

Notice

To: Richard Maullin, Chair, Board of Governors
Douglas Howe, Chair, EIM Governing Body

From: Roger Collanton, Vice President, General Counsel and Corporate Secretary

Date: October 26, 2017

Re: Notice of Planned Decisional Classification for “Consolidated Energy Imbalance Market Initiatives”

Any objection by the Chairs to this decisional classification is due by November 2, 2017.

This is formal notice of ISO Management’s decisional classification for the “consolidated energy imbalance market (EIM) initiatives.” Any objection by the Chairs to the decisional classification is due by November 2, 2017. Otherwise, this initiative will be presented for decision consistent with the classification described below.¹

The elements of the initiative relating to the following new EIM functionalities fall within the EIM Governing Body’s primary authority (E1):

- Automated matching of import/export schedule changes with a single EIM non-participating resource
- Automated mirror system resources at ISO intertie scheduling points
- Base EIM transfer system resource imbalance settlement
- Allow submission of base generation distribution factors (GDFs) for aggregated EIM non-participating resources

This means that these elements of the initiative will be presented to the EIM Governing Body for approval and, if approved, will be included on the consent agenda at the next ISO Board of Governors meeting after Governing Body approval.

¹ The process is described in the [Guidance for Handling Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body](#).

One element of the initiative relating to the following EIM functionality falls within the EIM Governing Body's advisory role (E2):

- Clarify non-generator resource modeling functionality

This means that this element of the initiative will be presented to the Board of Governors for approval with any advisory input from the EIM Governing Body that it elects to provide.

The classification of these elements is consistent with the classification provided in the "EIM Governing Body Policy Calendar" at the September 6, 2017 EIM Governing Body meeting.

The draft final proposal for this initiative is located [here](#). Additional relevant papers for this initiative are located [here](#).

Written stakeholder comments on the draft final proposal, which described the proposed classifications, were due October 11, 2017. One stakeholder objected to the initial decisional classification of the element that would clarify non-generator resource modeling:

- NV Energy raised questions about the classification of the changes to core non-generator resource modeling functionality, which are classified as advisory. NVE stated that if the functionality being proposed goes beyond what the Board approved in July, and if the changes are being made now because Powerex is entering the EIM, then this component should instead be classified as hybrid (E4). NVE comments on the draft final proposal are located [here](#).

Management addressed NVE's comments during an October 3 conference call with stakeholders. Management explained that this component of the initiative is classified as advisory because the functionality the ISO is proposing to add for non-generator resource modeling would not change the rules of the real-time market. Rather, like the models for other types of resources, the relevant rules are used in both the day-ahead and real-time market. The specific changes proposed for non-generator resources are, first, adding a requirement that the underlying resources must have the capability of generating energy. Second, the proposal would add a rule that the application of market power mitigation will depend on the underlying technology as opposed to the selection of resource modeling approach. Third, the proposal would clarify rules regarding provision of ancillary services, ability to receive a residual unit commitment award, and ineligibility to provide resource adequacy at this time, none of which affect the real-time market or EIM. Given that these changes would not affect any EIM-specific market rule, this component is properly categorized as advisory. Although staff invited participants on the call to submit further written comments, NVE did not make another submission.

Regarding the reasons for these changes, Management explained that the non-generating resource component was included in the larger initiative because Powerex will be using this

functionality when it enters the EIM. The rules about decisional classification provide that the driver behind a policy change is relevant to its decisional classification only when the proposed rule changes qualify as a hybrid, containing at least one element that is within the primary authority of the EIM Governing Body. This non-generating resource component, which has been severed from the remainder of the initiative for decisional purposes, does not contain any elements that are unique to EIM or that apply differently in the balancing authority areas of EIM Entities than the ISO's balancing authority area.