

Western Power Trading Forum Comments on the CAISO EIM Year 1 Enhancements Phase 2 Tariff
Language

Ellen Wolfe, Resero Consulting for WPTF, 916 791-4533, ewolfe@resero.com

March 15, 2016

WPTF appreciates the opportunity to submit comments on the CAISO's draft EIM Yr 1 Phase 2 Tariff language. In particular WPTF offers comments on proposed added language pertaining to EIM Intertie bidding requirements in 29.34, EIM Operations.

The CAISO has propose to add a third condition under 29.34 (2), Economic Bidding of EIM Intertie Transactions, in addition to the two that already exist as follows.

- C) the CAISO has identified, developed, and implemented market rules necessary to enable such intertie bidding.

WPTF understands that allowing Economic Bidding of EIM Intertie Transactions at the border of EIM Entities is challenged by the current market scheduling seams between the West's bilateral markets and the CAISO EIM, the current market oversight and mitigation policies for the CAISO EIM, and the complexity of instituting the requisite market changes for EIM Entities. WPTF supports the CAISO's efforts to standardize EIM Intertie Transaction policies across all EIM Entities. However, WPTF is concerned about this proposed tariff addition because it would create a requirement for an explicit process to identify and implement market rules for EIM intertie bidding in the future. Yet the ISO has not identified any forum in which such market rules would be developed or signaled intent to create a stakeholder initiative in the near-term to deal with these issues. WPTF is concerned that by codifying such a requirement, and by not including this initiative in its 2016 catalog, the CAISO is necessarily creating an extended delay between now and when such intertie functionality could become operational.

Given the increased rate at which regional entities are self-selecting to join as EIMs, ensuring that the EIM supports an efficient within the hour bidding and scheduling process throughout the Western Interconnect is even more critical than it has been in the past. If the CAISO feels strongly that such rules are important then WPTF urges the CAISO to begin at this time discussions for a consistent set of market processes and rules, if needed, for EIM intertie bidding. To mandate that a FERC process be completed before turning on EIM intertie bidding will create a significant barrier to operationalization of such functionality, especially if the CAISO has no near-term plan for undertaking the design and stakeholder activities. All signs point to the import of increased participation from EIM neighbors. The price fluctuations as the PAC EIM started up and the need for the Available Balancing Capacity mechanism are indicative of the potential benefits of wider EIM participation. The EIM mechanism has put western market entities at risk for market-based congestion and price volatility unlike such participants have experienced historically. To prevent participants from being able to manage the risks of such costs and volatility by not working diligently toward participation at the EIM ties is a disservice to the western markets. WPTF suggests the CAISO engage with the appropriate balancing authority area operators, transmission service providers and operators, market participants, market oversight, and reliability entities to ensure sustainable, reliable policies are developed.

We encourage the CAISO to identify a means to begin the design of the rules as implicated by this proposed tariff language and to commit to some level of effort on these rules and process when tariff language is filed so as prevent conflicts over the phase 2 filing at FERC.

Thank you for your consideration.