

BPA Comments on CAISO EIM Entity Readiness Criteria

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I. OVERVIEW

Bonneville Power Administration (BPA) appreciates the opportunity to comment on the CAISO's proposed Energy Imbalance Market Entity Readiness Criteria. BPA encourages the CAISO to continue a robust stakeholder discussion on these very complicated topics, including allowing sufficient time for reasoned decision-making.

II. COMMENTS

BPA believes that it is important for the readiness criteria to be objective and transparent. That is, affected stakeholders, if presented with the data the CAISO uses for evaluation, would be able to reach the same readiness assessment as the CAISO. The CAISO proposed in its May 6 tariff compliance filing that it would determine, along with the EIM entity, whether the criteria had been met. If the criteria are properly structured, however, the determination should be self-evident. BPA acknowledges that the ability to make that determination depends on data which may be sensitive or confidential, and that the CAISO and the EIM entity might be the only parties with access to that information. BPA is not recommending that this data be shared with all stakeholders, but to design the criteria such that the determination of readiness could be independently verified.

BPA also notes that, while the CAISO's proposal contains measurable elements, as the Commission directed, it is unclear whether those measurements actually provide the protection the Commission is seeking. That is, if PacifiCorp had been subject to these criteria, would it have passed them before starting EIM operations in 2014? This is an important measure of the effectiveness of any criteria that are ultimately adopted. In particular, the CAISO should consider whether its proposed criteria aligns with a finding that the EIM Entity is ready for EIM operations. For example, the CAISO's presentation describes a ninety percent success rate as passing the threshold for base-schedule balancing and flexible ramping sufficiency. A ten percent failure rate appears high, and indeed, is higher than what prompted the Commission to initiate its section 206 proceeding on the CAISO's EIM. BPA would like to see, as part of future stakeholder discussions, how the proposed criteria would have caught some of the initial problems before they occurred.

Finally, BPA would like to share its concerns about the timeline for this stakeholder process. The CAISO noted in its compliance filing that it expects to have the stakeholder process completed by June 15, to coincide with the start of NV Energy's market simulation. BPA believes that it is important that this stakeholder process yield meaningful criteria that address the concerns of affected stakeholders, even if that requires minor modifications to the NV Energy schedule. Ultimately, it is preferable for NV Energy to be ready when it starts EIM operation, and appropriately crafted criteria will help establish that readiness.

III. CLOSING

Thank you again for taking the time and opportunity to review these comments on the EIM Entity Readiness Criteria proposal. We look forward to ongoing discussions about finding responsible methods for implementing such significant changes.