

**Portland General Electric Comments on the Consolidated EIM Initiatives Straw Proposal from the 2017 Roadmap dated August 17, 2017**

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**Portland General Electric:**

On October 1, 2017, Portland General Electric (PGE) will become the fifth entity to join the Western EIM. At that time, PGE will begin managing its diverse generation and transmission assets according to the rules of the EIM, while also continuing to participate in the ISO's forward markets and retaining its responsibilities as an independent Balancing Authority. As such, PGE has a vested interest in the market policies of the ISO and Western EIM.

**Comments:**Third Party Transmission Contribution

PGE supports the removal of the Third Party Transmission Contribution initiative from scope of the 2017 Roadmap and agrees with the ISO's conclusion that at this time and under the model presented the costs of implementing the program presented likely outweigh the benefits.

Management of Bilateral Schedule Changes

PGE recognizes the current market design of the Western EIM challenges certain market participants' ability to manage contract-path schedule changes for bilateral market transactions when sourcing, sinking, or wheeling-through a Western EIM balancing authority area. PGE understands the ISO is in favor of tabling their initial proposal at this time, in part due to the pending Real-Time Market Enhancements initiative.

While the ISO's assertion that market participants' are currently able to use the market's wheel-through functionality to hedge against imbalance charges associated with bilateral schedule changes seems reasonable as presented, the administrative burden this process would place on an EIM Entity has not been explored.

PGE would like to see more analysis and dialogue between market participants who would potentially use this option and the EIM Entities who would have to facilitate the set-aside of transmission and management of base schedule changes. It is unclear to PGE if the ISO's proposal should be supported on a cost-benefit basis at this time, or if it would in practice meaningfully reduce the bilateral market seams currently observed.

PGE does not believe it would be prudent for EIM Entities to undertake any OATT or Business Practice changes to outline the "hedging" process suggested by the ISO until these issues and solutions, including those that will be presented in the pending Real-Time Market Enhancements initiative, have been further explored.

Equitable Sharing of Wheeling Benefits

PGE is not convinced that this initiative has been appropriately scoped, or that the market design, policy, and regulatory considerations have been fully considered, and therefore does not believe it is prudent at this time to move forward with either of the ISO's policy recommendations.

Current EIM Entities, and those with signed Implementation Agreements, agreed to join the Western EIM under the principle of reciprocity when contributing transmission to facilitate EIM transfers. This reciprocity framework was designed to fit with the EIM's core functional design, which relies on having access to unscheduled transmission (contract-path or ATC-based) to support transfers between EIM Entity areas.

The reciprocity framework was not designed as a vehicle to ensure each EIM Entity received commensurate benefits for their contribution of transmission, or their participation in the EIM as a whole. An attempt to change the nature of this framework through an ex-poste socializing of economic benefits based on production-cost and wheeling-revenue estimates would impact the business-case that drove Entities' initial participation in the Western EIM and may serve as a deterrent to increased EIM participation.

PGE therefore suggests that the ISO table this initiative and associated analysis until the EIM has incorporated the EIM Entities who have signed Implementation Agreements and trends in market dispatch and congestion have stabilized.

New EIM Functionalities:

PGE supports the ISO's efforts to make minor revisions to its Tariff to accommodate certain requests of new EIM market entrants. However, PGE believes the ISO should explore further whether these changes are supported on a cost-benefit basis as currently proposed, and whether minor changes to them could increase their benefit for all EIM Entities, rather than a narrow subset.

**Conclusion:**

PGE appreciates the opportunity to submit these comments and looks forward to continuing to work with the ISO, as well as its market participants and stakeholders, to maximize the value of the Western EIM as its footprint expands.