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Robert Lane  
Director - FERC, CAISO and Reliability Compliance

San Diego Gas & Electric  
8330 Century Park Court  
San Diego, CA, 92123-1530

Tel: (858) 650-6167  
RLane@SempraUtilities.com

September 17, 2014

The Honorable Robert Foster  
Chairman, Board of Governors  
California ISO  
250 Outcropping Way  
Folsom, CA 95630

Re: Decision on implementation of energy imbalance market

Dear Chairman Foster:

SDG&E continues to support the creation of an Energy Imbalance Market that will further integrate western power markets and offers the potential for increased efficiency of generation in the West. We expect the region will benefit from a more economic dispatch of generation resources, as well as a more economic integration of rapidly increasing amount of renewable resources. Additionally, SDG&E believes that the EIM will further enhance reliability.

SDG&E supports further testing of the EIM market mechanisms using real-life situations to augment the testing via simulations that have already been done. SDG&E supports the proposal for activation of PacifiCorp's participation as an EIM Entity on October 1, 2014 in a parallel, non-binding production environment for one month. This will allow for additional analysis of market impacts, increase confidence about the overall readiness of various systems, processes and procedures. In addition, this will afford an additional opportunity for both CAISO and PacifiCorp operators to familiarize themselves with the EIM systems and procedures.

Development of a sound and efficient Energy Imbalance Market is an important step to developing a more efficient and more reliable interconnected western power grid. SDG&E believes that the proposal to delay binding operation of the EIM until November is a sound decision and respectfully requests your support for the resolution before you on this matter.

Sincerely:

Bob Lane  
Director: FERC, CAISO and Reliability Compliance

Cc: Virginia Thompson; CAISO