



**PACIFICORP'S SUPPLEMENTAL COMMENTS ON THE
EIM YEAR 1 ENHANCEMENTS
ISSUE PAPER AND STRAW PROPOSAL AND
JANUARY 8, 2015 STAKEHOLDER MEETING**

I. INTRODUCTION

PacifiCorp hereby submits the following supplemental comments to the California Independent System Operator Corporation ("ISO") for its Energy Imbalance Market ("EIM") Year 1 Enhancements Stakeholder Process on the Issue Paper and Straw Proposal dated November 10, 2014 ("Straw Proposal"). These comments are supplemental to the comments submitted by PacifiCorp December 8, 2014, and contain comments on the discussion during the January 8, 2015 stakeholder meeting in Portland. PacifiCorp appreciates the opportunity to provide these supplemental comments on this initiative for the ISO's consideration.

II. COMMENTS

A. Settlement of Non-Participating Resources

During the January 8, 2015 stakeholder meeting, the ISO's presentation on settlement of non-participating resources was limited to a discussion on bid cost recovery ("BCR") and did not directly address the ISO's proposal to add several other real-time energy categories for EIM settlements to ensure that all non-participating resources are eligible for the same calculation of instructed imbalance energy ("IIE") and uninstructed imbalance energy ("UIE") across the EIM area. PacifiCorp reiterates its previous comments and requests that the ISO clarify what is intended with each energy category or provide some examples which would illustrate how they will be used in EIM settlements. PacifiCorp further requests that the ISO provide additional explanation as to how these new energy categories will be incorporated into the ISO tariff for EIM settlements. This is an important element for PacifiCorp or any EIM Entity to understand so that it can determine what, if any, changes will be needed to its own tariff or business practice for EIM settlements in order to pass through or sub-allocate, as appropriate, EIM settlements for non-participating resources.

PacifiCorp understands from the January 8, 2015 discussion that, with the implementation of its FERC Order 764 market design, the ISO uses optimal energy for self-schedule changes in the 15-minute market ("FMM") and the five-minute market ("RTD") in BCR calculations. Because self-schedule changes, which the ISO deems equivalent to changes made to non-participating resources' base schedules in the EIM Entity's balancing authority area ("BAA") can result in FMM instructed imbalance energy, the ISO proposes to remove from its EIM tariff the provision

restricting BCR payments to only participating resources, allowing non-participating resources to receive BCR payments. PacifiCorp supports the proposal as it allows for consistent treatment for both ISO real-time self-schedules and EIM non-participating resource schedules.

B. GHG Flag and Cost Based Bid Adder

As indicated in its previously submitted comments, PacifiCorp supports development of a flag to allow participating resources to opt out of being considered for EIM Transfer into the ISO's BAA. Subsequent to stakeholder comments submitted, the ISO updated its greenhouse gas ("GHG") proposal to provide additional flexibility while maintaining the development of a flag. In its presentation, the ISO proposed that resources submit the MW quantity that can receive a GHG award, independent of the resource's bid range. If a scheduling coordinator does not submit a GHG MW bid, the flag will indicate a zero MW bid. PacifiCorp further notes that the GHG bid adder is a daily component in SIBR which currently does not have any hourly granularity to note a specific GHG bid in select hours. PacifiCorp understands that the ISO proposes to limit the EIM GHG imports into the ISO's BAA to be no greater than the total MWs of the GHG bids from all EIM BAAs.

C. Establishment of EIM Transfer Limits Using ATC

PacifiCorp provided comments on this proposal in its December 8, 2014 submitted comments and incorporates those comments herein without restating them in full. PacifiCorp does reiterate however, that while it generally supports the ISO's proposal to use scheduling mechanisms similar to those currently used in its hour ahead scheduling process ("HASP") to account for ATC, it also underscores the importance of this issue to the entry of any new EIM Entity to the EIM, potential settlement impacts to western scheduling practices and timelines, and to the ISO's longer-term initiative around a potential EIM-wide transmission rate.

