



## Comments of Pacific Gas and Electric Company

### *Energy Imbalance Market Go-Live Enhancements Draft Final Proposal*

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) Go-Live Enhancements Draft Final Proposal, released June 9, 2014.

**1. PG&E supports the CAISO's proposal to include EIM Transfer Limits in the market power mitigation procedures.**

PG&E supports the recommendation by the Department of Market Monitoring (DMM) that the CAISO's market power mitigation (MPM) procedures be applied when scheduling constraints into either of the PacifiCorp BAAs become binding and the DMM's strategy, as outlined in the June 9, 2014 Assessment of Potential Market Power in Energy Imbalance Market, for monitoring the structural competitiveness of the EIM Balancing Area Authorities (BAAs) on an ongoing basis after EIM go-live.

In its June 19, 2014 Order Conditionally Accepting Proposed Tariff Revisions to Implement Energy Imbalance Market re California Independent System Operator Corporation under ER14-1386, FERC determined that the CAISO Board of Governors does not have jurisdiction to implement MPM on interties, and must seek Commission review and approval. As such, PG&E would support the CAISO in filing the above mentioned DMM report and the associated tariff changes expeditiously with FERC to demonstrate that such mitigation is warranted.

## **2. PG&E supports the CAISO's proposed tariff language to address multi-stage generation (MSG) modeling for coal resources.**

PG&E recognizes the need to create a tariff provision to model the transition costs of non-gas MSG that allows the CAISO to gain experience with the non-gas MSG process for EIM entities, which can inform potential implementation for within CAISO in the future. As an initial step, PG&E believes the CAISO process of allowing DMM and generators to address multi-stage generation modeling for coal resources through a modifier is reasonable.

## **3. Further EIM Enhancements**

PG&E appreciates the CAISO's continuing to look at go live enhancements for the EIM. PG&E continues to be a supporter of the EIM market and believes the market would be enhanced by a clear, smooth transition plan to incorporate each new participant. Such an integration plan should be transparent and address:

1. Robust testing that needs to be conducted;
2. CAISO board approval of go-live,
3. A phased implementation, with criteria to assess success of the design, to allow review and correction of any unintended consequences, and
4. Clear descriptions of any incremental systems and processes the CAISO needs to develop.

As noted in the CAISO presentation, CAISO intends to evaluate the need for flow entitlements. PG&E also believes the CAISO should publish the criteria it will use to evaluate whether flow entitlements or other changes are needed to mitigate loop flows in the expanded EIM associated with base schedule changes. We appreciate the CAISO looking into this issue and would appreciate the opportunity to discuss alternative methodologies for testing whether such flow entitlement changes are needed and the criteria used to judge.