

Southern California Edison
Stakeholder Comments

CAISO Energy Imbalance Market (EIM)
Transition Period
Dated December 15, 2014

Submitted by	Company	Date Submitted
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Southern California Edison’s (SCE) comments on the California Independent System Operator’s (CAISO) “Energy Imbalance Market Transition Period” proposal dated December 15, 2014 (Proposal). SCE has supported the development of the EIM and continues to support EIM design refinements, and appreciates being involved in the stakeholder process.

On November 13, the CAISO filed a request¹ at FERC to waive certain tariff provisions² that impact pricing when constraints are relaxed. Instead of using the \$1000/MWh price cap, the last economic bid will be used. FERC granted CAISO’s requested waiver for 90 days and, if an extension is necessary, strongly encouraged the CAISO to file revisions to the tariff in advance of the expiration of the waiver.³

The CAISO plans to extend the waiver to 12 months after an EIM Entity begins participation in the market, and also phase in bid caps that would apply to EIM participating generators as well as any power imported at EIM balancing authority interties. SCE strongly advocates the principle of applying the same rules for all market participants in the CAISO markets, and EIM is a part of the CAISO Real Time Market. However, SCE also supports the effort to “get it right” to achieve an equitable outcome; on that basis, SCE supported the 90 day waiver and continues to support CAISO’s objective to achieve reasonable market results. Thus, SCE supports the Proposal, but does have some questions that should be addressed as part of the EIM

¹ http://www.caiso.com/Documents/Nov13_2014_PetitionWaiver_EIM_ER15-402.pdf

² Section 27.4.3.2 and the second sentence of Section 27.4.3.4.

³ Order Granting Tariff Waiver and Directing Informational Filings, issued December 1, 2014 in Docket No. ER15-402. See P 26.

one-year enhancement process (EIM Enhancement Initiative) to determine if elements in the Proposal require modification for the long-term EIM design.

1. SCE supports the Proposal; the EIM Enhancement Initiative should evaluate any necessary fine tuning.

The Proposal was issued on December 15, 2014, with comments due December 31, 2014, and if approved by the CAISO Governing Board, the CAISO will file for approval at FERC in early January 2015. This offers very limited time for the stakeholders, the Department of Market Monitoring, or the Market Surveillance Committee to thoroughly review the long-term implications of the Proposal by stakeholders.⁴ Based upon lessons learned from the integration of PacifiCorp into the EIM, the conditions that make the Proposal necessary should be monitored to inform whether further modification should be made. This should be on the agenda for the EIM Enhancement Initiative.

⁴ For example, the asymmetry of the price caps at the intertie between the CAISO and EIM Entity will be different depending on the direction of power flow, which may have unintended consequences which should be examined.