



California ISO Stakeholder Process on EIM Year 1 Enhancements – Phase II

Comments by NV Energy

July 29, 2015

NV Energy appreciates the opportunity to comment on the June 30, 2015 Issue Paper and Straw Proposal (June 30 Proposal) in the above-referenced CAISO stakeholder process.

NV Energy is currently engaged in the critical stages of implementing its project to enter the EIM as an EIM Entity, scheduled for the fall of 2015. The implementation project involves multiple dimensions, not least of which is a policy component that continues to evolve on several fronts. Currently, NV Energy has a predominant interest in at least ten pending proceedings before FERC related to EIM operations that must be resolved before NV Energy enters the EIM, including but not limited to matters related to the NV Energy tariff; the NV Energy and PacifiCorp market based rate authority; the CAISO compliance filing on flexible ramp waiver; the means to address the potential for price excursions in the existing and new EIM Entity BAAs; the readiness criteria for new EIM entities; and, significantly, the EIM Year 1 Enhancements Phase 1 tariff proposal pending FERC approval.

NV Energy therefore believes that the CAISO's stakeholder process seeking to engage the significant policy issues in its June 30 Proposal, some of which will have complex conceptual and technical solutions, is premature at this time. Many of these issues may and should be deferred until the CAISO has received approval for and implemented the Phase I tariff provisions and technical solutions, which are tentatively scheduled for implementation on October 1, 2015. NV Energy would appreciate the ISO's undivided attention on ensuring that the Phase I solutions deployment and NV Energy's entry into EIM is smooth and effective. Moreover, given the uncertainty that exists with respect to approval of the Phase I solutions and the CAISO's proposed solution to price excursions in the EIM BAAs, the possibility of the need for more process with respect to those issues would seem to be in conflict with the very tightly-scheduled stakeholder process the ISO has scheduled for Phase II issues. Finally, consideration of many of the issues would benefit from experience with the increased complexity of multiple EIM Entities and an increased number of interties. Thus, deferring consideration of these issues until after NV Energy enters EIM may serve the stakeholder process better.

NV Energy requests that the CAISO defer further stakeholder process on the Phase II issues presented in the June 30 paper until later in the fall, after NV Energy has entered EIM and the CAISO has operated with multiple EIM entities.

In any event, certain issues raised by the CAISO in the June 30 Proposal need not be discussed until the CAISO has completed further data gathering and analysis. These issues include pricing the EIM transmission and flow entitlements. As mentioned above, other issues raised by the June 30 Proposal are best considered with the benefit of experience with the EIM with multiple EIM entities, such as the complicated policy decisions embedded in the issues of compensation to third party transmission owners for making transmission available to EIM and the EIM transfer limit congestion treatment. Moreover, most of the June 30 Proposals involve serious

discussion among the entities that are either operating in or preparing to enter the EIM as well as the CAISO. NV Energy views itself as an important participant in that discussion and proposes that some of those discussions may require their own, separate stakeholder process, including extending 15-minute bidding at the interties and the EIM-wide transmission rate. Regarding the extension of 15-minute bidding to EIM interties, the CAISO's June 30 Proposal does not acknowledge that the state regulators of the current and future EIM Entities will factor into the decisions made on that issue.

Beyond the effort involved in seeking resolution of the complicated and significant EIM-related issues contained in the June 30 Proposal, NV Energy believes the stakeholder process should consider the additional issue of an appropriate parameter price for energy imbalance. NV Energy has and continues to suggest that the \$1000/MWh parameter price cap may not be properly calibrated for imbalance energy, and requests that the CAISO engage the stakeholders – when it proceeds with Phase II process – on this additional, important issue affecting EIM operations.