

**Portland General Electric Comments on the CAISO's 2018 Policy Initiative Catalog**

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**Portland General Electric**

On October 1, 2017, Portland General Electric (PGE) will become the fifth entity to join the Western Energy Imbalance Market (Western EIM). At that time, PGE will begin managing its diverse generation and transmission assets in accordance with the practices and procedures of the Western EIM, while also continuing to participate in the California Independent System Operator's (ISO) forward inertia markets and the bilateral gas and power markets in the Western Interconnect. As such, PGE has a vested interest in shaping the current and future market design and policy priorities of the ISO and Western EIM.

**Comments**

In addition to its support for the "Over-Under Scheduling Enhancements" and "Flexible Ramping Sufficiency Test Enhancements" submitted jointly by the identified EIM Entities on September 15, 2018, PGE wishes to express full and strong support for the specific "New Default Energy Bid Option for Resources Located Outside of the ISO's California Balancing Authority Area" proposal submitted by Powerex. In concurrence with Powerex's proposal, comments made by the Market Surveillance Committee, and comments made by Idaho Power in support of Powerex's proposal, PGE believes issues related to bid mitigation for resources located outside the ISO's California balancing area participating in the EIM are of critical importance to the functioning and sustainability of the EIM, and should be addressed at the earliest possible date. As such, PGE supports either adding these concepts to the existing stakeholder process on Commitment Costs and Default Energy Bid Enhancements, potentially as an ancillary effort so as not to delay implementation of the currently proposed enhancements, or creating a new, high priority stakeholder process to address these issues in early 2018.

When considering the efficacy and importance of Powerex's proposal, PGE cautions that backward looking analysis of bidding behavior may be significantly misleading and should not justify continued application of legacy market policies or dismissal of the proposal in question. In PGE's experience, market rules, especially those with significant compliance risk exposure such as those in question, have a material impact in the first instance on bidding and market behavior that to an extent invalidates conclusions made based on review of previous market outcomes. For this reason PGE believes it is important to consider not only how entities, for example, priced their generation in the presence of the existing rules, but also how entities would have priced their generation if not for the real or perceived constraints of the existing rules. PGE therefore requests the ISO, DMM, and stakeholders give due consideration to the views and experience of those who are directly impacted by the existing policies when weighing the importance of this initiative, and work with them to understand the economic and other drivers for their desired bidding flexibility before exploring potential EIM-specific solutions.

**Conclusion**

PGE appreciates the opportunity to provide these comments and looks forward to continuing to work with the ISO and stakeholders to improve the functionality and sustainability of the Western EIM market design and associated market rules and business practices going forward, with a goal of increasing the benefits realized by Western EIM participants' customers.