to be trained for tracking purposes. Changing the reference as requested would appear to suggest the CAISO must somehow know which EIM entity initiate staff should be trained. The CAISO is not in a position to do so and prefers to not accept the</p>

Topic	Stakeholder comments	CAISO response
		proposed change if it changes the meaning in any way.
Tariff section 29.2(b)(7)(I)(ii)	<p>NV Energy suggests the following black-lined revision:</p> <p>“(ii) <b>Structured scenarios simulation.</b> The EIM Entity Initiate operations staff execute and pass all structured scenarios provided by CAISO with all significant issues resolved <del>or identified a feasible workaround.</del>”</p>	The CAISO is OK replacing the concept of a workaround with resolution. As explained above, a workaround represents an alternative means of achieving the same result and must be explained according to the July 21 order.
Tariff section 29.2(b)(7)(I)(iii)	<p>NV Energy suggests the following black-lined revision:</p> <p>“(iii) <b>Unstructured scenarios simulation.</b> The EIM Entity Initiate operations staff identified by the EIM Entity Initiate execute and pass all unstructured scenarios provided by the EIM Entity Initiate, with significant issues resolved <del>or have identified a feasible workaround.</del>”</p> <p>Six Cities provide the following comment:</p> <p>“Re the phrase ‘identified by the EIM Entity Initiate,’ see the comment on §29.2(b)(7)(B) above. Instead use the phrase ‘who will have responsibility for</p>	<p>The CAISO is OK replacing the concept of a workaround with resolution. As explained above, a workaround represents an alternative means of achieving the same result and must be explained according to the July 21 order.</p> <p>The CAISO must rely upon the EIM entity initiate to identify its staff who will be responsible for EIM transactions, operations or settlements. It is important to have a defined list of personnel to be trained for tracking purposes. Changing the reference as requested would suggest the CAISO must somehow know which EIM entity initiate staff should be trained. The CAISO is not in a position to do so and prefers to not accept the proposed change.</p>

Topic	Stakeholder comments	CAISO response
	EIM transactions, operations or settlements.”	
Tariff section 29.2(b)(7)(l)(v)	<p>NV Energy provides the following comments:</p> <p>“This task occurs in parallel operations, not in Market Simulation. NV Energy proposed making it its own stand alone criteria and has moved it to 29.2(b)(7)(K), which changes “Additional Criteria” to (b)(7)(L).”</p> <p>NV Energy suggests the following black-lined revisions:</p> <p><b>“(K) Market quality review.</b> The CAISO prices are validated based on input data. <u>The CAISO charge code settlement amounts are accurate based on input data.</u>”</p>	<p>The CAISO agrees that the market quality review criteria in 29.2(b)(7)(l)(v) can be moved to 29.2(b)(7)(K)(vii).</p> <p>The CAISO believes that validation based on input data is the relevant criteria and that the term “accurate” would add emphasis. The CAISO will clarify that validation includes confirmation of accuracy based on input data.</p>
Tariff section 29.2(b)(7)(J)	<p>NV Energy suggests the following black-lined revisions:</p> <p><b>“(J) Parallel Operations Production Plan.</b> The Parallel <del>operations</del>production specified in section 29.2(b)(4)(B) runs consistently and in accordance with the timeframe set forth in the parallel operations plan.”</p>	The CAISO agrees with the proposed changes.

Topic	Stakeholder comments	CAISO response
	<p>PG&amp;E suggests the following black-lined revisions:</p> <p>“ <u>(J)</u> <b>Parallel Production Plan.</b> The period of parallel operations specified in section 29.2(b)(4)(B) runs consistently and in accordance with the timeframe set forth in the EIM Entity Initiate-specific parallel operation plan”</p>	
Designation of tariff section 29.2(b)(7)(K)	<p>NV Energy suggests the following black-lined revision:</p> <p>“<u>(L)</u><del>K</del> <b>Additional Criteria</b>”</p>	The CAISO will conform the numbering in the final version.
Tariff section 29.2(b)(7)(K)(i)	<p>NV Energy suggests the following black-lined revisions:</p> <p>“(i) <b>Execution of Necessary Agreements.</b> The EIM Entity Initiate has complied with Section 29.4(c)(2) and executed any necessary <del>non-disclosure</del> agreements for <u>operating as an EIM Entity, including any necessary non-disclosure agreements</u><del>the exchange of information.</del>”</p>	The CAISO agrees with the proposed change.
Tariff section 29.2(b)(7)(K)(iii)	NV Energy suggests the following black-lined revisions:	The CAISO suggests retaining the word necessary in context of the CAISO establishing EIM entity initiate

