

**Comments of the Bonneville Power Administration
For Consideration by the California Independent System Operator Board of Governors
Submitted by Richard Shaheen, Acting Senior Vice President of Transmission Services
September 18, 2014**

The Bonneville Power Administration (“Bonneville”) appreciates the opportunity to provide comment to the California Independent System Operator (“CAISO”) Board of Governors regarding the proposed staged implementation of the CAISO’s Energy Imbalance Market (“EIM”). Bonneville supports the proposed parallel operations for the month of October, as planned jointly by CAISO and PacifiCorp in consultation with BPA. This plan will allow additional time to validate that all systems, including Bonneville’s, are built and functioning as designed, are stable, and are supporting reliability. Bonneville has made a significant effort to be ready for the original implementation date of October 1, 2014 but agrees that the proposed approach is a cautious and wise plan for beginning such a significant endeavor.

Bonneville has worked diligently with PacifiCorp and the CAISO to implement the EIM in a responsible manner and to manage its impacts on our transmission system. The major components of these efforts are laid out in our joint February 14, 2014 [Memorandum of Understanding](#).

As part of this process we have worked together to develop innovative new tools, systems, and communication protocols critical to the successful, stable, and reliable implementation of the EIM. These include automated systems for managing the impacts of the EIM’s 5-minute optimization on the COI and on BPA’s network flow gates. To that end, the parties will maintain a key focus on simulation and testing to ensure overall system preparedness. Bonneville stands ready to proceed with full implementation when those tools are thoroughly demonstrated to be stable and reliable. The staged implementation also allows time to further analyze results and validate that these tools are performing well and accurately. That validation is critical to successful integrated implementation. Finally, the parallel operations will allow market participants and PacifiCorp customers, including those of Bonneville, to assess how these substantial changes in commercial operations will impact daily business.

We remain committed to working closely with PacifiCorp and the CAISO towards a successful implementation of their EIM and to continued open dialogue and information exchange with our customers and other stakeholders.

