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To: Board of Governors
California Independent System Operator
P.O. Box 639014
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Xcel Energy, on behalf of its operating utility Public Service Company of Colorado (PSCo), congratulates the Board of Governors on reaching a milestone in development of the CAISO Energy Imbalance Market (EIM). The EIM will improve operational efficiency and reliability compared to today's Western Interconnection bilateral market practices. In addition, the EIM will serve as a valuable tool to help integrate renewables, enhance grid reliability, and produce economic benefits for customers throughout the EIM footprint.

The Xcel Energy operating companies already participate in the Midcontinent ISO and Southwest Power Pool regional wholesale energy markets. Our evaluation of the proposed EIM is informed by our experiences in these other markets. We are evaluating PSCo's potential participation in the EIM based on the details of the CAISO design proposal. PSCo is also open to evaluating alternatives to the CAISO EIM design, for example, as the Northwest Power Pool considers its next steps towards improved regional integration.

The CAISO staff has listened to our questions and concerns along with those of other participants in developing the EIM design. Enhancements made in response to stakeholder input have strengthened the EIM concept. We appreciate the dedication and professionalism of the CAISO and PacifiCorp staff in advancing the developments to this level.


At this point PSCo has questions about its ability to participate in the proposed EIM from a logistical standpoint due to the lack of a direct delivery right to the PacifiCorp footprint, which we anticipate will add a substantial cost hurdle. To address this obstacle, PSCo is evaluating tariff-based methods that may permit delivery from its system for more complete integration into the proposed EIM.

Secondly we retain concerns with some technical details of the design proposal including still-undefined EIM seams coordination tools and operating practices, as well as methods to allocate EIM congestion cost settlement responsibility.

While we have questions about logistical and technical design issues as described above, we support EIM development. The ISO has accomplished a major achievement and Xcel Energy supports a decision by the Board of Governors to approve the EIM design concept.

PSCo plans to remain an advocate for the EIM and for evolutionary improvements to the EIM design as the EIM begins operation and expands participation into other regions in the West.

Sincerely,



on behalf of Thomas A. Imbler

Thomas A. Imbler
Vice President of Commercial Operations
Xcel Energy Services Inc.