



**PACIFICORP'S COMMENTS ON THE
2017 STAKEHOLDER INITIATIVES CATALOG
November 17, 2016**

I. INTRODUCTION

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation ("ISO") on the revised draft 2017 Stakeholder Initiatives Catalog ("Catalog") and draft 2017 Policy Initiatives Roadmap ("Roadmap") that were published November 4, 2016. PacifiCorp appreciates the opportunity to provide comments on this initiative for the ISO's consideration.

II. COMMENTS

The ISO has published its revised draft Catalog and its Roadmap which sets forth the ISO's initial ranking of discretionary initiatives, and has requested comments on the initial ranking. PacifiCorp thanks the ISO for its responses to stakeholder comments and requests for clarification on the initial draft Catalog, as well as its consideration of adding new discretionary items suggested by PacifiCorp. PacifiCorp appreciates the complexity of the ISO's initial ranking process and agrees that the criteria used are appropriate. However, PacifiCorp believes adjustments to the methodology for determining the "desired by stakeholders" category are needed with respect to initiatives that are within the primary authority of the energy imbalance market ("EIM") Governing Body. Because the number of EIM stakeholders is small relative to the total number of ISO stakeholders, this category will seldom if ever get a score over three for EIM initiatives. PacifiCorp requests that the ISO consider weighing stakeholder desire for EIM initiatives by measuring the number of stakeholders who desire high priority against only the total number of stakeholders affected by the EIM, instead of all ISO stakeholders. For example, if all EIM-affected stakeholders desire an EIM initiative, the result would be 100 percent in favor, and the EIM initiative would be given a 10 in that category. PacifiCorp's comments on the proposed initial ranking of initiatives that affect the EIM are as follows.

A. Real-Time Market Enhancements

PacifiCorp strongly supports the ISO's initial ranking of Section 6.3.1 Real-Time Market Enhancements as the number one discretionary initiative on the Roadmap. PacifiCorp understands that this initiative would include enhancements to the real-time market timeline to shorten the time required for the real-time market optimization system to run, thereby shortening the time required to submit bids and EIM base schedules, including e-Tags, to closer to the Western Electricity Coordinating Council's 20 minutes prior to the operating hour ("T-20")

deadline for submitting e-Tags. Doing so would resolve many stakeholder issues related to their ability to align the bilateral market more closely with the ISO's real-time market. In addition, enhancements of the ISO's real-time market will be beneficial to the EIM, its participants, and non-participating customers in EIM areas.

B. Proposed Initiatives in the Catalog Related to Participation of External Resources in the EIM

Under Section 6.4 Energy Imbalance Market, the Catalog lists Section 6.4.1 Enhancing Participation of External Resources and Section 6.4.6 Bidding Rules on External EIM Interties. PacifiCorp reiterates its recommendation that these initiatives be given low priority. External resource participation in the EIM was the subject of a Federal Energy Regulatory Commission ("FERC") technical conference held October 28, 2016 in Docket No. ER16-1518, which resulted in discussion among the participants that the first step required, is to understand the specific issues that must be addressed. In other words, it is important that the "problem statement" (or multiple statements) be carefully understood before efforts are launched towards potential solutions. For example, there may be one set of issues relating to potential impacts to bilateral trading resulting from EIM implementation, another set of issues relating to participants outside of existing EIM boundaries that desire access to the EIM, and potentially a third set of issues relating to small balancing authority areas ("BAAs") that wish to enter the EIM but need entry alternatives, such as BAA aggregation or contracted EIM services in order to cost justify implementation. PacifiCorp recommends using the EIM Regional Issues Forum ("RIF") as the vehicle for the ISO and stakeholders to identify and discuss potential problem statements prior to beginning an ISO stakeholder process that is geared towards a particular solution. PacifiCorp further recommends that the stakeholder process should begin no earlier than the fourth quarter of 2017 after at least two RIF meetings or discussions occur on these issues. In the meantime, each EIM entity already has its own tariff provisions that govern how external resources may participate in the EIM. For example, PacifiCorp's tariff provides that resources outside of PacifiCorp's BAAs may participate in the EIM as long as they are PacifiCorp transmission customers and are pseudo-tied into PacifiCorp's BAA.

PacifiCorp agrees with the low ranking of the Bidding Rules in External EIM Interties initiative. In addition, PacifiCorp suggests that the ISO further analyze the issues contemplated by this initiative to determine whether resolution of some or all of the issues may be achieved by remedies under other initiatives, which could result in removing this initiative from the Catalog next year.

