

Stakeholder Comments

EIM Year 1 Enhancements Phase 2, Issue Paper and Stakeholder call- July 8, 2015

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on CAISO's Energy Imbalance Market (EIM) Year 1 Enhancements Phase 2 Issue Paper and Stakeholder meeting. Overall, the CAISO has identified important design elements to detail in this second phase. SDG&E would like to see more analysis on the considered design changes and enhancements, specifically the interplay with the ISO market and how decisions on these proposed topics may impact the ISO and ISO participants. While these proposed changes are to the EIM market, they cannot be taken out of context with the ISO market on the whole. There is little discussion about the possible broader impacts.

SDG&E supports CAISO's general outlined methodology to analyze operation data for two issues: assessing a possible EIM transmission rate as well as considering flow entitlements for base schedules and possible impacts on real-time congestion offset (RTCO) and possible allocation of charges. Uncertainty in costs is not optimal for generators or the market. Thus, detailing both of these items is important for the market. As CAISO looks over operational data to provide findings and recommendations at the next stakeholder meeting, SDG&E request the CAISO consider how potential decisions on both of these may affect the ISO, other ISO processes and ISO market participants. Do decisions on these elements, in fact, impact market performance and operations beyond the EIM? For example, as outlined in the issue paper, a valid concern already raised by stakeholders points to the notion that an EIM wide transmission rate may shift energy scheduling between markets. This may have impacts to transmission revenues. And, one may argue, this could impact market performance overall. SDG&E requests CAISO add analysis of these types of possible scenarios in the analysis of the data for these two topics.

SDG&E believes it is a good idea to require EIM entities to allow 15-minute market bidding on external interties after six months to one of year of operational

experience. Currently, the potential for continued misalignment is not optimal. And, issues with settlement misalignment, market liquidity and lacking true price formation at external interties may only continue to get worse as the EIM adds participants if there is no provision requiring EIM participants to have 15-minute economic bidding at external EIM interties. We appreciate integration takes time and operational experience. Six months to one year after joining as an EIM participant sounds like a reasonable timeline for implementing 15-minute market bidding.

SDG&E would like the CAISO to provide more analysis on the idea of compensating third party transmission owners for supporting incremental EIM transfers. We are not opposed to the idea. However, we want to ensure there are not consequences in other areas as a result of this proposition. We imagine this to develop more fully as the CAISO addresses the EIM transmission rate discussion of the issue paper. The effect of compensating third-party transmission owners will be better assessed once we have a clear sense of what the EIM transmission rate and applicability may be. SDG&E would like to ensure rules set up for third-party provided transmission do not create conflicting market incentives.