

Xcel Energy appreciates the opportunity to comment on the Energy Imbalance Market proposed by the California ISO and PacifiCorp.

General Comments

Throughout the paper, the straw proposal appears to confuse which entity, the EIM Entity or EIM Participant, has an obligation to perform certain duties. In general, the EIM Entity should not have any obligation to commit generation, provide load forecasts at the load settlement location or provide any data related to base schedules. The straw proposal needs to be refined to clearly identify what is needed from the different participants, preferably with an attachment listing the expected deliverables for each type of entity. As Xcel Energy understands the proposal, the EIM Participant will be responsible for any financially binding numbers, while the EIM Entity will only be responsible for validation of compliance with the reliability requirements. Therefore, the majority of all data required by the CAISO should be coming from the EIM Participant.

Xcel Energy would also suggest a detailed project plan showing dates related to additional entities joining the initial EIM and major deliverables and other important milestones, such as market trials.

Section 3.1.2

In the first paragraph, the document states that the CAISO will only dispatch resources that are on-line. In the second paragraph, the document states that if the CAISO identifies congestion, the CAISO will issue dispatch instructions for future time intervals to units that have bid into the EIM. Since units such as a gas turbine may offer into the market but not be on line at the time future congestion is identified, these statements need more detail, either through reference to later sections or clarification added in this section. Xcel Energy supports providing the owners or operators of these units dispatch instructions to ensure that the units assist in addressing the congestion.

Section 3.2.1

In the Operating Hour timeline, in the By T-20 minutes section, the straw proposal states that the Market Operator will approve tags. As worded, it is unclear what tags the Market Operator will approve. Please clarify in the document that the Market Operator is only approving tags that source or sink in the CAISO and not all tags that source or sink in the EIM Entity BAs. Other tags that impact the EIM footprint must be known to the CAISO Market Operator but will not be approved by the CAISO. Alternatively, perhaps the approval indicated is not with respect to implementing interchange schedules, but is intended for purposes of establishing scheduled delivery with respect to energy imbalance calculations, if so this should be clarified.

Section 3.3.2

Near the end of the section, the sentence reads “If submitted in day-ahead, the Market Operator will use the submitted demand forecast as a starting point for the balancing the base schedules with transmission losses in day-ahead and to calculate the base flows and

loop flows in the network before starting the CAISO day-ahead market.” This sentence has an extra word, “the” before the word “balancing”. Next, it appears that this language allows for some option related to the day-ahead forecast submittal when the first sentence of Section 3.3.4 would require that all entities provide a day-ahead forecast to the CAISO. The timeline provided under Section 3.2.1 discusses postings of load forecast for the next seven operating days. This section should state that the CAISO requires a seven day forecast for each market participant’s loads in the EIM market. This language can be clarified to address the potential for confusion by changing the referenced sentence to start “The Market Operator will use....”.

The final sentence of this section is an example of utilizing the EIM Entity as responsible for submitting something that should come from the EIM Participant. The EIM uses base schedules for financial settlement. Therefore, the EIM Entity should not be submitting this information.

Section 3.3.4

In the last paragraph of this section, the document states that the Market Operator will use forecasts made by EIM Participants to determine that the EIM Entity has committed sufficient resources. This appears to put an obligation on the BA to commit resources rather than the EIM Participants. This language needs clarification such that the obligation is on the EIM Participants to commit sufficient resources by BA, including interchange commitments, to serve their loads. The BA should have backstop authority to direct additional commitments but should not be making the commitment decisions at this point in the process. Also any process for recourse to the RC for compliance with sufficiency requirements should be described.

This paragraph also suggests that there will be three levels of load forecast, CAISO, EIM Entity and EIM Participant. Or is the EIM Entity forecast just a summation of the EIM Participants within the BA? This needs clarification so all parties know what is expected.

Section 3.3.6

Xcel Energy is concerned with the proposal that anyone using the CAISO forecast will avoid the over and under-scheduling charges. The CAISO needs to show an example of how this methodology will not result in uplift charges to other EIM participants in the next draft of the straw proposal. If there is potential to cause uplift to other parties, the CAISO must address the issue in a more equitable manner.

Sections 3.3.7 and 3.3.8

In these sections, there is no discussion related to the capability of variable generation resources to provide supply adequacy for loads. It is Xcel Energy’s position that the near-term forecast for variable generation serves loads one for one. The straw proposal document needs more details related to treatment of variable generation.

