



**COMMENTS OF NV ENERGY ON THE CONSOLIDATED  
EIM INITIATIVES FROM THE 2017 ROADMAP**

**DRAFT FINAL PROPOSAL - DATED SEPTEMBER 5, 2017**

**CAISO STAKEHOLDER PROCESS**

**September 22, 2017**

**NV Energy**

NV Energy appreciates the opportunity to review and comment on the September 5, 2017 Draft Final Proposal which includes consolidated EIM-related initiatives from the 2017 Roadmap as well as additional proposals to accommodate Powerex's entry into the EIM. NV Energy greatly appreciates the responsiveness of CAISO to stakeholder comments, including those of NV Energy, on the consolidated EIM initiatives and supports the final recommendations. Regarding the modified functionalities to facilitate Powerex becoming an EIM Entity, NV Energy thanks the CAISO staff for their continuing efforts to add additional detail to the proposals and for their explanations of the intended effects of the market modifications.

**I. Consolidated Initiatives**

**1. Third Party Transmission Contribution**

In the June 27, 2017 Issue Paper, the CAISO stated that certain third-party transmission owners had expressed interest in making available transmission capacity located between two EIM Balancing Authority Areas ("BAA") for use in the EIM. The CAISO proposed to provide them with congestion revenues from the real-time congestion offset (RTCO) in exchange for making this transmission capacity available. Based on stakeholder feedback, the CAISO proposed to remove *Third Party Transmission Contribution* from the scope of this initiative. NV Energy's August 17, 2017 comments supported that determination.

In the Draft Final Proposal, the CAISO states that "[i]mplementation of this functionality at a later date may be a solution to help address concerns regarding compensation for net wheeling and that "an EIM Entity supporting wheeling transactions could change their OATT to limit transmission available for use in the EIM to only support their own BAA's imports/exports" and require that "[a]dditional transmission capacity could be purchased and donated back into the EIM by another entity." NV Energy has reservations about whether or not such a proposal to limit the use of ATC for the EIM could be found just and reasonable at FERC and its potential effect on the overall efficiency of the EIM. Nevertheless, NV Energy does not oppose the CAISO's decision

to move *Third Party Transmission Contribution* to the Stakeholder Initiatives Catalog so it can be considered at a later date based on prioritization.

## **2. Management of Bilateral Schedules**

The CAISO proposed Management of Bilateral Schedule Changes to allow market participants better opportunity to hedge transactions after the EIM entities' base schedule submission deadline. In the Straw Proposal, the CAISO provided examples as to how EIM Entities can manage bilateral schedule changes through their OATTs and business practices. In the August 17, 2017 comments, NV Energy noted its appreciation for these examples and plan to consider the issues they present further.

Stakeholders commented that the CAISO can address part of this issue by improving the market timelines to enable EIM Entities to move their base schedule deadline (currently T-57) closer to the NAESB e-Tagging timeline of T-20. NV Energy supports the effort to reduce the market timelines.

## **3. Net Wheeling Compensation**

To date, the EIM has operated without a separate transmission charge based on a reciprocity principle. Some EIM Entities, however, experience more net wheeling than others relative to EIM transfers that sink or source within the EIM BAA. The CAISO presented two potential approaches in the Straw Proposal to potentially address this issue: (1) an ex-post payment based on the amount of net wheeling that occurs or (2) a rate that can be incorporated into the market and therefore allow market competition while providing compensation for net wheeling.

Stakeholders generally opposed immediate implementation of either option, recognizing that although net wheeling occurs throughout the EIM footprint, all EIM Entities currently have more EIM transfers in and EIM transfers out than wheeling. In the Draft Final Proposal, the CAISO commits to monitor net wheeling as the EIM footprint expands and include data on this subject in the EIM quarterly benefits report going forward. The CAISO will also include *Equitable Sharing of Wheeling Benefits* in the Stakeholder Initiatives Catalog so it can be considered at a later date if merited. NV Energy supports this approach.

## **II. Modified Functionality for Powerex**

First, as a matter of process, NV Energy and a number of other stakeholders provided comments on these issues on August 17, 2017 in response to the July 31, 2017 Straw Proposal. The Draft Final proposal did not even acknowledge much less address these comments. This is especially problematic in that the Powerex functionalities were not even included in the initial Issue Paper for this stakeholder process. In other words, rather than having two chances to review CAISO responses to comments prior to an initiative going to the EIM Governing Body and/or the CAISO Board of Governors, stakeholders will not see any CAISO responses.

Second, in the July 31, 2017 Straw Proposal the CAISO noted it had “identified several design enhancements that will be necessary to support the Powerex implementation.” In the Draft Final Proposal, the reference to Powerex is removed and the CAISO states generically that it is “currently developing new EIM functionalities that will be implemented in the Winter of 2017” and that these “enhancements will be available to all EIM Entities and are intended to automate manual processes and facilitate operation of the EIM.” Thus, the CAISO appears to be changing its justification for the proposals from supporting Powerex’s entry into the EIM to a more generic market benefit. This may be appropriate if these functionalities can be effectively utilized by all EIM Entities. Alternatively, the CAISO could explain: (1) why the functionalities are necessary to facilitate Powerex joining the EIM and (2) how they will improve the functioning of the EIM and are not unduly preferential.

In its September 7, 2017 order accepting the Powerex Implementation Agreement, FERC stated:

Similarly, we find comments concerning the guiding principles set forth in the Implementation Agreement and the terms of Powerex’s participation in the EIM to be premature, given that CAISO and Powerex have not yet developed or proposed the specific terms and conditions of the framework under which Powerex will participate. We expect CAISO to follow through with its commitment to consider the issues raised by commenters and to engage in outreach and dialogue with interested stakeholders as the framework is developed. And, as CAISO acknowledges, the terms and conditions of Powerex’s participation in the EIM will be subject to the Commission’s review of the participation agreements that will be separately filed pursuant to FPA section 205.... We note that our acceptance of the Implementation Agreement does not in any way prejudge or predetermine the outcome of these proceedings.

NV Energy recognizes that the CAISO Staff has engaged in bilateral discussions on these issues and is planning “to engage in further outreach”. NV Energy greatly appreciates these efforts as they can serve to prevent misunderstandings as to the effect of the new functionalities and narrow any potential issues for Commission consideration.

### **III. Role of the EIM Governing Body**

The CAISO states that the EIM Governing Body will have primary authority in approving the policy resulting from the following EIM functionalities: (1) automated matching of import/export schedule changes with a single EIM non-participating resource; (2) automated mirror system resources at ISO intertie scheduling points; (3) base EIM transfer system resource imbalance settlement; and (4) allow submission of base generation distribution factors (GDFs) for aggregated EIM non-participating resources. NV Energy supports these determinations.

With respect to leveraging new non-generator resource (NGR) modeling functionality, the CAISO states that the EIM Governing Body will have only advisory authority. If this is the same functionality previously-approved by the CAISO Board of Governors on July 26, 2017



then NV Energy understands that the EIM Governing Body already has had an advisory role. If it is the same, however, NV Energy then questions why this is in this initiative at all as it would have already been approved as part of the earlier stakeholder process. On the other hand, if this proposal represents an additional or expanded functionality from that previously authorized, then it is important to identify the reason for its inclusion in this EIM-related initiative at this time. If it is directly related to Powerex entering the EIM, then the EIM Governing Body should have primary approval authority. At a minimum, the issue should be considered a hybrid requiring both EIM Governing Body and CAISO Board of Governors authorization.