

Arizona Public Service (APS)

Comments on CAISO's Energy Imbalance Market Governance Proposal, dated August 13, 2013

Arizona Public Service ("APS") appreciates the California Independent System Operator's ("CAISO") willingness to create an alternative Governance structure for the Energy Imbalance Market. It is important for EIM participants to have a method to have input into market design details prior to CAISO filing tariff changes at FERC. The proposed structure will give non-ISO participants the opportunity for input and the chance to work through details before they are submitted to the formal approval processes.

The logistics of operation of the EIM are very complex. It takes all stakeholders' input to make sure the fine details work in conjunction with CAISO rules, as well as within the bi-lateral market outside the ISO. By working collaboratively on these details, a better market structure will result. Even though a lot of thought and effort has gone into the EIM design, fine tuning will need to occur in the future. The governance structure provides a reasonable approach to improve the market over time.

APS believes that the two step process for evolving the governance model makes a lot of sense. Having Transitional Committee members work on the details of the ultimate solution is a good concept. APS believes that creating a solid framework and using market representatives to produce a final model is better than trying to rush into a final design, only to find out later that it has to be changed.

APS also supports and agrees with the comments submitted by Salt River Project.