

Portland General Electric Comments on the Consolidated EIM Initiatives from 2017 Roadmap

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On October 1, 2017, 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. As such, PGE has a vested interest in the price-formation, reliability, and transmission access policies of the ISO and Western EIM. PGE appreciates the opportunity to comment on the direction of these initiatives and looks forward to continuing to work with the ISO and fellow EIM stakeholders on the prioritization of these initiatives according to their relative merit.

ISO Stakeholder Process:

PGE appreciates and supports the ISO's efforts to consolidate closely-related EIM initiatives into a single stakeholder initiative process at the kick-off stage as a way to reduce the resource burden on ISO and stakeholder staff, as well as the ISO's various oversight bodies. PGE would like to see the ISO use this process in the future for other initiatives that are closely related or interdependent, and to consider whether there are currently active initiatives that would benefit from consolidation into a single stakeholder process. In PGE's view, consolidation of interconnected initiatives allows ISO staff and stakeholder resources to be prioritized appropriately across the entire lifecycle of an over-arching market enhancement effort from a cost-benefit and implementation-feasibility standpoint, and would help prevent stakeholder confusion or inefficiencies arising from duplicative or overlapping efforts undertaken in multiple separate initiatives. PGE understands most initiatives that are consolidated at the outset will have to be parsed at some point for phased implementation, and believes stakeholders and the ISO would benefit from close collaboration as those decisions are made. PGE would support the ISO's review of its existing and planned stakeholder initiatives to see if there are currently initiatives that would benefit from consolidation, and would support the ISO considering integrating or formalizing this approach as it begins its 2018 Stakeholder Catalog process.

Consolidated EIM Initiatives:

Third Party Transmission Contribution:

In the time since this initiative was initially scoped for the 2017 Stakeholder Catalog the Western EIM has welcomed several market entrants and existing participants have gained additional experience operating in the EIM environment. As a result, and given that viable alternatives for incorporating third-party transmission assets into the EIM already exist as outlined below, PGE questions whether this initiative is of sufficient value to outweigh the likely implementation and ongoing costs, and increased market complexity, at the ISO, EIM Entity, and non-EIM Transmission Service Provider level.

In PGE's view, there is already a viable opportunity for third-party or unused transmission rights to interact with the EIM in a way that compensates the owner of those rights and increases the societal benefits of the EIM. EIM Participating Resource Scheduling Coordinators (PRSC) are currently able to acquire additional transmission from third-parties on a short- or long-term basis and "donate" them to the EIM to effectuate transfers between

EIM Entities. In fact, this is the standard model that enables all EIM transfers as presumably all currently donated transmission rights were at one time acquired by the PRSC.

Continuing to use this existing model on a long-term basis and promoting its use on a short-term basis is the most expedient and efficient way to increase transfer capability while unlocking viable revenue streams for third-party transmission rights holders. This model works well because it establishes a direct connection between the PRSC's assessment of the value of increasing Energy Transfer Scheduling Rights and the price they are willing to pay to third-parties to acquire additional transmission rights, or the opportunity cost they are willing to incur. Where little to no historic market congestion exists due to the size of an ETSR between two EIM Entities, the value of increasing transfer capacity would be negligible. Conversely, where market congestion is historically binding and is constraining least-cost dispatch between two EIM Entities, a PRSC could easily assess the value of increasing the ETSR between these two areas and use that assessment to inform their voluntary acquisition of additional transmission rights, bilaterally with third-party rights holders or directly from the relevant Transmission Service Provider under their OATT. This model creates a win-win for generators and transmission rights holders, with the added benefit of transactional transparency and stability; rather than being subject to interval-by-interval volatility in congestion rents (which may often be zero), a transmission rights holder would have a known bilaterally-negotiated price paid for the service they are offering, and the PRSC would have a known charge for the service they are acquiring.

PGE understands that there may be seams issues to executing these transactions and incorporating them into the EIM model on a short-term basis (ie. hour-to-hour); however, PGE believes it is more worthwhile to work on removing those seams and developing appropriate agreements and business practices between affected entities than to move forward with the proposed direct Third Party Transmission Contribution design.

Management of Bilateral Schedule Changes:

PGE supports the ISO's intent with this initiative; however, it is unclear at this time whether there are entities that would benefit from its implementation, and if so, whether there are more expedient ways to accomplish the goal that may have less of an implementation and resource cost for all parties involved. PGE understands that this functionality was requested during the 2017 Stakeholder Catalog process. It is unclear whether the drivers for the initiative are still relevant, or a high priority for stakeholders as compared to other initiatives.

Net Wheeling Charge:

PGE understands that as the Western EIM expands, the initial reciprocal transmission arrangement, which allowed the Western EIM to develop and grow without the complications incumbent to developing a specific transmission charge for EIM transfers, will at some point need to be revisited. However, PGE would ask for more clarification on the benefits this initiative would yield to the market before supporting the direction of the initiative as it has been presented.