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	<p>“(iii) <b>EIM Entity Initiate Identification.</b> The CAISO has established and the EIM Entity Initiate has tested all <u>necessary</u> SCIDs and Resource IDs <u>established</u> for the EIM Entity Initiate’s Balancing Authority Area.”</p>	<p>IDs and accepts thereafter referencing that the EIM entity initiate has tested the established IDs.</p>
<p>Tariff section 29.2(b)(7)(K)(iv)</p>	<p>BPA provides the following comments: “BPA would like the ISO to include language in its Tariff Revision specifying that the non-participating, or ‘available resources’ that are referenced in section K (iv) of the Tariff Revision are specifically limited to those which are owned or have been contracted for by the EIM Entity Initiate’s merchant function. BPA appreciates the clarification that ISO staff has provided in its Reply Comments on the Technical Conference Docket Nos. ER15-861-000 and EL15-53-000.”</p>	<p>The CAISO will update this provision to reflect consistency with the proposed tariff changes to implement the “EIM Available Balancing Capacity” proposal, including clarifying language or cross reference as necessary to ensure only those resources that the EIM entity initiate has identified will be included. The CAISO is not in a position to validate what resources the EIM entity initiate is authorized to represent in this manner. Further, the resource owner has ample opportunity to raise concerns with the EIM entity initiate should there be some misrepresentation without the CAISO being in the middle of that relationship.</p>
<p>Tariff section 29.2(b)(7)(K)(v)</p>	<p>NV Energy suggests the following black-lined revision: “(v) <b>Flexible Capacity Requirements.</b> The CAISO has received and stored all historical data from the EIM Entity Initiate necessary and sufficient for the CAISO to</p>	<p>The CAISO accepts the proposed change.</p>

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	<p>perform the flexible ramp requirement, and the CAISO has established flexible capacity requirements for the EIM Entity Initiate’s Balancing Authority Area and <u>also for</u> the combined EIM Area including the EIM Entity Initiate.”</p>	
<p>Tariff section 29.2(b)(8)</p>	<p>NV Energy provides the following comments:</p> <p>“In the interest of fully meeting the Commission’s directives on transparency, NV Energy recommends that the tariff language establish the means of reporting readiness testing results through both published reports and open calls.”</p> <p>NV Energy suggests the following black-lined revisions:</p> <p>“(8) <b>Readiness Reporting.</b> The CAISO shall report on the CAISO Website periodically, but not less than monthly during the market simulation pursuant to section 29.2(b)(4)(A) and not less than twice a month during parallel operations pursuant to section 29.2(b)(4)(B0, on progress towards achieving the readiness criteria in Section 29.2(b)(7). <u>The reports will include, including providing</u></p>	<p>The CAISO’s normal market simulation results processes include discussions with stakeholders during the twice weekly market simulation calls, which will be extended for parallel operations. These results postings will include the opportunity for stakeholder input on the regularly scheduled calls. Accordingly, the CAISO does not see a need for the requested clarification but will further consider this matter given the simple clarifying nature of the request.</p>

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	<p>information explaining any exceptions to or deviations from the readiness <u>criteria</u> thresholds, <u>which shall be granted</u> according to the standards and process for granting exceptions or deviations <u>that are set forth in the Business Practice Manual for the Energy Imbalance Market, and the reasons therefore. These reports shall be discussed in regular calls open to all market participants and also published on the CAISO, and publish such reports on its website in advance of and in support of the certificate to be filed pursuant to Section 29.2(b)(6).</u>”</p>	
<p>Appendix A definition of “Base Market Model”</p>	<p>Six Cities provide the following comments:  “Does the Base Market Model for purposes of the Energy definition Imbalance Market only include the EIM Entity <u>Initiate</u> Balancing Authority Area(s), or does it also include the EIM Entity Balancing Authority Area(s)?”</p>	<p>The CAISO recognizes that for purposes of the EIM the Base Market Model should include the network model for each EIM Entity and the EIM Entity Initiate balancing authority areas and will clarify this definition accordingly.</p>
<p>Appendix A definition of new term “EIM Entity Initiate”</p>	<p>SCE provides the following comment:  “I wonder if this term creates more problems than it solves. With two different terms, every reference in the tariff needs to be reviewed for which term, or perhaps both, is appropriate. If this is</p>	<p>The CAISO will consider alternative references and is open to suggestions, including perhaps using the term “prospective” as an un-capitalized modification of the term EIM Entity? It is unlikely that an entity not under the implementation agreement with a pending implementation date would suggest it should be</p>