PacifiCorp appreciates the ISO's response to its request in its December 8, 2014 comments that the ISO conduct a stakeholder workshop on this specific topic to provide the ISO with an opportunity to explain the proposal as well as each of the examples provided in the Straw Proposal. The ISO's January 8, 2015 stakeholder meeting focused on this topic, however, certain off-topic stakeholder questions and ISO responses managed to dominate the meeting agenda allotted for this topic and it was difficult for most stakeholders to really focus on or understand the proposal. Accordingly, PacifiCorp strongly suggests that the ISO continue to stakeholder this topic, and to coordinate with PacifiCorp and NV Energy as contributors to the proposal. PacifiCorp understands that the ISO is planning to conduct a technical conference January 30, 2015, during which the ISO plans to show how the ISO proposes to modify the EIM transfer limit from using a single net scheduled interchange constraint by BAA to using a constraint for each EIM internal intertie. This may be an opportunity to continue to explore EIM Transfers using ATC.

D. Resource Sufficiency Evaluation of ISO and EIM Entities Using ATC

In its Straw Proposal, the ISO sought stakeholder comments on an appropriate threshold to apply the additional test in the resource sufficiency evaluation. During its January 8, 2015 presentation, the ISO proposed a minimum threshold of one percent which it determines is aligned with load scheduling accuracy. As stated in its December 8, 2015 comments, PacifiCorp suggests the threshold should be effectively zero, resulting in any discrepancy causing a ramping requirement adjustment.

E. 15-Minute Bidding on Intertie Scheduling Points

As stated in its December 8, 2014 submitted comments on the Straw Proposal, PacifiCorp agrees with the ISO that economic participation at EIM Entity external interties has the potential to provide improved FMM market results and additional capacity for the EIM Entity. PacifiCorp nevertheless submits that EIM Entities should maintain discretion to allow or disallow FMM economic participation on their own external interties given the interaction between BAAs as well as the operational or scheduling characteristics of each EIM Entity's BAA configuration. For example, BAAs which do not have contiguous transmission systems may have other BAAs or transmission service providers interspersed within or around their transmission systems. In such cases, the evaluation of economic participation at the EIM Entity's external interties must also take into account how intertie energy will flow over the interconnected transmission system and whether appropriate transmission arrangements are in place to account for these flows. Accordingly, such an evaluation is an inherently unique exercise and must take into account the specific circumstances affecting the EIM Entity. As such, it would not be appropriate to require each EM Entity to facilitate economic participation at its external interties, without providing the EIM Entity the opportunity to make its own evaluation of the feasibility of such a market expansion.

F. Modification of EIM Transfer Limit Constraints

PacifiCorp supports the ISO's effort to modify EIM Transfer limit constraints as more BAAs join the EIM, and agrees that the EIM Transfer limits should be considered by intertie scheduling point. PacifiCorp agrees that a technical workshop on this issue would be beneficial and thanks the ISO for scheduling such workshop in late January to provide detailed information on its design proposal and ensure implementation of a workable solution for both the ISO and the participating BAAs.

G. Administrative Pricing Rules

PacifiCorp supports the ISO's proposal that if both FMM and RTD prices are not available in the EIM, the EIM Entity should provide the ISO with the administrative price and that it is reasonable that this could be based on an EIM Entity's pricing for settling imbalance prior to the implementation of the EIM (e.g., PacifiCorp's Hourly Pricing Proxy). PacifiCorp notes that such price mechanism/settlement may vary between transmission providers. Further, PacifiCorp

requests confirmation that the ISO will make a change in its tariff providing that when both FMM and RTD prices are not available in the EIM, for each EIM Entity, the ISO will use that EIM Entity's pricing for market suspension established in the EIM Entity's OATT.

III. CONCLUSION

PacifiCorp appreciates the ISO's consideration of these supplemental comments and understands that the ISO plans to present its proposals to the ISO's Board of Governors for decision at its March, 2015 meeting.