

June 30, 2017

**PRELIMINARY COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA,  
BANNING, COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA  
ON THE CONSOLIDATED EIM INITIATIVES ISSUE PAPER**

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 preliminary comments on the topics identified in the ISO's updated Consolidated EIM Initiatives from 2017 Roadmap Issue Paper posted on June 27, 2017 (the "Issue Paper"):

Third Party Transmission Contribution - - Based on the materials posted thus far, it is not obvious to the Six Cities why a third party transmission provider should be held harmless from charges that may result from changes in availability of transmission. If a third party transmission provider makes transmission available in the fifteen-minute market but then reduces the amount of transmission available in the five-minute market for reasons other than operational security or stability, there does not seem to be any reason why it should be held harmless from the consequences of changing the amount of transmission available. Indeed, it would appear to enable inappropriate gaming if a transmission provider could offer transmission in the fifteen-minute market and collect congestion revenues for doing so but then rescind the transmission offer in the five-minute market without bearing the consequences to the market of the reduction in transmission. In concept it may be appropriate to exempt a third party transmission provider from congestion charges if a reduction in transmission availability is required to maintain operational stability; but if such circumstances would be rare, the costs and/or administrative burdens of developing and implementing such an exemption mechanism could far outweigh the risk to third party transmission providers of exposure to unjustified charges. If, as suggested during the June 20, 2017 stakeholder conference call, the occurrence of transmission curtailments leading to congestion charges would be limited, it would not seem unreasonable to net such charges against the congestion revenues payable to third party transmission providers. Such a netting approach may be necessary to prevent the type of gaming opportunity described above.

If, however, there is a determination to provide make-whole payments to third party transmission providers that otherwise would be exposed to congestion charges, there must be some mechanism to ensure that third party transmission offers are providing overall net benefits to the EIM over some reasonable period of time rather than imposing a net uplift burden. Responsibility for funding any make-whole payments to third party transmission providers should be consistent with the method for allocating Real-Time Congestion Offsets among EIM BAAs.

Management of Bilateral Schedule Changes - - The Six Cities have no comments on this topic at this time.

Net Wheeling Charge - - The Issue Paper frames this topic in terms of equitable sharing of EIM benefits by an EIM BAA that facilitates EIM transfers that do not source or sink in that

BAA. The Six Cities agree with the basic principle that EIM benefits should be shared equitably among all EIM BAAs. However, it would not be appropriate to focus solely on one aspect of EIM benefits or one way of contributing to EIM benefits in considering equitable sharing. 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 consideration of an EIM transfer charge in isolation from consideration of equitable sharing of all EIM benefits.

Submitted by,

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