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	to make the entry into financially binding operations dependent upon issuing certifications by the CAISO and EIM Entity, then a clause can be inserted into this section stating this qualification.”	considered a prospective EIM entity.
Appendix A definition of revised term “State Estimator”	Six Cities provide the following comments: “Does the State Estimator for purposes of the Energy Imbalance Market only include the EIM Entity <u>Initiate</u> Balancing Authority Area(s), or does it also include the EIM Entity Balancing Authority Area(s)?”	The CAISO recognizes that for purposes of the EIM the State Estimator should include the solution for each EIM Entity and the EIM Entity Initiate balancing authority areas and will clarify this definition accordingly.
Appendix A definition of new term “EIM Entity Initiate”	Six Cities provide the following comments: “For clarity, add to the end of this definition ‘but has not yet become an EIM Entity.’”	The CAISO accepts the proposed change.
Appendix A definition of new term “EIM Entity Initiate”	PG&E provides the following comment: “ Clarification requested: Does this definition include only those EIM Entities that have not yet activated their EIM market processes, or does it include all EIM entities as well?”	Only prospective EIM entities are covered by these criteria unless otherwise specifically provided. Also, see the response above that includes additional clarification to this definition.
Resource	BPA provides the following comments:	The readiness criteria ensure that an EIM entity

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sufficiency criteria	<p>“The Commission has directed the ISO to develop measurable criteria. For example, Section 29.2(D) of the Tariff Revision requires demonstrations of Supply and Demand balance, as well as Flexible Ramping Constraint capacity sufficiency. Specifically, section 29.2(D)(iii) points to the flexible ramping sufficiency test in section 29.34(M) of the Tariff, which itself points to Section 10.3.2 of the Business Practices Manual for the Energy Imbalance Market. Section 10.3.2.1 of the Business Practices Manual defines the Flexible Ramp Sufficiency Test, where a requirement for an EIM Entity’s flexible ramping is calculated “based upon the CAISO load forecast, the CAISO variable energy resource forecast, and CAISO’s historical assessment of the ramping capability needed to meet forecast uncertainty and variability”. In this calculation, the ISO derives a particular quantity of resources for an EIM Entity: the amount of flexible ramp requirement without accounting for the diversity benefit of a particular Entity.</p> <p>BPA proposes additional measurable criterion by which to determine EIM Entity Initiate readiness. First, in Tariff Section 29.2(K)(iv), the ISO has proposed adding</p>	<p>initiate is able to pass the resource sufficiency evaluation tests within the specified thresholds. The readiness criteria are not intended to demonstrate that the EIM entity initiate has sufficient resources to meet its balancing authority obligations. Including a requirement that the EIM entity initiate would meet historical ramping requirements 99% or 100% of the time for at least 30 days during parallel operations is unreasonable. Comments that propose changes to the underlying resource sufficiency requirements are beyond the scope of this stakeholder process as explained more fully above. The readiness criteria measure the current Commission approved requirements for EIM entity participation. Stakeholders that desire changes to the EIM design are welcome to submit proposals as part of the CAISO’s ongoing market enhancements efforts.</p>

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	<p>a criterion stating that the EIM Entity Initiate also has identified non-participating, or additional ‘available capacity’, which will be included in the Resource Plan. BPA proposes that the ISO use the amount of resources represented by the flexible ramp requirement without diversity benefit from Section 10.3.2.1 of the BPM <i>plus</i> the amount of resources identified in Section 29.2(K)(iv) of the Tariff as a quantifiable measure of sufficient ramping resource capability. In order to be found ‘ready’ to join the EIM, an EIM Entity Initiate should have to demonstrate that this sum of resources discussed above would meet historical ramping requirements at least 99% of the time. Also, the EIM Entity Initiate should demonstrate that it has met the 99% standard for an equivalent month of the study for at least 30 days during parallel operations.</p> <p>Second, as quoted above, in Section 10.3.2 of the BPM, the ISO discusses examining historical ramping capability, although no timeline for historical data is mentioned. In BPA’s experience involving variable energy resources, including both hydroelectric and wind, four years of historical data likely provides</p>	

