



**COMMENTS OF NV ENERGY
2017 STAKEHOLDER INITIATIVES CATALOGUE
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CAISO STAKEHOLDER PROCESS**

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NV Energy has reviewed the proposed 2017 Stakeholder Initiatives Catalogue (Catalogue) and looks forward to participating in several of the planned discussions.

NV Energy is highly supportive of certain initiatives that are marked as discretionary: commitment cost enhancements and DEB enhancements (5.13); multi-stage generator bid cost recovery (7.1); real time market enhancements (9.1); hourly bid cost recovery reform (9.2); and the extended pricing mechanisms (7.2). NV Energy believes these initiatives to be important enough to retain in the final 2017 Catalogue, and – importantly – that they affect Energy Imbalance Market (EIM) operations and should be marked accordingly. Furthermore, the flexible ramping product enhancements (11.6) likewise appear to affect EIM operations and should also be so marked if the ISO retains them in the Catalogue, although NV Energy believes the next stakeholder process on the flexible ramping product should not occur before 2018 in order to give time for the recent implementation to show market results.

With respect to the commitment cost enhancements and DEB enhancements (5.13), NV Energy does not believe this initiative is discretionary. In the June 1, 2016 order in which FERC approved the interim measures to address the Aliso Canyon gas storage field constraints, FERC highly encouraged the ISO to continue to engage stakeholders on issues raised in the Aliso Canyon Phase 1 stakeholder process. This “encouragement” responded to multiple assurances in the ISO’s request for approval of its tariff provisions that it would continue to engage the stakeholders on the several issues of concern raised but not addressed by the emergency measures, including issues concerning cost recovery. In July, at the market performance and planning forum, the ISO announced that it would initiate a gas cost recovery enhancements stakeholder initiative, and at the Aliso Canyon Technical Conference held at FERC on September 16, 2016, the ISO made comments about addressing cost recovery issues in a stakeholder proceeding. At this point the expectation is well developed enough that this initiative may no longer be deemed “discretionary,” but has risen to the status of a commitment. In any event, revisiting commitment costs and the default energy bid and the flexibility they should provide for volatile gas prices is important to the EIM Participating Resources and to all market participants and – even more so because of the interim measures concerning the Aliso Canyon constraints – is ripe for stakeholder engagement.



As an EIM Entity and EIM Participating Resource Scheduling Coordinator, NV Energy seeks clarification as to whether the following three initiatives would affect EIM operations: full network model enhancements Phase 2 (5.15); exceptional dispatch decremental settlement (9.4); and multi-stage generator regulation refinements (11.5).

As both an EIM Entity and a Participating Resource Scheduling Coordinator, NV Energy is particularly interested in a stakeholder discussion concerning reserves management for EIM Entities. Currently, the ISO optimization cannot account for a change in reserves that occurs when units are moved into different configurations that have different ramp rates. Although the unit may be carrying a certain amount of stated reserves, it may not be able to provide that amount of reserves if it is moved into an operating state with a lower ramp rate. NV Energy believes that this topic deserves inclusion in the 2017 stakeholder initiatives because of the importance of maintaining and managing reserve amounts in the Western Interconnection, particularly as more EIM Entities join the market and bring additional multi-stage generators that could also present this issue. As an alternative to a stand alone initiative, this issue may also be covered by expanding multi-segment ancillary service bidding (11.4) or multi-stage generator regulation refinements (11.5).

In addition, NV Energy proposes that the ISO engage the stakeholders on the topic of the SIBR software and bidding rules that result in autopopulation of bids for multi-stage generators. NV Energy understands that the bidding rules are uniform to real time market participants, and the autopopulation feature serves a certain purpose. For multi-stage generators in the EIM, however, the autopopulation feature at times forces a bid for a unit that is intended to be self-scheduled, and this creates an inconsistency with the design of EIM that intends (1) for EIM to be a voluntary market and (2) for the EIM Entities to manage reserve obligations in their own balancing authority area. NV Energy would appreciate the ISO considering adding this topic to the EIM-specific stakeholder initiatives.

Finally, NV Energy is strongly in favor of and requests an initiative focused on improving and enhancing forecasting transparency and accuracy and revisiting the penalty bands for EIM Entities deviating from the forecast. After some experience, NV Energy believes that the art of forecasting and the margin of error in forecasting, particularly in certain seasons, warrants a look at methods and potential areas of enhancement. In addition, NV Energy would like to see reconsideration of the 5% tolerance for deviation before penalties apply when an EIM Entity substitutes its own forecast for the ISO's, or in the alternative a reconsideration of the penalty amounts. As more EIM Entities join the market, the issues of forecasting for balancing authority areas outside of the ISO footprint become increasingly salient and deserve attention in the near term.