

PGE Comments – CAISO EIM Draft Final Proposal

Portland General Electric Company (PGE) appreciates the opportunity to comment on CAISO's EIM Draft Final Proposal and looks forward to CAISO's response to each of its stakeholders during this critical period of the EIM market design process.

Timeline

PGE and other stakeholders have previously requested that the CAISO pursue a phased-in approach in implementing the EIM market in order to further examine and understand several outstanding concerns around resource sufficiency, transmission charges, greenhouse gas compliance, and potential opportunities for entities to 'lean on' the EIM market. PGE has previously noted that the proposed schedule has been under an aggressive timeline and suggests that CAISO consider a phased-in approach. PGE is supportive of an EIM market design that could include a phased-in approach for the PacifiCorp footprint only. Given the size of the PacifiCorp Balancing Authorities (BAs) and based on their proposed benefits in their footprint alone, this would allow for substantial near-term benefit to their two BAs. This would also allow more time for CAISO and its stakeholders to plan for the gradual extension of the EIM BAs to the CAISO footprint. Based on BPA's perspective on the PacifiCorp-CAISO EIM proposal expressed at its September 27th customer meeting there are significant concerns about the dynamic capacity available on the AC Intertie and other important seams issues between the Pacific Northwest region and CAISO. The region can only benefit from a phased-in approach so that not all stakeholders will be impacted immediately with unforeseen consequences.

Further Technical Workshops

PGE appreciate the time and effort that CAISO has put into the EIM stakeholder process and finds value in the technical workshops. CAISO has hosted several introductory workshops on a select number of technical topics of which many stakeholders continue to have outstanding questions and concerns to its market design. It would be in the best interest of CAISO and its stakeholders for CAISO to host additional workshops that would include recent changes to the draft final proposal and provide additional detailed examples to neutrality charges, bid cost recovery settlements, resource sufficiency tests, etc. PGE would like to have a better understanding of these complex charges that may have unintended consequences and could increase financial risks and be an operational burden.

Overscheduling penalty on Supply

PGE is supportive of comments that were made on CAISO's EIM stakeholder call on September 30th. As PGE has requested in previous comments, PGE believes that the CAISO should impose a more balanced solution in respect to situations where entities could 'lean-on' the EIM market structure. PGE supports the under scheduling penalties to load forecasts that could 'lean-on' the market in one direction, but PGE would like to know why CAISO does not impose a similar structure for entities who could overstate their generation forecasts. On the conference call, CAISO insisted that through their internal monitoring processes an entity would be decertified should patterns of over-stating generation occur. PGE believes a financial penalty should be imposed and a remedial action be placed immediately to those that attempt to 'lean-on' the EIM market. The threat of decertification would just be an afterthought when the market could have serious reliability issues for the following hour.

GHG concerns

With the complexities of CARB regulation and the concerns around emissions leakage, how will CAISO prevent the security constrained economic dispatch formulation in RTUC and RTD from "cherry picking" lower emission resources from out-of-state? In addition, there may be some EIM Participating Resources who would not want to voluntarily import their generation into the CAISO footprint. How could these EIM Participating resources offer their generation to EIM Entity only BAs? Based on the

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stakeholder call, an EIM Participating Resource would have to bid near the CAISO soft cap to prevent its resource from being dispatched into California; however, the same EIM Participating Resource in the same hour may wish to have its excess (possibly flexible) capacity made available to the EIM Entity BAs-only. How would this EIM Participating Resource differentiate in a single hour their bid to exclude the possibility of importing into California? PGE also requests further clarification on how, without eTags, that CAISO expects to get the detailed level of metered generation that would be “deemed” imported into California. CAISO has previously stated that:

The market optimization will identify which resources are deemed to have been delivered to California based upon the GHG compliance bid adder. EIM Participating Resource Scheduling Coordinators will be notified as part of the 15-minute schedule and 5-minute dispatch if the resource has been deemed to deliver in California.

If an EIM Participating resource does not have control of where its generation will be allocated inside the hour that would require the EIM Participating resource to input this GHG compliance bid adder at all times and not be selective. PGE would like more clarification on the details of how CAISO will “deem” energy to be imported into California when based on today’s CARB regulation, the first jurisdictional deliverer into California will be responsible for the annual CARB verification process as per eTags. PGE supports the comments that were made on the September 30th Stakeholder call to shift the carbon obligation in the EIM market to CAISO, the market operator, as its SCED mechanism would be “cherry picking” and importing out-of-state generation without an associated eTag. In essence, without an eTag, the first jurisdictional deliverer could be CAISO, as it would be transferring energy from an EIM Entity’s border at the intertie into load pockets inside California.

EIM Off Ramp Options

In previous stakeholder and CAISO presentations, it has been noted that there is no cost to exit the CAISO EIM market. Could CAISO elaborate on this and confirm that there would be *absolutely no financial penalty* or operational burden should an EIM entity wish to exit the CAISO EIM market permanently, at any time?