Section 3.3.8 also discussed the intent to use dynamic schedules utilizing e-Tags to show flows between the CAISO and the EIM. Xcel Energy recognizes that CARB has adopted rules related to imports for the purpose of the carbon tax. However, the CAISO should

investigate the potential for CARB to treat the EIM transfers differently based on the different process. Since the energy will not be coming from a specific resource but from the pool of resources, CARB should be able to treat this transfer differently. If CAISO and CARB can reach agreement, the CAISO and EIM participants would be able to request a variance from the NERC, NAESB and WECC standards and criteria requiring tags for the energy flows associated with the EIM. This would allow a better process than currently envisioned. Finally, with respect to the dynamic tag, Xcel Energy believes that as proposed, the zero MW energy profile will violate NERC Reliability Standard INT-001-3 Requirement R1. The CAISO should be able to populate this tag with a value based on the day-ahead process envisioned with revisions based on subsequent reliability or market evaluations.

Section 3.3.10

The Base Schedule Adjustment process needs further details. This section also appears to confuse the EIM Entity with the EIM Participant. The CAISO should notify all entities participating in the EIM of issues in each of the separate runs.

Section 3.3.16

This section needs corrected to clarify that the EIM Participant, not EIM Entity is entering generator outage information. Transmission outages should be input by the Transmission Provider, not the EIM Entity.

Section 3.4.2

The CAISO needs to provide further detail related to administrative price substitution during congestion, including the process used when congestion occurs without available redispatch resources to permit the market dispatch software to solve.

Section 3.6.2

This section requires re-writing, as it does not make sense in relation to the tools used and what the tools actually do. As an example, the UFMP does not adjust a constraint's limit. Instead, it adjusts the level of flows expected across a constraint through the curtailment of energy transactions that impact the constraint. Xcel Energy supports the intent of this section, but as written, it raises more questions than it addresses.

Additional information required in this section include how the CAISO might differentiate congestion management related schedules that source and sink within the EIM footprint compared to those that pass through and source and sink outside the EIM. As the path operator of one of the qualified paths, it is unclear as to what steps will be taken to address the UFMP process versus the EIM/CAISO. As the UFMP moves forward with identifying curtailment requirements based on transmission priority, the CAISO needs to define the transmission priority for the EIM flows also. Finally, the timing of UFMP versus EIM dispatch needs to be explained in this section, specifically to what extent the EIM dispatch will be restricted due to UFMP events.

Section 3.6.7

This section requires further detail, such as assumptions made by the EIM Entity related to interchange if the EIM Entity or CAISO has lost communications. Xcel Energy recommends CAISO draft a detailed operating practice in support of this section.

Section 3.7.6.1.1.

The tagging process described in this section will become very cumbersome if more BAs join the EIM. The CAISO must work with CARB to address this issue. An ATF number would be available regardless of the use of an e-Tag. Additionally, the CAISO needs to provide more detail as to how the party ultimately responsible for CARB certificates is determined. Within one BA, there will be multiple generator-owning EIM Participants. One cannot assume that only the resource setting the LMP is selling into the CAISO. Since the entity delivering energy into the CAISO will be responsible for carbon certificates, the straw proposal requires more detail on this issue.

Section 3.7.9

The discussion related to revenue neutrality in this section should be expanded. It clearly states that if there are no transfers between the two footprints, there will be no transfer of these costs. However, it does not state specific impacts during periods where transfers are occurring. This issue needs additional detail.

Section 3.7.10

From the language in this section, it appears that the CAISO intends to use different EIM settlement charge types than those currently used in the CAISO. Assuming this is correct, is it CAISO's intent to use only the three charge types discussed in the straw proposal? Or will there be multiple charge types that add up to the totals discussed in the straw proposal.

Section 3.8.1

The market monitoring information needs further definition, including the interaction with congestion issues identified in these comments under Section 3.4.2. The market monitoring section also needs to address any disgorgement process that the CAISO envisions for the EIM footprint and reference price calculations for mitigated offers.

Summary

The straw proposal provides a good foundational understanding of the proposal. Xcel Energy looks forward to the second draft as providing significantly more detail on the issues identified. Thank you for the opportunity to provide feedback.