

August 17, 2017

**COMMENTS ON BEHALF OF  
THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,  
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE  
CONSOLIDATED EIM INITIATIVES STRAW PROPOSAL**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the Straw Proposal for the Consolidated Energy Imbalance Market ("EIM") Initiatives stakeholder proceeding that was posted on July 31, 2017 (the "Straw Proposal"):

Management of Bilateral Schedule Changes - - The Six Cities support the ISO's proposal to allow EIM Entities to address the impacts of bilateral scheduling changes after the T-57 timeframe through their individualized business practices and Open Access Transmission Tariff policies.

Equitable Sharing of Wheeling Benefits - - The Straw Proposal continues to frame this topic in terms of equitably sharing EIM benefits with an EIM Balancing Authority Area ("BAA") that facilitates EIM transfers that do not source or sink in that BAA. As a general matter, the Six Cities agree with the basic principle that EIM benefits should be shared equitably among EIM BAAs. However, it continues to be the Six Cities' position that focusing narrowly on one aspect of EIM benefits or one way of contributing to EIM benefits – such as wheel-through transactions – is inappropriate and unduly narrow. An effort to promote equitable sharing of EIM benefits should consider and apply to all EIM benefits on a comprehensive basis. At this time the Six Cities do not support making an "ex post payment" to wheel-through BAAs or adoption of a hurdle rate for EIM transactions in isolation from consideration of equitable sharing of all EIM benefits.

From a practical standpoint, it is not clear that there is a need for implementation of a mechanism to re-allocate EIM benefits to account for wheel-through transactions. While the ISO's Straw Proposal reflects that some systems are more heavily utilized for this purpose, there is no demonstration that these entities are experiencing a loss of revenues or are otherwise being disadvantaged as a result of the current approach. Membership in the EIM is voluntary, and EIM Entities have joined knowing that their systems may facilitate these types of wheel-through transactions.

Additionally, the Six Cities observe that the concepts advanced by the ISO – the ex post payment and the hurdle rate – are not well defined. For example, the ISO does not provide any description of what the defined rate for the ex post payment would be or explain how that rate would be set and when it could be revised. Similarly, there is no information in the Straw Proposal relating to the level of a possible hurdle rate.

New EIM Functionality - - The Six Cities take no position on the ISO's proposals to provide new EIM market functionality as outlined in the Straw Proposal.

Submitted by,

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