

Stakeholder Comments

Submitted by	Company	Date Submitted
Robert W. Cromwell, Jr., Director Regional Affairs & Contracts robert.cromwell@seattle.gov (206) 684-3856	Seattle City Light	June 29, 2017

Consolidated Energy Imbalance Market Initiatives

Thank you for the opportunity to comment on the Consolidated Energy Imbalance Market initiatives. Please see Seattle City Light's below comments on the three elements comprising the consolidated EIM initiatives.

3rd Party Transmission

Seattle City Light supports the consideration of third-party transmission owners or transmission rights holders to provide transmission to facilitate EIM transfers. City Light encourages CAISO to study how the addition of transmission, without the loads or generation that is the source of imbalance, will affect the EIM and the benefits to various participants in the EIM. Part of this study should include whether the 3rd party transmission would receive congestion revenues without enabling additional EIM transfers.

City Light requests that CAISO provide more information about how the 3rd Party transmission will be operationally incorporated into EIM operations. This includes tagging examples.

Further study around the two policy questions raised in the Issue Paper (1. the interval granularity of the net settlement not resulting in a charge and 2. The allocation of a charge should the transmission contribution result in a net charge) is warranted prior to implementing any changes. To the extent possible, CAISO should consider allocating the "net charge" in a manner that follows the principle of cost causation. One mechanism to effectuate this link would be to perform after-the-fact checks ensuring that a direct relationship between the 3rd party transmission donation and the congestion-related charges exists.

Bilateral Schedule Changes

Seattle City Light encourages CAISO to initiate and complete its efforts that will allow EIM entities the ability to adjust base schedules closer to the operating hour while

limiting exposure to imbalance charges. City Light encourages CAISO to work with all stakeholders to find the most efficient means to accomplish this including the related work in the Real Time Market Enhancements.

Net-Wheeling

A fundamental building block of the EIM market design is transmission reciprocity. This makes the efficient facilitation of transfers across the footprint possible, and is one of many benefits the EIM offers participants.

The EIM makes use of otherwise available transmission to obtain the best value from generation assets, and does not seek to provide net value from every transaction to every asset required to make transfers.

Compensation for net wheeling should occur only when a party demonstrates costs beyond those under the current reciprocity construct for transmission usage among participating EIM BAAs. Any proposed changes to institute a rate pancake run counter to the reciprocity construct and could reduce liquidity in the market. A reduction in liquidity will inhibit the economic flow of energy across the footprint and ultimately be disruptive to the market as a whole.

Market design changes of this magnitude require careful thought and rigorous study. City Light urges CAISO to fully study and consider the impacts of a net-wheeling charge and balance these impacts against a desire to potentially derive additional benefits under a new EIM market design.