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Comments submitted by Laura Trolese, ltrolese@publicgeneratingpool.com, (360) 513-6465

**CAISO EIM External Resource Participation Key Principles
Public Generating Pool Comments
August 31st, 2016**

The Public Generating Pool (PGP) appreciates the opportunity to comment on the ISO's Key Principles for EIM External Resource Participation. PGP is comprised of ten consumer-owned electric utilities located in Washington and Oregon. Collectively, PGP member utilities serve approximately two million people with a 6,000 MW utility-owned asset base that is 86% hydro and 96% carbon-free. Three of the PGP member utilities own and operate their own Balancing Authority Areas.

EIM external resource participation is an important issue for the region as it provides broad benefit for the CAISO, EIM Entities and non-EIM entity resources and loads alike. External resource participation provides the EIM access to flexible, low-carbon emitting resources, providing additional low-cost means to address over-supply, reduce renewables curtailments, and reduce costs for California and EIM entity consumers. For external resources, participating at the EIM interties provides new locations for those currently without transmission rights at the CAISO interties to offer resource capability into the CAISO real-time market and trade sub-hourly.

Not all Balancing Authority Areas in the West will join the EIM. Given the resource mix or the limited number of resources that might participate in the sub-hourly market, the costs to be a full EIM Participant may exceed the benefits. For some, there is no need or desire for the full functionality offered by the EIM, specifically economic redispatch and congestion management. For others, there is a desire to maintain local control over resources and dispatch. Additional challenges exist for public power (non-jurisdictional) Balancing Authority Areas to join the EIM and there are practical limitations for utilities embedded in non-EIM Balancing Authority Areas to participate.

PGP is encouraged by the progress made with CAISO advancing a set of guiding principles for EIM external resource participation. PGP requests this initiative be given priority and that the CAISO begin a formal stakeholder process on this initiative by the end of calendar year 2016.

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PGP Questions

There are several principles that were presented at the August 4th, 2016 Regional Issues Forum that require more detailed information in order for PGP to be able to support them. Regarding EIM external resource participation more generally, PGP has the following questions:

- What are the operational and market impacts of the ISO allowing system resource bids at the ISO interties and requiring resource specific participation at the EIM interties?
- Do the CAISO principles contemplate the participation of external demand response resources?
- Is the CAISO considering economic clearing of EIM intertie transactions, which is an extension of the CAISO's FMM and RTD, or a completely different scheduling paradigm?

Specifically, PGP has the following questions about the EIM External Resource Participation principles:

- Regarding transmission required to facilitate EIM participation for external resources:
 - How is an external resource different than an independent power producer (IPP) resource participating inside the EIM Entity BAA?
 - How is an external resource different than an EIM Participating Resource in an EIM Entity BAA that is located at the edge of the EIM footprint?
- How will the CAISO handle collections of resources and what are the criteria for determining what resources can be bundled and which ones cannot? For instance, will external resources be bundled similarly to how the CAISO is handling the Mid-C resources for EIM Entities?
- What physical resource characteristics are needed by the CAISO for feasible dispatch and accurate flexibility assessment?
- Can resources limited to 15-minute dispatch (i.e. non-dynamic) participate?
- What aspects of the resource sufficiency framework is the CAISO contemplating applying to external resources and their host Balancing Authorities?
- What metering requirements are the CAISO considering for external resources? For instance, will the CAISO allow the same level of metering as is allowed for the EIM Entities' shares of the Mid-C resources?

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PGP Interests

PGP offers its interests in EIM external resource participation below and requests the CAISO take these interests into consideration as part of this initiative.

- **Minimize cost and complexity where possible.** Seek market design solutions that minimize complexity where possible. Specifically, eliminate metering, data, and transmission requirements that are not necessary for market function that could result in unnecessary sunk costs.
- **Ability to aggregate resources where feasible.** Seek market design solutions that allow for aggregation of resources, especially when the choice among resources does not have a significant impact on system flows and congestion.
- **Ability to offer from a resource that also serves host BA balancing needs.** Many resources external to the EIM have sufficient flexibility to meet both EIM within-hour requirements and the within-hour requirements of the host BA. Market rules should be pursued that would allow dispatch to meet the needs of both the host BA and the dispatch of the EIM.
- **Ability to participate with 15-minute transmission.** Given limitations on dynamic transfer capability, market design should provide the same ability for external resource participation on a 15-minute basis as provided to EIM Participating Resources within the EIM Entity.
- **Carbon-free resources are assured appropriate dispatch and compensation.** Carbon-free resources outside the state of California need to be assured that the EIM algorithm provides appropriate controls on redispatch into California and appropriate compensation for the carbon-free resources.
- **Address seams issues that affect 15-minute market.** Coordination between the ISO and BPA on bid/award timing and a sub-hourly transmission product that makes external participation financially viable is needed to encourage liquidity in the sub-hourly market.

Outreach and Comment Process

PGP appreciates the opportunity to comment on the CAISO EIM External Resource Participation through the Regional Issues Forum stakeholder sector liaisons, although it is unclear if every stakeholder sector was informed of the comment period and it is also unclear how the comments will be disseminated and processed. PGP is concerned that not all stakeholders were provided the opportunity to comment and is also concerned that comments may not be posted publicly.

- PGP continues to encourage the ISO to advance the discussions through a formal stakeholder process as a stakeholder process is the best forum to allow this initiative to move forward in an open and transparent manner.
- PGP also requests that all formal and informal comments received by the RIF and the CAISO on this topic be posted publicly on the CAISO website.

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