

# WESTERN ENERGY IMBALANCE MARKET

## Department of Market Monitoring Update

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EIM Governing Body Meeting

General Session

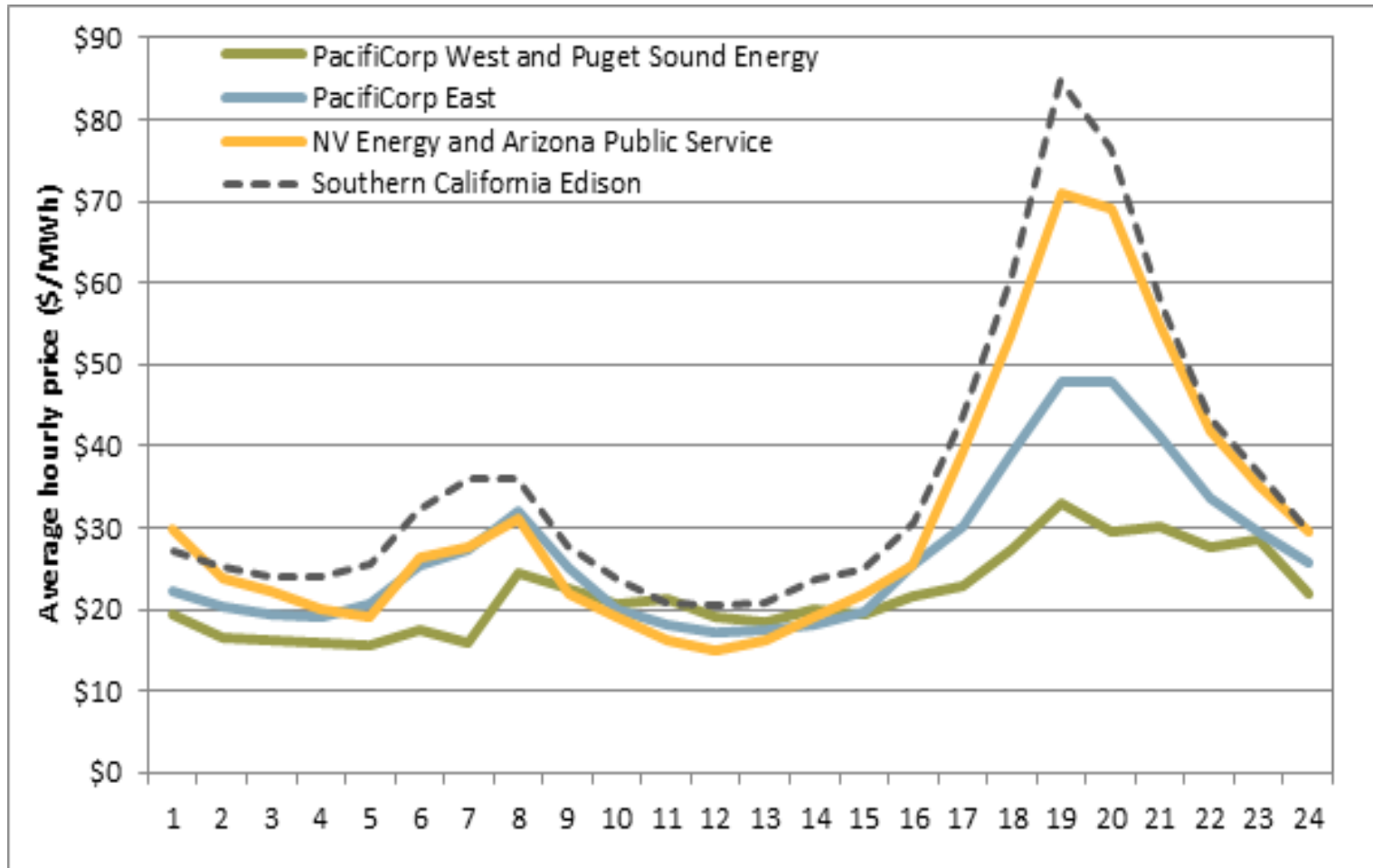
January 23, 2018



