

**PACIFICORP'S COMMENTS
ON THE ENERGY IMBALANCE MARKET TARIFF FRAMEWORK
September 20, 2013**

I. INTRODUCTION

According to the schedule established by the California Independent System Operator Corporation (“ISO”) for its Energy Imbalance Market (“EIM”) stakeholder process, PacifiCorp submits the following comments to the ISO on the EIM Tariff Framework issued by the ISO on September 10, 2013. PacifiCorp has been an active participant in the ISO’s stakeholder process, including submitting comments to all versions of the EIM Straw Proposal, participating in stakeholder meetings, and attending technical workshops. In addition, PacifiCorp is conducting its own stakeholder process that will assist in the development of parallel modifications to PacifiCorp’s Open Access Transmission Tariff (“OATT”) necessary for PacifiCorp to fulfill its responsibilities as an EIM Entity.

PacifiCorp acknowledges the ongoing nature of the issues addressed herein and reserves the right to supplement, modify, amend, or otherwise present additional comments at a future time, as permitted. In addition, PacifiCorp respectfully requests the ISO or interested stakeholders not to perceive the absence of comments on any particular question, issue or other matter as a conclusive indication of PacifiCorp’s lack of interest, support or opposition with respect thereto.

PacifiCorp has organized its comments as follows:

- A. Adherence to the Design Concepts of the Straw Proposal
- B. Guiding Objectives
- C. Rules of Construction
- D. Termination
- E. Regulatory Filings
- F. Specific Comments

PacifiCorp continues to support the ISO’s ongoing efforts with respect to the development of the EIM. In this document, PacifiCorp responds to the ISO request for comments on the overall structure of the EIM Tariff Framework. The ISO has demonstrated its flexibility and responsiveness to comments made by stakeholders in the development of the Straw Proposal, and PacifiCorp fully expects the tariff drafting process to be equally informative and collaborative.

II. COMMENTS ON KEY ISSUES

A. Adherence to the Design Concepts of the Straw Proposal

PacifiCorp commends the ISO staff for its effort to produce the EIM Tariff Framework and is supportive of its overall structure. In breaking down the Straw Proposal into discrete components, the EIM Tariff Framework effectively captures and implements EIM design concepts that have

been developed to date. More important than any particular organizational structure, the EIM Tariff Framework successfully implements this fundamental objective.

B. Guiding Objectives

PacifiCorp supports the guiding objectives identified by the ISO: clarity, consistency, comprehension, and certainty. As with any tariff, there must be a clear delineation of responsibilities and authority to ensure proper reliable operation of the transmission system, market functionality, and settlements.

To achieve the goals of clarity and comprehension, PacifiCorp supports the approach of segregating the EIM in a separate section or attachment to the ISO tariff. As demonstrated by the more than 60 page EIM Tariff Framework, the rules governing the EIM will be complex without the overlay of the entire ISO tariff. Most importantly, all of the costs and payments related to EIM participation should be contained within the separate EIM rules so participation requirements are clear.

In addition, it is important for the EIM tariff to be separate and apart from the other ISO tariff provisions in light of the eventual shift to an independent governance structure for EIM. Keeping these provisions separate will help to minimize future concerns regarding the scope of the oversight of the independent governance structure.

C. Rules of Construction

Section 3.2 of the EIM Tariff Framework states that generally applicable provisions of the ISO tariff will apply to EIM participants. As an example, the ISO proposes all participants in the EIM will be considered "Market Participants" and all ISO tariff provisions applicable to Market Participants will apply to EIM participants, unless otherwise specifically excluded. Likewise, an EIM Entity Scheduling Coordinator will be considered a "Scheduling Coordinator" and all ISO tariff provisions applicable to Scheduling Coordinators will apply, unless otherwise specifically excluded.

Though PacifiCorp understands the desire for consistent use of terms, this rule may introduce uncertainty into the rules governing EIM. The certainty provided by segregating EIM provisions from the ISO tariff is undermined if terms are generalized. As an example, section 4.2.1 of the ISO tariff notes Market Participants shall comply fully and promptly with the dispatch instructions and operating orders, unless such operation would impair public health or safety. As appropriately recognized in section 29.4.3 of the EIM Tariff Framework, EIM Entities remain responsible for the reliable operation of their separate balancing authority areas and therefore can issue separate dispatch instructions to EIM Participating Resources as needed. However, there is no explicit reference to EIM tariff sections that do not apply to EIM Entities. Other examples include subjecting EIM Scheduling Coordinators to the broader requirements of ISO Scheduling Coordinators including bid submission provisions of Section 4.5.3.2 of the ISO tariff and the dynamic scheduling requirements of Section 4.4.3.3 which do not apply, or, in certain cases, may conflict with the EIM obligations.

