

August 14, 2015

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA ON THE
DRAFT TARIFF LANGUAGE FOR EIM READINESS CRITERIA
AND DESCRIPTION OF THE READINESS CRITERIA**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit their comments regarding the ISO's July 31, 2015 draft tariff language for Energy Imbalance Market ("EIM") readiness criteria and the narrative description of readiness criteria posted on August 10, 2015.

With respect to the draft tariff language, the Six Cities have the following comments:

- § 29.2(b)(4)(B) and (5) The draft tariff language refers to "an adequate period" of parallel operations with an EIM Entity Initiate. Recognizing that it may be appropriate to allow some flexibility with respect to the parallel operations period, simple reference to "an adequate period" is unduly vague and allows overly broad discretion. The Six Cities suggest the following modification - - in place of "an adequate period of parallel operations" substitute "a period of parallel operations of at least thirty consecutive days." This modification is consistent with the reference at page 4 of the August 10 paper to "thirty full days of parallel production that the EIM Entity will engage before implementing a financially binding market."
- § 29.2(b)(7) In the fourth line, the capitalized term "Prospective EIM Entity Initiate" is undefined. The Cities suggest deleting "Prospective".
- § 29.2(b)(7)(A) Use of the word "consistent" in the second line is unclear. Should the word be "consistently"?
- § 29.2(b)(7)(A)(i) Use of the word "exported" in the fourth line is unclear and appears unnecessary.
- § 29.2(b)(7)(A)(ii) Change "matches" to "match".
- § 29.2(b)(7)(B) The phrase "all operations staff identified by the EIM Entity Initiate" is not sufficiently prescriptive and allows undue discretion to the EIM Entity Initiate. The phrase should read "all operations staff of the EIM Entity Initiate who will have responsibility for EIM transactions, operations or settlements".

§ 29.2(b)(7)(C)	In sub-sections (i) and (ii), the references to “EIM Demand” are unclear. Does this refer to EIM Demand in the EIM Entity Initiate BAA or to overall EIM Demand for all BAAs participating in the EIM?
§29.2(b)(7)(D)(i)	The Six Cities suggest adding at the end of this sub-section “for the EIM Entity Initiate’s BAA”.
§29.2(b)(7)(H)(i)	In the second line, change “Entities” to “Entity”.
§29.2(b)(7)(H)(ii)	Re the phrase “operations staff identified by the EIM Entity Initiate”, see the comment on §29.2(b)(7)(B) above. Instead use the phrase “operations staff of the EIM Entity Initiate who will have responsibility for EIM transactions, operations or settlements”.
§29.2(b)(7)(I)(i) and (iii)	Re the phrase “identified by the EIM Entity Initiate”, see the comment on §29.2(b)(7)(B) above. Instead use the phrase “who will have responsibility for EIM transactions, operations or settlements”.
State Estimator definition	Does the State Estimator for purposes of the Energy Imbalance Market only include the EIM Entity <u>Initiate</u> Balancing Authority Area(s), or does it also include the EIM Entity Balancing Authority Area(s)?
EIM Entity Initiate definition	For clarity, add to the end of this definition “but has not yet become an EIM Entity.”
Base Market Model definition	Does the Base Market Model for purposes of the Energy Imbalance Market only include the EIM Entity <u>Initiate</u> Balancing Authority Area(s), or does it also include the EIM Entity Balancing Authority Area(s)?

With respect to the August 10, 2015 narrative description of readiness criteria, the Six Cities have the following comments:

Page 4 - - As noted above, there is a reference to “thirty full days of parallel production that the EIM Entity will engage before implementing a financially binding market.” The Six Cities agree that the period of parallel operations should consist of at least thirty consecutive days, and that minimum should be included in the tariff language.

Pages 6-9 - - The threshold levels for Readiness Criterion Identifiers 2, 3, 10, 11, and 12 do not appear to be sufficiently rigorous. With respect to Readiness Criterion Identifier 2, the percentage allowances for inconsistencies in SCADA measurements (10 percent prior to the start of parallel operations and 5 percent during the parallel operations period) seem overly broad. With respect to Readiness Criteria Identifiers 3, 10, 11 and 12, the thresholds not only allow a bandwidth for failures (10 percent or, for Readiness Criterion Identifier 10, five percent before

full activation) but also require that the threshold be met for only one to three days during the testing or parallel operations periods. This approach appears to allow greater than ten percent error or failure rates during most days of the simulations and parallel operations periods. The Six Cities request that the ISO provide additional explanation for why the proposed thresholds are appropriate and adequate to establish readiness for EIM operation.

Page 10 - - The threshold boxes for Readiness Criterion Identifiers 18, 20, and 21 indicate that EIM Entity Initiate and CAISO executives will approve exceptions to satisfaction of the criteria. What will be the standards for approval of any exceptions, and how will market participants be informed as to what exceptions have been approved and why?

Page 13 - - It is not clear whether the ISO intends to run the parallel operations period prior to or after the readiness certification. The discussion at page 4 appears to suggest that the parallel operations period will run during the thirty day period prior to financially binding implementation, but the description on page 13 indicates that the readiness certification (which is required at least thirty days prior to financially binding implementation) will occur after the parallel operations period. The Six Cities request that the ISO clarify whether the parallel operations period will occur prior to or after the readiness certification.

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