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	<p>a large enough representative sample to provide a thorough assessment of ramping capability requirements, given the variation seen. At the very least, the ISO must examine one year of historical ramping capability for the Flexible Ramping Sufficiency Test to provide meaningful results.”</p> <p>Powerex provides the following comments:</p> <p>“Currently, CAISO’s criteria only require a BAA to demonstrate that it passes the flexible ramping sufficiency test in 90% of the monitored hours on a single day prior to parallel operation and two days before full activation. As numerous stakeholders have pointed out, a 10% failure rate tolerates a level of resource insufficiency higher than what prompted FERC to initiate a Section 206 proceeding on the CAISO EIM and direct CAISO to develop readiness criteria in the first place, and is unduly permissive. [Footnote: Thus far, CAISO has not provided a meaningful response to these comments, stating only that it believes that these thresholds are ‘sufficiently rigorous’ and that the use of higher thresholds ‘for balancing the EIM</p>	

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	<p>Entity will have to use production e-tag information.’ CAISO Stakeholder Comments Matrix, Draft Energy Imbalance Market Entity Readiness Criteria – May 7, 2015 at 11, <i>available at <a href="http://www.caiso.com/Documents/StakeholderCommentsMatrix_EnergyImbalanceMarketEntityReadinessCriteria.pdf">http://www.caiso.com/Documents/StakeholderCommentsMatrix_EnergyImbalanceMarketEntityReadinessCriteria.pdf</a></i>. It is unclear why the limitations on the availability of production e-tag information requires the use of a 90% threshold as opposed to a 95% or 99% threshold.] In addition, experience with the EIM to-date suggests that measuring resource sufficiency over one or two days will not provide a meaningful test of whether a BAA is offering sufficient resources through the EIM to meet the imbalance needs of its customers. [Footnote: <i>Cal. Indep. Sys. Operator Corp.</i>, June 15 Informational Report, Docket No. ER15-402-000 at Fig. 21 (filed Aug. 6, 2015) (showing dramatic increases in the number of failures of the flexible ramping sufficiency test following periods of relative stability).]</p> <p>Powerex believes that the thresholds used to measure resource sufficiency should be sufficiently rigorous to ensure that the BAA has sufficient resources</p>	

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	<p>available to meet the imbalance needs of its customers under a full range of operating conditions. For that reason, Powerex recommends that a BAA be required to demonstrate that it has passed the flexible ramping sufficiency test for 100% of the hours during an extended period of time prior to being permitted to integrate into the EIM. For example, the BAA could be required to pass the flexible ramping sufficiency every hour for 30 consecutive days or for several weeks.”</p>	
Settlement accuracy	<p>Powerex provides the following comments:</p> <p>“It is well known that there have been significant issues experienced with the accuracy of EIM settlements in the PacifiCorp BAAs since the EIM commenced operations, leading numerous PacifiCorp transmission customers to submit settlement disputes to PacifiCorp. As a precondition to the participation of a new BAA in the EIM, both CAISO and the BAA should be required to demonstrate the ability to timely and accurately issue and process EIM settlements, from ‘bid-to-bill,’ for a</p>	<p>The proposed settlements readiness criteria is sufficient to demonstrate that the CAISO and EIM entity initiate settlements are accurate based on input data and can be published in a timely manner.</p> <p>It is critical that the settlements be shown to accurately reflect market data. The EIM Entity should also demonstrate that it has the mechanism to generate the statements and validate them in time for the CAISO cycles. Achieving these results should be sufficient to guarantee accurate invoices when the market operations become binding.</p>

Topic	Stakeholder comments	CAISO response
	<p>meaningful period of time.</p> <p>Although Powerex recognizes that the current readiness criteria include metrics related to the accuracy of settlement statements, it appears that these metrics only require CAISO and the BAA seeking to participate in the EIM to verify that the settlement statement and invoices for a single month accurately reflect system and market data.</p> <p>In order to fully ensure the accuracy of EIM settlements, Powerex believes that CAISO and the BAA should issue draft settlement statements and invoices to market participants and transmission customers for an appropriate period of parallel operation (<i>e.g.</i>, 30 days), and do so within the specified timelines for issuing statements. Giving market participants and transmission customers the ability to review EIM settlements and invoices will provide an additional safeguard to ensure that CAISO and the BAA are capable of issuing accurate and timely settlement statements and invoices prior to a BAA’s integration into the EIM.” [Footnotes omitted]</p>	
Price formation	Powerex provides the following	It is unreasonable to expect that a readiness criteria

