



California ISO Stakeholder Process on EIM Entity Readiness Criteria Tariff Provisions

Comments by NV Energy

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NV Energy generally supports the tariff language proposed by the CAISO on July 31, 2015 as consistent with the directives of the Federal Energy Regulatory Commission (Commission) compliance order of July 21, 2015. The tariff language includes all elements identified by the Commission as necessary to adequately define EIM Entity readiness: a period of market simulation and a period of parallel operations; a determination of market readiness; a timely certification that the CAISO and EIM Entity are prepared to commence EIM operations; a pledge to delay operations if the EIM Entity or CAISO is not ready for some reason to commence operations; transparency during the readiness testing period; and a list of criteria commensurate with the prior completed stakeholder process and the Commission's stated expectations as to what constitutes readiness.

NV Energy also supports placing the thresholds for meeting the readiness criteria in the Business Practice Manual and in the dashboard that the CAISO will be posting during the readiness testing for each EIM Entity Initiate. Doing so provides the transparency to the market participants requested by the stakeholders in the prior stakeholder process and also directed by the Commission in its July 21, 2015 compliance order. At the same time, it allows for flexibility and adaptability of those thresholds for the different circumstances of each new EIM Entity Initiate and also for responding to concerns raised by stakeholders as to the rigor of a given threshold. NV Energy observes with support the twice-weekly public calls that the CAISO has been holding since market simulation began the first week of August to report the results of market simulation.

NV Energy finds that the criteria as currently defined provide comprehensive coverage of all aspects of EIM operations, and therefore provide a means for the EIM Entity Initiate to ensure all systems and processes are in place and properly functioning before financially binding operations are in place. NV Energy also views the thresholds as currently published as measurable and establishing a degree of success in executing various aspects of EIM operations that will demonstrate the EIM Entity has experienced and is familiar with normal and potential abnormal system conditions. NV Energy has met or exceeded certain measures of the readiness criteria already, and anticipates meeting or exceeding the remaining criteria throughout market simulation and parallel operations to ensure its own ability to operate within a properly functioning and reliable EIM.

NV Energy nevertheless recommends some improvements and refinements to the draft tariff language to better and more precisely capture the readiness criteria and the Commission's directives in the July 21, 2015 compliance order, which revisions are provided in the document attached hereto. Revisions of substance include the following:

- 29.2(b)(6)(B), Delay. NV Energy does not believe that wholesale withdrawal of an already-submitted readiness certification is the appropriate response to an issue that may

arise and cause delay of a set Implementation Date. Rather, should the CAISO and EIM Entity determine to delay the Implementation Date, notice to the Commission and other market participants should include a forecasted new Implementation Date so that all parties are aware of the anticipated timing of the EIM Entity Initiate's entry into EIM. This date will be based largely on whether some or all of the readiness certification requires recertification. Therefore, the notice best serves the interests of the Commission and market participants by pointing to the readiness criteria undermined by the issue and requiring recertification, if any; the timing of recertification, if necessary; and the new Implementation Date as based on the need to recertify some or all of the readiness criteria.

- 29.2(b)(7)(H)(i), Communications. NV Energy clarifies that the communications relevant to market readiness are those between the EIM Entity and the Market Operator. These communications are more appropriately specified in the EIM Entity's operating procedures, which must be developed pursuant to 29.2(b)(7)(K)(ii), and not in the EIM Entity's business practice manual (which addresses the EIM Entity's obligations to and relationship with its customers). In addition, it is appropriate that these procedures are established as of the date of the EIM Entity Initiate's readiness certification, although the procedures may be under continuous development and finalization through the period of market simulation.
- 29.2(b)(7)(I), Market Simulation. NV Energy has removed references to "workarounds" in this section of the tariff. The criteria properly establishes that any significant issues arising during market simulation are resolved before implementation. How those issues are resolved is a matter of the threshold, appropriately specified in the CAISO business practice manual. Moreover, "workaround" is not a defined term. NV Energy believes that what the CAISO is attempting to convey is that the EIM Entity will pass all market simulation scenarios by demonstrating it can operate a functioning and reliable market in all scenarios, either by using the tools anticipated or by applying an acceptable alternative solution that achieves the same "passing" operational result. NV Energy's proposed revision confirms its understanding of this criteria.
- 29.2(b)(7)(I)(v), Market Quality Review. This task occurs in parallel operations, not in Market Simulation. NV Energy proposed making it its own stand alone criteria and has moved it to 29.2(b)(7)(K), which changes "Additional Criteria" to (b)(7)(L).
- 29.2(b)(8), Readiness Reporting. In the interest of fully meeting the Commission's directives on transparency, NV Energy recommends that the tariff language establish the means of reporting readiness testing results through both published reports and open calls.