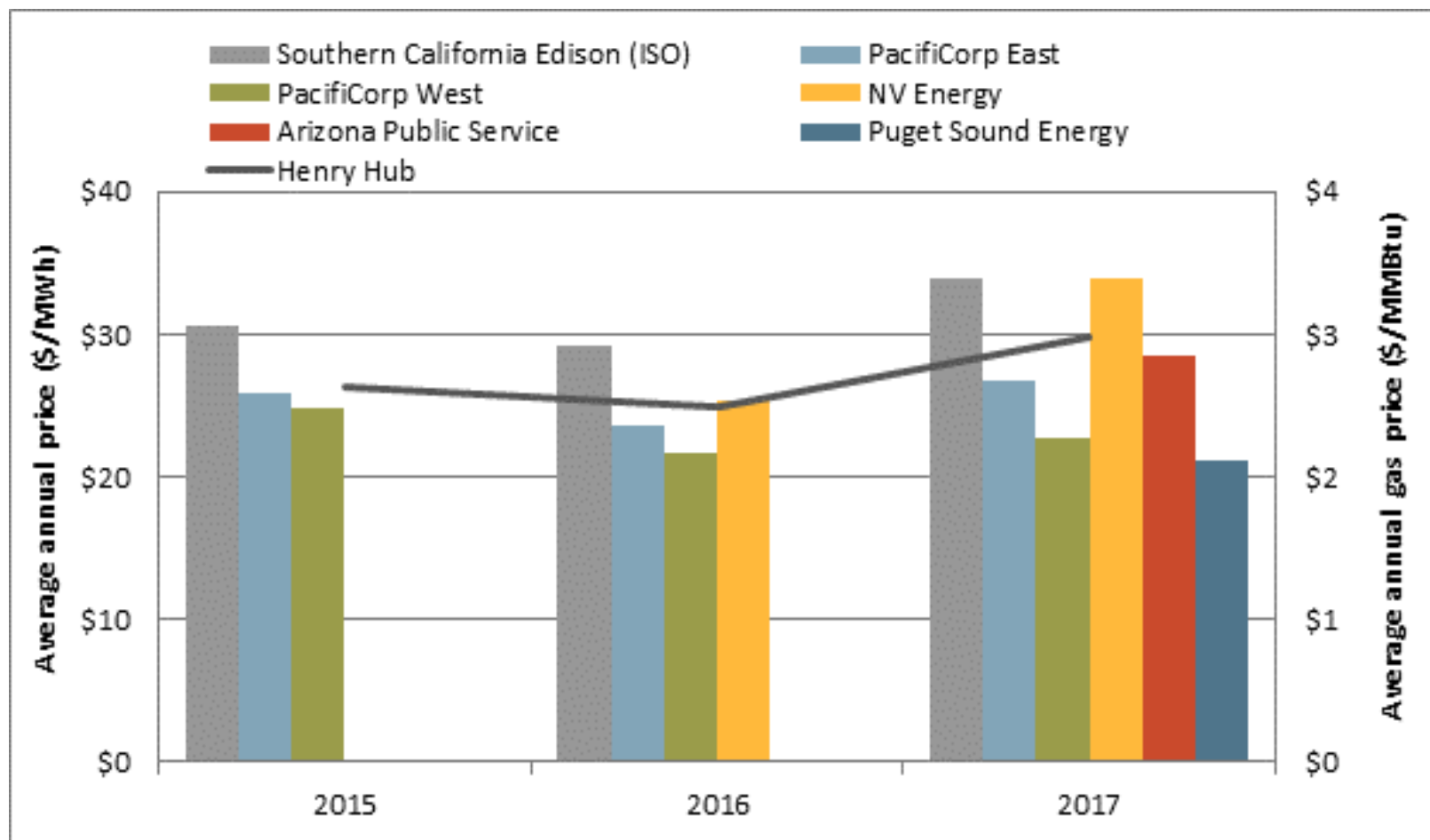
# Overview

- Summary of 2017 market performance
- Update on market-based rate authority in EIM
- Issues and recommendations for 2018

Prices in EIM continue to track net load curve and reflect regional transmission limitations.

