



**PACIFICORP'S COMMENTS ON THE
EIM YEAR 1 ENHANCEMENTS – PHASE 2
DRAFT FINAL PROPOSAL
DATED SEPTEMBER 8, 2015**

I. INTRODUCTION

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation (“ISO”) for Phase 2 of its Energy Imbalance Market (“EIM”) Year 1 Enhancements Stakeholder Process on the Draft Final Proposal dated September 8, 2015 (“Draft Final Proposal”). PacifiCorp appreciates the opportunity to provide these comments on this initiative for the ISO’s consideration.

II. COMMENTS

PacifiCorp appreciates the ISO’s clarification of exactly which topics will go before the ISO Board of Governors for decision at its November 2015 meeting. PacifiCorp believes the topics being presented to the Board in November have received adequate stakeholder feedback, and ISO consideration and responses to stakeholder concerns.

A. EIM-Wide Transmission Rate, Flow Entitlements, and Compensation for Third Parties Making Capacity Available for EIM Transfers

In its Draft Final Proposal, the ISO stated that it will provide updates on the analysis conducted for both an EIM-wide transmission rate and flow entitlements for base schedules and day-ahead schedules, on a regular basis through its Market Performance and Planning Forum (“MPPF”). PacifiCorp agrees that monitoring the analysis and engaging stakeholders during the MPPF meetings is adequate for the period during the analysis. PacifiCorp urges the ISO to solicit stakeholder input during those meetings to determine whether or not the data presented justifies commencing a stakeholder initiative, as well as working with stakeholders to prioritize the initiative.

PacifiCorp is pleased that the ISO proposes to continue the discussion of compensation for third parties making capacity available for EIM transfers as part of the potential EIM-wide transmission rate design discussion. PacifiCorp reiterates its comment on the ISO’s straw proposal: The ISO must be careful not to create disincentives towards full EIM participation and uniform approaches to transmission charges. Payment for use of available transmission combined with bidding at the interties could enable entities to obtain EIM benefits without opening up their own system to EIM sales. Moreover, compensation of transmission customers

of EIM entities is inconsistent with the longstanding practice of unused transmission reverting to the transmission provider under an OATT.

B. EIM Transfer Congestion Rent Treatment

PacifiCorp appreciates the ISO's clarification that for purposes of the real-time congestion offset, the location of an EIM internal intertie (an intertie between two EIM entities or an EIM entity and the ISO) is established by where the constraint is located, not by which EIM entity creates the e-tag. The ISO proposes settlement of real-time congestion rent as follows:

- a. EIM external intertie: 100% to the EIM BAA with which the intertie scheduling point is interconnected.
- b. EIM internal intertie where intertie scheduling limit (ISL) is less than or equal to the total EIM transfer limit: 50% to each EIM BAA on each side of the EIM internal intertie (this works for NVE-PACE and NVE-ISO).
- c. EIM internal intertie where ISL is greater than the total EIM transfer limit: 100% of rent due to EIM transfer limit to the EIM Entity which provides transmission to the intertie scheduling point; and 100% of rent due to ISL to the EIM BAA managing the intertie scheduling point (this is for PACW-ISO and PACE-PACW).

PacifiCorp strongly supports the ISO's proposal to modify allocation of real-time congestion rents so that 100% will be allocated to EIM entities which provide transmission for EIM transfers to, but not across, an intertie scheduling point.

C. Standard Base Schedule Treatment for e-Tags

In the Draft Final Proposal, the ISO addressed the need to specify how base schedules should be established for imports and exports, and determined that the decision cannot be made at the EIM entity's discretion because a base schedule import for one BAA is a base schedule export for the other BAA. PacifiCorp believes that all EIM entities should adopt the same approach for treatment of e-tags and supports the ISO's proposal to require all EIM entities to accept approved, pending, and adjusted e-Tags to communicate an import or export base schedule to an EIM entity for imbalance settlement purposes.

D. Dynamic Competitive Assessment for Market Power Mitigation of EIM Transfer Limits

The ISO proposes that, as with all internal constraints within the ISO and within the EIM BAA, EIM transfer limits continue to be tested for competitiveness when the constraint is binding. PacifiCorp restates its support for this proposal from its comments on the straw proposal. The ISO should proceed with implementation of market power mitigation on the interties as the default. It should be unnecessary for the ISO to make a separate request to implement this

feature for each EIM entity that joins. Most of the balancing authority areas in the west that are candidates to join the ISO are likely to be vertically integrated utilities. Incorporating market power mitigation of the interties into the tariff will permit these entities to rely on these procedures to support their market based rate filings. As more entities join and more customers convert from non-participating to participating status the issue could be revisited.

E. Bidding Rules on External EIM Interties

The ISO has proposed to not require mandatory 15-minute intertie bidding at this time. PacifiCorp agrees with this decision, and maintains its position that EIM entities should have the discretion to allow or disallow FMM economic participation on their own external interties given the interaction between BAAs as well as the operational or scheduling characteristics of each EIM entity's BAA configuration. The ISO has scheduled and PacifiCorp plans to participate in a workshop to discuss the causes of low liquidity since Order 764 implementation in May 2014.

F. Outage Reporting to Peak Reliability Coordinator (RC)

The ISO proposes to give an EIM entity the option to allow the ISO to forward the outage data submitted into the ISO's outage management system by the EIM entity, to Peak RC on the EIM entity's behalf, which would eliminate the need for a redundant application for the EIM entity. PacifiCorp supports this proposal as an option for EIM entities.

G. Need to Address the \$1,000 Pricing Parameter

PacifiCorp restates its previously submitted comments regarding the need to address the \$1,000 pricing parameter. The ISO should identify when it will address the appropriateness of a \$1,000 pricing parameter. In the ISO Reply Comments in EL15-53 at 37, the ISO stated,

Iberdrola and NV Energy request that the CAISO further examine the \$1,000 per megawatt-hour price cap set forth in its tariff to determine whether it should reduce the price cap. The CAISO and stakeholders can examine this issue as part of the planned Stepped Transmission Constraint initiative, which is currently expected to take place in the second half of 2015. That stakeholder initiative will consider whether the performance of the transmission constraint parameter could be improved if the CAISO were to calibrate it at different levels depending on either the level of constraint relaxation, the voltage level of the constraint, or the system impact of the constraint. As part of that discussion, the CAISO and stakeholders can also consider the potential advantages and disadvantages of reducing the price cap.

The ISO needs to identify when this stakeholder process will commence.

III. CONCLUSION

PacifiCorp appreciates the ISO's consideration of these comments.