

**PACIFICORP'S COMMENTS
ON THE ENERGY IMBALANCE MARKET GOVERNANCE PROPOSAL
January 26, 2015**

Pursuant to the January 5, 2015, Issue Paper on Conceptual Models for Governing the Energy Imbalance Market (the "Issue Paper"), PacifiCorp submits the following comments for consideration by the ISO's EIM Transitional Committee.

Conceptual Models

At this time, PacifiCorp sees benefits with either the advisory committee or an independent governing board model for EIM governance. Both models provide potential advantages and disadvantages. PacifiCorp, however, believes that, on balance, an independent governing board is the best model for EIM governance. PacifiCorp continues to support a governance model that will facilitate additional participation, which will best be accomplished by an independent governing board. PacifiCorp does not support the autonomous EIM organization model. PacifiCorp submits the following comments regarding each of the proposed governance models.

Advisory Committee

An advisory committee would require minimal effort to establish and begin operation. The ISO Board already has the authority to establish an advisory committee under its current bylaws. The ISO Board would maintain responsibility for ensuring the operation of the EIM and the ISO's other markets, ensuring no conflicts exist between the applicable rules. However, the advisory committee would need to be the primary source of information to the ISO Board on EIM matters. Proper assurances regarding the weight given to the advisory committee's input would need to be included in the committee charter and ISO Board policies. Additionally, the advisory committee charter (or potentially the ISO bylaws) may need to provide the advisory committee the ability to intervene and protest regulatory filings by the ISO if the ISO Board does not adequately consider the advisory committee's input.

Under the advisory committee model, PacifiCorp does not see a need for delegated authority to modify the EIM rules. If this level of control is desired, the independent governing board model should be adopted.

PacifiCorp continues to support an independent advisory committee, in accordance with the Transitional Committee charter. An advisory committee composed of independent members would provide balanced recommendations to the ISO Board. An advisory committee composed of stakeholders may not be able to reach consensus given the

potential for multiple, interested stakeholder positions. Stakeholders, and EIM Entities in particular, should continue to have a strong voice in the ISO's stakeholder process, including the ability to provide comments directly to the ISO Board, but it may not be the most effective approach to have the EIM advisory committee comprised of these interested participants and stakeholders.

Independent Governing Board

An independent governing board for the EIM is also a viable option. The ISO Board would still be responsible for the EIM and the ISO's other markets, but the EIM's independent governing board would have delegated authority over the portions of the ISO tariff that address exclusively the EIM, and secondary (advisory) authority regarding the portions of the tariff that affect both the EIM and the ISO's other markets. This model would ensure the independence of the EIM, while balancing the interests between the EIM and the ISO's other markets. This model should also provide assurance to potential EIM participants that the EIM will be considered sufficiently separate from decisions impacting the ISO's other markets. Additionally, once the EIM governing board is established, the ongoing appointment and approval of new board members by the EIM governing board helps to provide independence from the ISO Board. However, establishing an independent governing board would require an amendment to the ISO's bylaws. It is worth noting that separating tariff elements that are exclusive to the EIM from those that apply to the EIM and the ISO's other markets could be a constant challenge, but this model provides the best solution to balance the respective interests and needs of the markets.

Autonomous EIM Organization

PacifiCorp does not support the autonomous EIM organization model because of the unnecessary additional costs and the risk of implementation issues. Establishing a new corporate organization would significantly increase the costs to EIM Entities. An autonomous EIM organization would require staff to engage with stakeholders, maintain the tariff and manage the relationship with the ISO. A new, autonomous EIM organization would also require time to develop experience with the EIM rules and regulatory environment, introducing unnecessary implementation risks. Operationally, an autonomous EIM organization would have to manage both the EIM tariff and its contract with the ISO to operate the EIM. While this relationship would necessarily require close coordination, the autonomous EIM organization model could, without constant diligence, result in conflicts between the EIM and ISO market rules because the proposals would be developed through separate stakeholder processes at separate organizations. This, in turn would lead to potentially costly, inefficient regulatory approval processes where any such conflicts are resolved by FERC. PacifiCorp does not believe this additional level of independence is worth the costs and implementation risks associated with an autonomous EIM organization at this time.

Evaluation Criteria

PacifiCorp supports the proposed evaluation criteria and does not believe any of the criteria should be weighted more heavily than others.