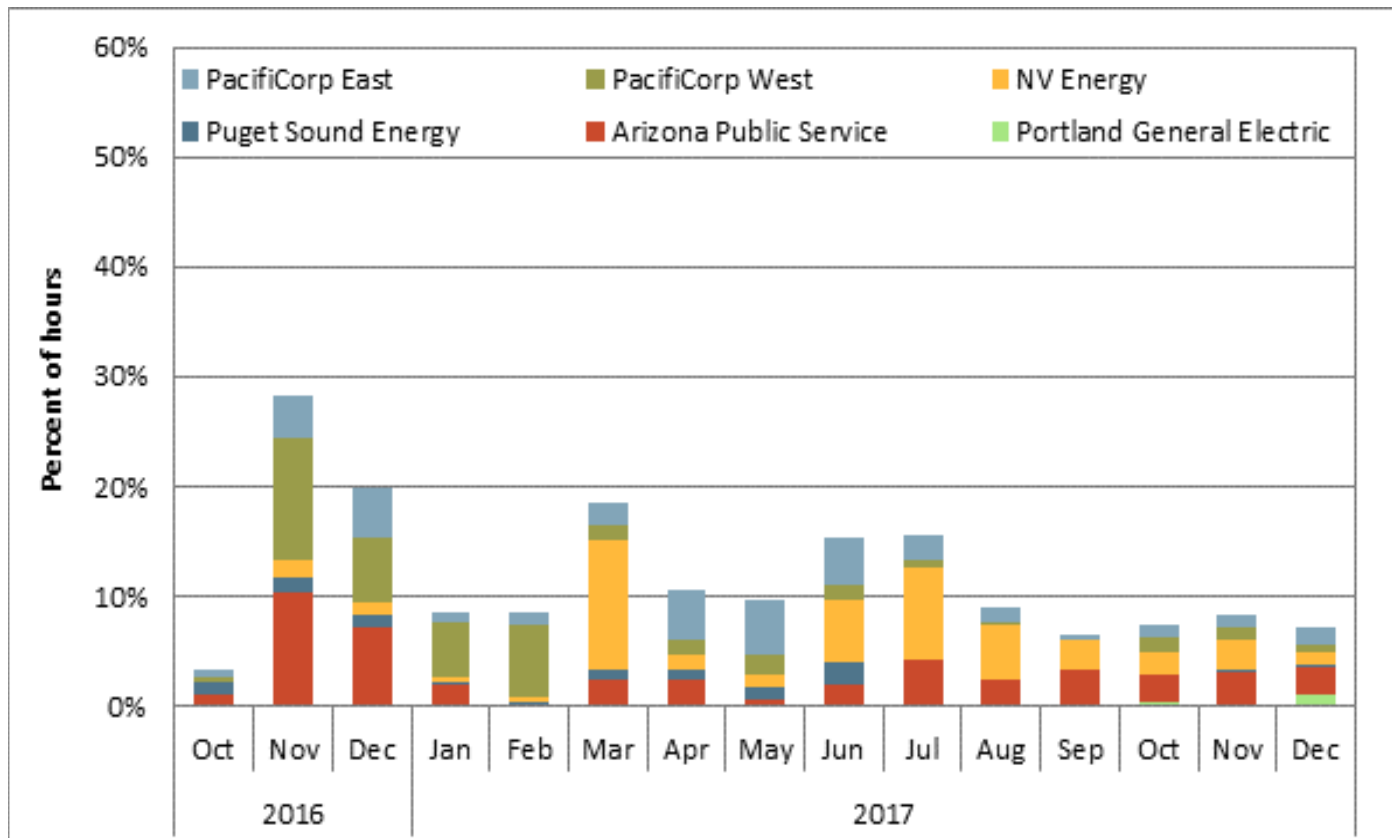


# Electricity prices up in 2017 along with gas prices.



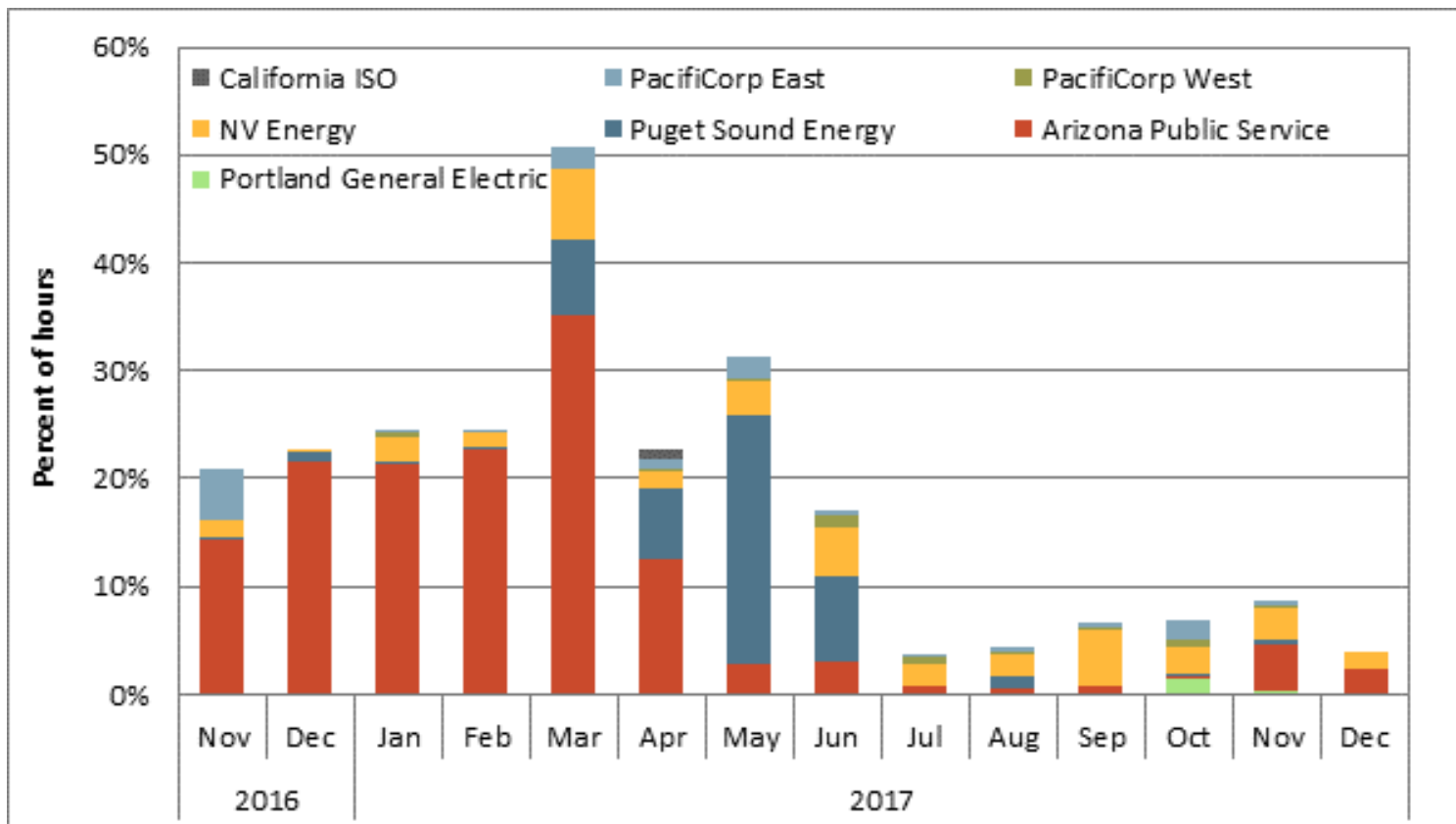
EIM performance often driven by impact of resource sufficiency tests.

***Failure of upward resource sufficiency test failures trending downward.***



EIM performance often driven by impact of resource sufficiency tests.

