

## Stakeholder Comments

### Energy Imbalance Market

Submitted by	Company	Date Submitted
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The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide its comments to the California Independent System Operator Corporation's (CAISO) August 13, 2013 "Energy Imbalance Market (EIM) 3<sup>rd</sup> Revised Straw Proposal" (3<sup>rd</sup> Revised Straw Proposal) and its August 20, 2013 stakeholder meeting in Portland, which SMUD attended.

#### Transmission Service Charge

SMUD continues to back establishment of a charge for EIM use of as-available transmission that should be included at EIM start-up. While we are pleased with the CAISO's design changes to ensure participant resource efficiency and minimize "leaning" on the EIM, there remains a fundamental equity issue: this arrangement shifts costs from entities participating in the EIM to those participating in the real-time CAISO market.

Based on the CAISO's statement in Portland and in the 3<sup>rd</sup> Revised Straw Proposal (at 69), it appears the CAISO has determined not to include a transmission charge in the first year of implementation. SMUD encourages the CAISO establish a specific plan for transmission service rate development before EIM implementation in October 2014. This will ensure a framework is in place to assess the first year of operations and develop a rate that is ready to implement for the second year.

While SMUD understands the CAISO's position that "existing transmission rates of the ISO and EIM Entities were not based on an expectation that an EIM would exist" and therefore, "transmission revenue recovery will be fully compensated by existing transmission rates..." (*id.* at 70), SMUD sees no reason why such an over-collection cannot be applied to reduce future rates. In any event, not charging for the use of transmission, even for a limited period, does not strike SMUD as sound policy. Moreover, it would eliminate one of the expected cost components of transacting in an EIM.

## **Transmission Capacity**

The proposal at Section 3.2 pg 17 states:

“The Market Operator will calculate, and EIM Entity Scheduling Coordinator will submit or confirm, actual values for dynamic schedules reflecting the EIM transfers to the Market Operator within 60 minutes after completion of the operating hour, to update these values in accordance with WECC business practices via an update to the e-Tag.”

SMUD requests that the CAISO clarify the following issues in the next proposal: How will the available transmission capacity for transfer between EIM Entities and between the Market Operator be determined within the hour? Will the dynamic schedule require a transmission reservation at the beginning of the hour to reserve the transmission capacity? Will this be accomplished through an initial e-Tag at the beginning of the hour, which is then updated after the hour with the actual interchange that occurred?

## **Impacts to COI**

SMUD continues to stress the importance of ensuring there are no unintended impacts to non-EIM transmission. To this end, SMUD supports the comments submitted by the Transmission Agency of Northern California (TANC) and believes discussions between the CAISO and COI parties are in order.