Accordingly, PacifiCorp proposes unless specifically referenced in Section 29, provisions of the ISO tariff *do not* apply. This will still work to reduce redundancy and the potential for inconsistency while also ensuring all of the EIM requirements are contained in Section 29 and that inadvertent application of ISO tariff provisions is avoided.

D. Termination

The ISO proposes that an EIM Entity may terminate participation in the EIM by providing written notice to terminate at least 180 days prior to the termination date. As a threshold matter, the termination process for any EIM participants (including EIM Participating Resources or EIM Entities) must have four key elements. First, termination should be unilateral and at the discretion of the entity participating in the EIM. Second, there must be a limited notice period based on the nature of an entities' participation in the market. Third, there should be no exit charge or fee. Finally, the end of the notice period should terminate an entity's incurrence of additional financial obligations regardless of the nature of their participation in the market.

In this context, EIM Participating Resources should have the ability to terminate their participation in the EIM unilaterally and immediately, with no exit fees or ongoing financial obligations. With respect to EIM Entities, PacifiCorp's initial view is that a 180 day notice requirement may be unnecessarily long. In order to more fully understand why a 180 notice period is reasonable, additional information is needed regarding the rationale for the length of the proposed notice period.

In addition, the EIM Tariff Framework does not include information regarding the process associated with termination. For example, it is likely that an EIM Entity, and potentially the ISO, will need to amend their respective tariffs and seek approval from the Federal Energy Regulatory Commission ("FERC") prior to termination. In addition, consideration should be given to aspects such as settlements, metering and other system configuration matters that should be considered.

Ultimately, as the ISO Tariff develops, PacifiCorp would like to understand the rationale and basis for how different types of EIM participating entities will be able to terminate participation.

E. Regulatory Filings

Section 29.15 of the EIM Tariff Framework notes any amendment or other modification of any provision of the ISO tariff shall be effective upon the date it is permitted to become effective by FERC. PacifiCorp agrees with this; however, it is necessary to add a statement to this section making it clear that coordination is required between the ISO tariff and the OATTs of the participating EIM Entities. The normal tariff amendment process should include a notice provision to EIM Entities and provide for coordination between the ISO and EIM Entities.

F. Specific Comments

- Section 29.11.8: The discussion of uplift charges is unclear. For example, the discussion of Real-Time Imbalance Energy Offset in Section 29.11.8.1 discusses Real-Time Market System Neutrality and Real-Time Balancing Authority Area Neutrality even though these are discussed in separate sections. A clear delineation of the differences between the uplifts should be made.
- Section 29.9.1: The last two paragraphs concerning updating transmission limits may be better placed in another section.
- Section 29.11: The EIM Tariff Framework discusses the initial fee and the administrative fee, but omits the bid segment fee.
- Section 29.10.4: PacifiCorp's understanding is that there will not be individual e-Tags for each Participating Resource, but rather one e-Tag per interchange path reservation. This section should be modified accordingly.
- Section 29.11.5: "UDC" should be defined and the relevance explained.
- Section 29.32.3: This section should clarify that if two or more transmission customers are allowing use of their individual interchange rights, the ISO will provide individual after the fact scheduled energy for each.
- Section 29.34.2.2: The fifth bullet should also be highlighted for later modification, similar to other highlighted paragraphs referencing unit commitment.

III. CONCLUSION

As stated previously, PacifiCorp appreciates the ongoing efforts of the ISO to develop the EIM in a timely manner and in accordance with the principles in the Implementation Agreement. PacifiCorp's comments are intended to further the development of implementing tariff provisions in accordance with the objectives identified by the ISO. PacifiCorp will continue to be an active participant in the EIM stakeholder process and undertake the necessary parallel stakeholder process with respect to the required OATT modifications to be able to support startup of the EIM.