

**PGE Comments on the
CAISO Energy Imbalance Market Transition Period Proposal**
December 30, 2014

Portland General Electric Company (PGE) appreciates the opportunity to comment on CAISO's Energy Imbalance Market (EIM) Transition Period Proposal posted on December 15, 2014. We recognize the challenges that CAISO faces with implementing a complex market model and appreciate the efforts taken by CAISO.

PGE expressed concerns in previous stakeholder comments that the timeline for the EIM implementation was too aggressive and EIM Entities "*would not want to be at risk of market disruptions, uncertainty, reliability and compliance issues, and unwarranted costs.*"¹ Despite PGE's concerns, as well as other stakeholder comments to request a tiered EIM implementation plan, it seems that this Transitional Period Proposal is a short process that does not provide sufficient opportunity to provide comment. PGE requests that CAISO employ a rigorous and thoughtful approach when incorporating additional EIM Entities to ensure that its systems, people, and processes are prepared for additional participants in order to avoid unintended market consequences.

PGE supports a transition period, but recommends two options. The CAISO should either: (1) reduce the twelve month extension to a six month transition period (and shortening the graduated bid proposal), or (2) consider delaying the proposed October 2015 start date for the next EIM Entity to join. CAISO took bold action in implementing several enormous market initiatives simultaneously, and PGE agrees with CAISO's Department of Market Monitoring (DMM) report on the *November 2014 EIM Pricing Waiver* that both CAISO and PacifiCorp need additional market experience, tools, and procedures to resolve operational and seasonal challenges.² It would be ineffective to expedite the addition of another EIM Entity unless CAISO and PacifiCorp can first resolve today's seams and operational issues. The DMM report identified several categories of issues, including timely outage information, wind and load variations, interchange variability, manual dispatch and metering issues, transfer limits, and market model discrepancies. These are critical components that must be resolved in order to have a fully functioning EIM model. The CAISO should resolve these critical issues prior to the expansion of the EIM footprint.

Additionally, PGE requests that CAISO provide additional information and transparency to current and future EIM market issues. It would benefit all stakeholders and any future EIM Entities to be given more access and information as CAISO and PacifiCorp continue to resolve these "data errors" (EIM Dec 19th stakeholder call) or applications issues that were noted in CAISO's Market Disruption Report submitted in FERC Docket Nos. ER06-615 and ER07-1257. PGE recommends that during this Transition Period,

¹ Portland General Electric Comments on Energy Imbalance Market Third Revised Straw Proposal. August 13, 2013.

² California ISO Department of Marketing Monitoring's *Report on Energy Imbalance Market Issues and Performance* at 1 (December 18, 2014).

CAISO hold monthly EIM stakeholder calls to share more detailed information and status updates on the progress on its EIM initiatives. CAISO should also consider delaying its proposed FERC filing in early January due to the timing of this proposal in conjunction with the seasonal holiday.

PGE has been actively involved in the Energy Imbalance Market efforts in the past few years and acknowledges the benefits of being part of a well-designed and balanced EIM model. These intricate EIM concepts need to be thoroughly examined so that potential EIM participants have the time and opportunity to weigh in and understand the impacts of the EIM without creating further market disruptions.