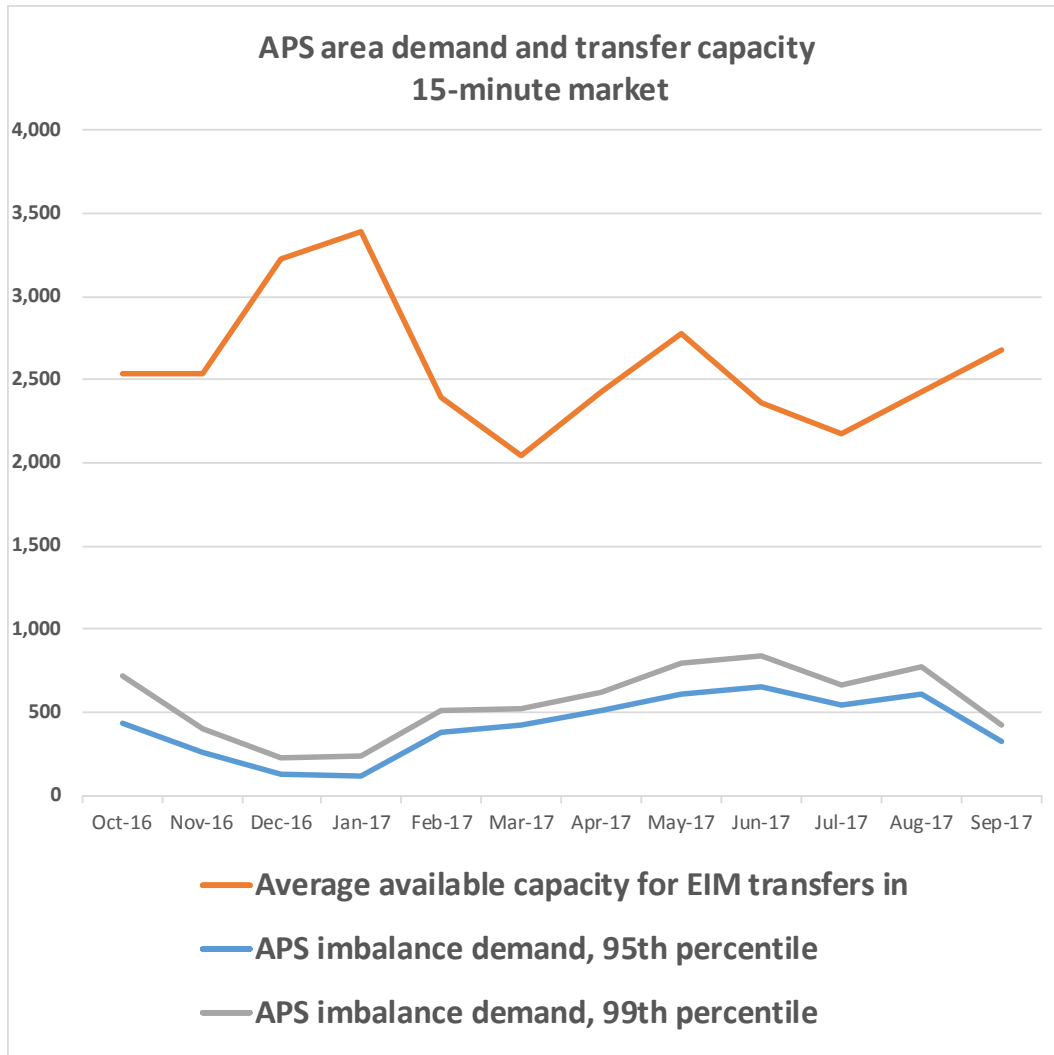
*Failure of downward resource sufficiency test failures also trending downward.*



# Market based rates in the EIM

- Analysis by DMM supports finding that special FERC bidding limits no longer needed:
  - EIM areas area structurally competitive almost all intervals.
  - ISO rules effectively mitigate market power when an EIM area is not structurally competitive.
- Filing by PacifiCorp/NVE to remove special energy bidding limits was accepted by FERC in October 2017.
- APS has not yet filed to remove special bidding limits.
- All other EIM participants have been granted full market-based rates before go-live (Puget, Portland, Idaho).

# DMM's analysis shows APS area is structurally competitive almost all intervals.



Share of intervals with imbalance demand greater than transfer capacity		
Month	15-minute market	5-minute market
Oct-16	0.4%	0.8%
Nov-16	0.0%	0.4%
Dec-16	0.0%	0.1%
Jan-17	0.0%	0.3%
Feb-17	1.7%	0.8%
Mar-17	5.8%	2.3%
Apr-17	0.8%	1.3%
May-17	0.7%	1.0%
Jun-17	0.5%	0.4%
Jul-17	0.3%	0.6%
Aug-17	0.0%	0.3%
Sep-17	0.2%	0.4%



# Key issues and recommendation for 2018.

- DMM had recommended enhancements to address issues observed in EIM performance:
  - Flexible ramping constraint
  - Resource sufficiency tests
- Bidding rules
  - Opportunity cost adders for commitment costs (CCE3)
  - Bidding rule changes (CCDEBE)
    - Higher bidding limits for commitment costs when finding of no market power.
    - Potential changes in bid limits used when energy and commitment cost subject to mitigation.
    - Opportunity costs of hydro resources.