C. Consideration of Compensation for Transmission in the EIM

The revised Catalog lists three separate initiatives related to compensation for transmission in the EIM, Section 6.4.2 Potential EIM-wide Transmission Rate, Section 6.4.4 Compensation for Third Parties Making Capacity Available for EIM Transfers, and Section 6.4.5 Donation by

Third Party for Transmission Capacity Available for EIM Transfers. PacifiCorp reiterates its support for the initiative in Section 6.4.5, and sees it as a priority for the ISO, particularly as the EIM footprint continues to expand in the west resulting in a footprint that is partially contiguous and for which the most limiting constraint in actual operations is often related to transfer capability across the EIM footprint. This initiative would provide an incentive for transmission owners or customers to make otherwise unused transmission available which would potentially improve the overall operations and efficiency of the EIM. PacifiCorp suggests that the ISO defer for 12 months or more the related initiatives under Sections 6.4.2 and 6.4.4, which provide for transmission compensation, to give the EIM footprint more time to expand and gain experience. After that, PacifiCorp would support re-examining these initiatives. PacifiCorp again cautions, however, that any consideration of transmission compensation in the EIM must not be unduly preferential or discriminatory as to any particular class of market participant and any such undertaking should consider a wide range of potential ramifications (i.e., EIM-wide transmission rate), to ensure that benefits and costs of the EIM among all participants continue to be fairly apportioned.

D. Regional Integration Greenhouse Gas Compliance

The revised Catalog contains the Regional Integration Greenhouse Gas Compliance (“Regional GHG”) initiative in Section 5.8. This initiative was originally categorized as I, D (In Progress, Discretionary) in the first version of the Catalog. Another initiative, Changes to EIM Greenhouse Gas Design to Address Secondary Dispatch Leakage (“Secondary Dispatch”), was in the first version of the Catalog and was categorized as D, E1 (Discretionary/EIM Governing Body Primary). The ISO revised the description of the Regional GHG initiative in Section 5.8 to include the Secondary Dispatch initiative within the Regional GHG initiative, and moved the Secondary Dispatch initiative into the proposed deletions section of the Catalog. The ISO categorized the revised Regional GHG initiative as I, D, E2 (In Progress, Discretionary, EIM Governing Body Advisory). PacifiCorp requests that the ISO categorize the initiative as E4 hybrid, instead of E2 advisory, because while the Secondary Dispatch portion of the initiative is not the primary driver for the initiative, the combined initiative has both a component that would fall within the EIM Governing Body’s primary authority (Secondary Dispatch was previously categorized as E1) and a component that would fall within its advisory authority.

E. Over/Under Scheduling Load Enhancements

At the suggestion of NV Energy, the ISO added Section 6.4.8 Over/Under Scheduling Load Enhancements to the Catalog. The initiative would examine possible improvements and enhancements to load forecasting transparency and accuracy, and review penalty bands for EIM entities that deviate from the forecast. PacifiCorp agrees with NV Energy that examination of and improvements to load forecasting are needed and strongly supports high prioritization of this initiative.

F. FMM Settlements of Non-Participating Resources

PacifiCorp appreciates that the ISO added to the Catalog in Section 6.3.6, PacifiCorp's proposed initiative to review the process for 15-minute market ("FMM") settlements of non-participating resources. PacifiCorp disagrees with the ISO's relatively low ranking of this initiative and on behalf of its customers, requests that the ISO consider moving it up in priority.

G. Additional Comments on Initial Rankings

Section 6.4.7 Management of EIM Imbalance Settlement for Bilateral Schedule Changes would explore whether the ISO's current wheeling through functionality could be used to manage bilateral schedule changes (after T-57 until T-20) that source, sink, or wheel across the EIM footprint. PacifiCorp is interested in supporting stakeholder initiatives that help to resolve potential seams issues between the EIM and bilateral trading and, as such, supports exploring this initiative. However, PacifiCorp would further note that it would require significantly more information in order to determine if the proposal will result in unjustified cost shifts between PacifiCorp's transmission customers affected by EIM settlements.

Section 6.4.3 Flow Entitlements for Base/Day-ahead Schedules would evaluate a design change in the event there is a material impact on constraints within a BAA in the EIM from other EIM BAAs or the ISO BAA. The design change would allocate a portion of a BAA's real-time congestion offset to other BAAs in the EIM when base schedule flows exceed agreed to flow entitlement. PacifiCorp agrees with the ISO's low ranking of this initiative, based on the number of EIM issues that require higher prioritization.

III. CONCLUSION

PacifiCorp appreciates the ISO's consideration of these comments.