

**COMMENTS OF IDAHO POWER COMPANY  
ON CAISO'S 2018 ENERGY IMBALANCE MARKET  
OFFER RULES TECHNICAL WORKSHOP DISCUSSION**

<b>Submitted By</b>	<b>Company</b>	<b>Date Submitted</b>
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Idaho Power Company (“Idaho Power”) appreciates the California Independent System Operator’s (“CAISO”) facilitating discussion of Energy Imbalance Market (“EIM”) offer rules, specifically the resource sufficiency evaluations and the Default Energy Bid options. Idaho Power welcomes the opportunity to provide comments and hereby submits the following comments regarding the discussion of these issues at the April 30, 2018 technical workshop.

Idaho Power appreciates CAISO’s and workshop participants’ discussion of the resource sufficiency tests, particularly the flex ramp sufficiency test. Like other participants in the discussion, Idaho Power supports moving away from the “fail one, fail all” methodology. The current rule—that a failure in one interval results in transfer freezes and financial consequences for the full hour—is overly restrictive and not sufficiently tailored to addressing the failure in a single interval. For example, if one of Idaho Power’s neighboring EIM Entities fails, the import freeze for the full hour impacts Idaho Power as well, because Idaho Power then cannot export to that Entity.

Idaho Power also supports evaluating whether changes to the sufficiency tests—such as inclusion of additional factors—might allow each test to better achieve its objectives. As just one example regarding the flex ramp sufficiency test, Idaho Power

supports considering whether Available Balancing Capacity (“ABC”) could be counted towards the test requirement, as suggested by Puget Sound Energy. Idaho Power supports looking at the potential inclusion of a variety of additional factors in the tests.

Idaho Power also appreciates CAISO’s and the participants’ discussion of Default Energy Bid (“DEB”) options, particularly the challenges of the current options for hydroelectric generation. Idaho Power has previously expressed its strong support for development of an additional DEB option for energy-limited resources outside of the CAISO Balancing Authority Area (“BAA”) with opportunity costs, such as hydroelectric generation resources (see IPC Comments – 2018 Draft Policy Initiatives Roadmap, dated January 3, 2018, posted at <http://www.caiso.com/Documents/IPCComments-2018DraftPolicyInitiativesRoadmap.pdf>).

Like other participants in the workshop, Idaho Power believes that the current DEB options do not provide a sustainable, workable framework for setting a cost for energy-limited hydro resources located outside the CAISO BAA. Instead, a common methodology should be developed for such resources that have opportunity costs. While the negotiated DEB option is currently available, Idaho Power does not believe that the negotiated DEB has produced a methodology or result that successfully addresses the EIM Entities’ concerns discussed at the workshop. In Idaho Power’s experience, the approaches that the CAISO Department of Market Monitoring is comfortable using in a negotiated DEB are limited to options that are very similar to the existing options in the tariff. The existing tariff options do not provide sufficient methods to appropriately value the variable opportunity costs of water for large hydroelectric resources.

The creation of a common methodology for setting a DEB for such resources will ensure fair and equitable application of principles to all similarly situated market participants. This becomes even more important with the addition of the proposed Extended Day-Ahead Markets to EIM Entities initiative, which due to the voluntary nature

of the expanded market is yet another opportunity for entities outside the CAISO BAA to consider for participation of their resources.

Idaho Power again appreciates the opportunity to submit these comments and is looking forward to continued collaboration with CAISO on these and other issues.