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	<p>comments:</p> <p>“It also is well known that CAISO has experienced substantial price formation issues over the past year due to CAISO’s decision to implement a series of significant market changes in quick succession, including CAISO’s Fifteen Minute Market, the expanded Full Network Model, and the EIM. Integrating a new BAA into CAISO’s markets at a time when CAISO is already experiencing significant price formation issues needlessly increases the complexity of CAISO’s markets and may make it more difficult to address outstanding issues. For that reason, Powerex recommends that CAISO be required to address any outstanding price formation issues prior to integration of another BAA into the EIM. Identifying the metrics by which such a demonstration may be made should be the subject of further stakeholder discussion with the CAISO.” [Footnote omitted]</p>	<p>should encompass broader CAISO market performance issues. Such matters are addressed through the CAISO’s ongoing market performance and improvement efforts. See, for example, the monthly reports filed by the CAISO and DMM with respect to performance of the EIM. Suggesting that they be considered as a pre-condition to EIM participation would intrude upon the EIM entity initiate’s decision to participate and beyond the scope of this stakeholder process.</p>
<p>Transmission rights to facilitate EIM transfers across third-party systems</p>	<p>Powerex provides the following comments:</p> <p>“The next BAA expected to join the EIM</p>	<p>The CAISO recognizes the role third party transmission service providers may plan in the implementation of an EIM entity initiate, and has proposed to reflect that as more fully explained above. Specific circumstances associated with future</p>

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	<p>after NV Energy is the BAA operated by Puget Sound Energy, Inc. ('PSE'). Unlike PacifiCorp or NV Energy, PSE is not directly interconnected to any BAAs participating in the EIM. Accordingly, PSE has indicated that it will need to enter into an agreement with Bonneville Power Administration ('BPA') to facilitate its use of BPA's transmission system for EIM Transfers. Powerex believes that PSE – and any other BAAs that plan to rely on the use of third-party transmission systems for the dispatch of EIM Transfers – should be required to demonstrate that they have entered into any necessary contractual arrangements with the appropriate transmission providers. The third party transmission provider whose system will be used to facilitate EIM Transfers should also be required to certify its readiness to accommodate such service."</p>	<p>implementations will be considered on a case-by-case basis.</p>
<p>Page 4 of CAISO's Aug. 10 narrative description of readiness criteria</p>	<p>Six Cities provide the following comments:          "As noted above, there is a reference to 'thirty full days of parallel production that the EIM Entity will engage before implementing a financially binding market.' The Six Cities agree that the</p>	<p>The CAISO has accepted a proposed change to reflect that parallel operations will be at least 30 days.</p>

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	<p>period of parallel operations should consist of at least thirty consecutive days, and that minimum should be included in the tariff language.”</p>	
<p>Pages 6-9 of CAISO’s Aug. 10 narrative description of readiness criteria</p>	<p>Six Cities provide the following comments:</p> <p>“The threshold levels for Readiness Criterion Identifiers 2, 3, 10, 11, and 12 do not appear to be sufficiently rigorous. With respect to Readiness Criterion Identifier 2, the percentage allowances for inconsistencies in SCADA measurements (10 percent prior to the start of parallel operations and 5 percent during the parallel operations period) seem overly broad. With respect to Readiness Criteria Identifiers 3, 10, 11 and 12, the thresholds not only allow a bandwidth for failures (10 percent or, for Readiness Criterion Identifier 10, five percent before full activation) but also require that the threshold be met for only one to three days during the testing or parallel operations periods. This approach appears to allow greater than ten percent error or failure rates during most days of the simulations and parallel operations periods. The Six Cities request that the ISO provide additional explanation for</p>	<p><b>Threshold 2</b></p> <p>The CAISO has included a MW quantity measure associated with the SCADA metric. The CAISO believes that these thresholds are sufficiently rigorous to demonstrate readiness on the system before going into production; some of the actions that the EIM entity will take are not appropriate during market simulation and parallel operations when the instructions are not binding. i.e., to support higher thresholds for balancing the EIM entity will have to use production e-tag information, which is not available prior to production. The thresholds reflect an operational success rate that accounts for the inability of market simulation to precisely emulate all real-time system operations. The CAISO believes the threshold is not overly broad and is sufficiently rigorous.</p> <p><b>Threshold 3</b></p> <p>The CAISO has included thresholds for the state estimator solution quality that are appropriate to enter parallel operation and production. The state estimator application must continuously fine tune its parameters and improve load distribution factors quality&lt; During the interim phase, it is not abnormal for State</p>

