

**COMMENTS OF THE  
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA  
ON THE CAISO'S ENERGY IMBALANCE MARKET THIRD REVISED STRAW PROPOSAL**

**September 6, 2013**

The Transmission Agency of Northern California (TANC) appreciates the opportunity to provide comments on the California Independent System Operator's (CAISO) August 13, 2013 Energy Imbalance Market (EIM) Third Revised Straw Proposal (Revised Proposal).

As TANC indicated in its March 15, 2013 letter to the CAISO, its April 19, 2013 comments on the CAISO's EIM Straw Proposal, and its June 14, 2013 comments on the CAISO's Revised Straw Proposal, TANC requires adequate information to review the details of the EIM to ascertain that the proposed EIM will not adversely affect the reliable operation of the California-Oregon Intertie (COI), including the ability to operate and schedule transmission. Based upon review of the Third Revised Straw Proposal, the CAISO has still not provided all the requisite information. In particular, TANC is still seeking confirmation that non-EIM participating transmission assets (e.g., the California-Oregon Transmission Project) will not be adversely impacted by the EIM, or that the CAISO is willing to enter into a mitigation agreement to resolve any such adverse impacts. In addition, as stated in previous comments, TANC is still requesting the CAISO to conduct appropriate studies and testing of the EIM, with the inclusion of impacted systems, before any EIM implementation to ensure that no adverse impacts occur on non-participating transmission systems or that mitigation measures and/or compensation occurs to resolve impacts.

In its June 14, 2013 comments on the Revised Straw Proposal, TANC identified the need for, and requested, the CAISO to propose operating procedures to address the issue of parallel flows and the impact that the EIM may have on non-EIM participants. TANC appreciates the mention in the Third Revised Straw Proposal (Section 3.4.2 Congestion Management) of a network market model tool that will be used to monitor and control for actual flows. It also mentions that the "market operator will coordinate measures, where applicable, to ensure EIM dispatch does not exacerbate constraints affected by loop flow." However, the question remains as to how the CAISO will specifically accomplish this task. TANC requests that the CAISO's Draft Final Proposal provide additional detail on the market model tool and proposed measures to allow TANC to determine whether these operating procedures adequately address the issue of parallel flows and impacts that the EIM may have on non-EIM participating facilities. TANC also requests that the CAISO provide information on a compensation mechanism for the use, intended or otherwise, of non-EIM transmission facilities. TANC has reservations regarding the potential for the EIM to potentially impact not only real-time flows across the COI, but also any potential for unintended consequences on the COI Operating Transfer Capability (OTC).

TANC understands that the current proposal is not to charge a transmission access charge for at least the first year of EIM operation due to the fact that the transfer capability may be limited. However, this approach does not mitigate for the fact that volumes dispatched in the EIM will

flow on adjacent systems of non-EIM participants. The CAISO should include a compensation mechanism for the mutual use of non-EIM participants' transmission associated with parallel flow impacts.

TANC also echoes the comments made by the Bonneville Power Administration on the Second Revised Straw Proposal (dated July 26, 2012), which encouraged the CAISO to continue to elaborate on how the EIM Entity identified transmission rights will be confirmed and/or verified as available within the EIM footprint.

TANC believes it is appropriate to hold focused discussions between the CAISO and COI parties regarding how the proposed EIM may impact non-EIM participants and will be contacting the CAISO directly to discuss these matters.