

News Release

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California ISO Board approves EIM implementation plan

PacifiCorp and California ISO will run market in parallel before fully binding

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) Board of Governors approved today an implementation plan for the Energy Imbalance Market (EIM) that will first take the prudent step of running its supporting systems under real-world conditions before becoming fully binding.

Portland-based PacifiCorp will operate its EIM system in parallel with the ISO system for 31 days beginning on October 1. PacifiCorp will submit its daily real-time data to the ISO, which will then optimize the market and issue “advisory” resource dispatches that PacifiCorp can choose to use. On November 1, the market will become fully binding as well as the related financial settlements.

The Board agreed that running in parallel allows both companies to gain experience operating the highly sophisticated real-time systems using real market data and avoid tinkering with the systems, if necessary, while the market is live.

The EIM has received support from a broad range of interested groups, elected officials and regulators. The following is a small example of the official letters of support.

“I have been encouraged by efforts to enhance regional coordination and improve market efficiency in the West. The proposed EIM is a voluntary regional initiative that allows participants to benefit from a real-time energy market to balance electricity supply and demand on the grid and improve reliability.”

- U.S. Senate Majority Leader Harry Reid wrote in a May 15, 2014 letter to the Federal Energy Regulatory Commission

“The Energy Imbalance Market will help grid managers in Nevada, California, and five other states optimize renewable energy resources, balance power supplies, enhance grid reliability, and reduce power costs for customers by taking advantage of a larger, multi-state pool of geographically diverse energy resources.”

- California Governor Edmund G. Brown Jr. and Nevada Governor Brian Sandoval in a May 22, 2014 letter to Federal Energy Regulatory Commission

“An EIM facilitates deep penetrations of renewable energy into the western grid in a couple of ways. First, by allowing participating utilities to share power generation they hold in reserve, it is easier and cheaper to continuously balance generation and customer loads to keep the grid stable. Second, it enables market participants to use existing transmission line capacity more completely. An EIM saves money for

consumers because by dispatching the grid more efficiently, congestion and the need for duplicative generation and transmission infrastructure is avoided.”

- Carl Zichella, Director of Western Energy Transmission, Natural Resources Defense Council, said in his blog dated Feb. 14, 2014

“We believe that the rapidly changing nature of the electricity system infrastructure creates significant near- and long-term needs for efficient dispatch and improved situational awareness. The EIM is one means to help achieve these objectives.”

- PUC EIM Group (the group includes utility commissioners from Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, South Dakota, Utah, Washington, and Wyoming) letter to the Federal Energy Regulatory Commission dated March 31, 2014

Click [here to view](#) the support letters and more EIM information. Here is the link for more information about [PacifiCorp](#).

The Board also approved changes to the ISO planning standards that will mitigate issues that can arise during days experiencing weather driven natural gas price spikes as seen during the winter of 2013-2014.

Drawing upon the lessons learned from this past December and February, the ISO is eliminating the fixed cost option generators can choose to receive commitments cost payments and instead will use a variable cost method that will track daily changes in natural gas prices.

The change means generators will have greater flexibility in managing risks associated with natural price volatility as well as improve market efficiency by ensuring more accurate gas prices are used for ISO dispatching decisions.

Read more about the [commitment cost enhancements here](#). To view the Board’s entire agenda and decisions, [click here](#).

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