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	<p>why the proposed thresholds are appropriate and adequate to establish readiness for EIM operation.”</p>	<p>estimator software, depending on its configuration parameters and input data, to result in values of generation and/or load from time to time. These values are typically improved by continuous monitoring and fine tuning over a long period of time that can extend to years. However, the state estimator solution thresholds are established to ensure not only the state estimator solves every 30 seconds, but also the quality of this solution. Anything above the 10% and 5% thresholds for state estimator is typically not acceptable to be input to the market base network model due to the imbalance and settlement implications. These thresholds are also translated into total load and generation errors which are operationally acceptable and do not cause any reliability or financial concerns</p> <p><b>Thresholds 10,11 and 12</b></p> <p>The thresholds are appropriate for the activity contemplated through the end of market simulation. The CAISO believes that these metrics are sufficiently rigorous to demonstrate readiness on the system before going into production; some of the actions that the EIM entity will take are not appropriate during market simulation and parallel operations when the instructions are not binding. i.e., to support higher thresholds for balancing the EIM entity will have to use production e-tag information, which is not available prior to production. The thresholds reflect an operational success rate that</p>

Topic	Stakeholder comments	CAISO response
		<p>accounts for the inability of market simulation to precisely emulate all real-time system operations. The thresholds accommodate that the system is not supported 24/7 during that time and that the quality of the data in that system is not guaranteed to be of a production quality. There will be challenges to synchronize the balancing of the system with the activities related to the submission of e-tags and the associated scheduling in production. The CAISO believes that the thresholds are actually quite rigorous considering that the resources themselves will not be moving with respect the dispatch coming out of the parallel operations systems. However, in consideration of stakeholder comments requesting a longer period, the CAISO proposes to change the threshold from two consecutive monitored days to 5 non-consecutive monitored days during parallel operations. This proposal will be discussed with stakeholders.</p>
<p>Page 10 of CAISO's Aug. 10 narrative description of readiness criteria</p>	<p>Six Cities provide the following comments:          "The threshold boxes for Readiness Criterion Identifiers 18, 20, and 21 indicate that EIM Entity Initiate and CAISO executives will approve exceptions to satisfaction of the criteria. What will be the standards for approval of</p>	<p>The CAISO will create standards and a process that will guide the consideration and application of exceptions to the thresholds. This review process will be included in the EIM business practice manual. CAISO will provide some description of what appropriate standards and process in the FERC filing supporting the tariff language.          In addition, any deviation from the thresholds that</p>

Topic	Stakeholder comments	CAISO response
	<p>any exceptions, and how will market participants be informed as to what exceptions have been approved and why?”</p>	<p>satisfy the executives will be explained fully in stakeholder calls, noted on the dashboard of readiness progress, and explained in the certification statements of the CAISO and the EIM Entity. The certification filing will set forth the reasons for the deviation. Consideration of whether to apply the deviation will follow a process that has appropriate checks and that is transparent.</p>
<p>Page 13 of CAISO’s Aug. 10 narrative description of readiness criteria</p>	<p>Six Cities provide the following comments:</p> <p>“It is not clear whether the ISO intends to run the parallel operations period prior to or after the readiness certification. The discussion at page 4 appears to suggest that the parallel operations period will run during the thirty day period prior to financially binding implementation, but the description on page 13 indicates that the readiness certification (which is required at least thirty days prior to financially binding implementation) will occur after the parallel operations period. The Six Cities request that the ISO clarify whether the parallel operations period will occur prior to or after the readiness certification.”</p>	<p>The July 21 order requires a reasonable period of parallel operation prior to certification. The CAISO has also clarified above that the readiness criteria will specify that the minimum period for parallel operations will be 30 days. With respect to the NV Energy implementation, the CAISO anticipates that there will be about 30 days of parallel operations prior to certification. However, the CAISO believes the July 21 order allows flexibility such that, for example, the 30 day parallel operations period could straddle the certification with about two weeks before and about two weeks following. In other words, parallel operations may extend beyond the readiness certification date if necessary to continue preparing the EIM Entity Initiate for market operations. That decision will be made on a case by case basis. The CAISO believes this flexibility should be maintained and has proposed further specificity in the tariff (see section 29.2(b)(5)).</p>

