

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,  
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE DRAFT FINAL TARIFF  
LANGUAGE FOR THE ENERGY IMBALANCE MARKET**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's Energy Imbalance Market ("EIM") Draft Final Tariff, posted on January 16, 2014. Line references are to the redlined version of the Draft Final Tariff language.

- Section 29.4(b)(4)(C)      The reference to "issuance of a Market Notice within 10 days after receipt of such notice" creates ambiguity with respect to the notice period for termination of EIM participation by an EIM Entity. Section 3.2.2 of the EIM Entity Agreement provides for 180 days' notice for termination of the EIM Entity Agreement. Does Section 29.4(b)(4)(C) contemplate termination of participation in the Real-Time Market on 10 days' notice? As the Business Practice Manual for the EIM has not yet been posted, the Six Cities request clarification on this point.
- Section 29.7(i)(2)      In the first line, change "Location" to "Locational".
- Section 29.11(b)(2)(A)      In the sixth line, insert "to" after "according".
- Section 29.11(b)(3)(C)(i)      In the third line, insert "Section" before "11.5".
- Section 29.11(e)(5)      This Section provides that the CAISO will adjust neutrality for EIM Market Participants in accordance with Section 11.14, but the current terms of Section 11.14 would not apply to EIM Market Participants given the definition of "Measured Demand". The definition of "Measured Demand," as the ISO proposes to revise it, appears to apply only to Demand within the CAISO Balancing Authority Area, and Section 11.14 bases allocation of Neutrality Adjustments on Measured Demand. Section 29.11(e)(5) and Section 11.14 should be revised to include references to EIM Demand for allocation purposes.
- Section 29.11(f)(3)(A)      In the third line, insert "Section" before "11.8.6.3".
- Section 29.11(f)(3)(B)      This Section provides that the Net RTM Bid Cost Uplift will be allocated in accordance with Section 11.8.6.6, but Section 11.8.6.6 provides for allocation based on Measured Demand. As noted in the comment on Section 29.11(e)(5) above, the definition of

“Measured Demand,” as the ISO proposes to revise it, appears to apply only to Demand within the CAISO Balancing Authority Area. Section 29.11(f)(3)(B) and Section 11.8.6.6 should be revised to include references to EIM Demand for allocation purposes.

- Section 29.11(f)(3) Change the second “(B)” sub-heading to “(C)”.
- Section 29.11(i)(2)and (3) The process for calculating and applying the EIM Administrative Charge is unclear. The lead-in sentence for sub-section (2) refers to calculation of the MWh subject to the charge for the EIM Entity, but subsequent sub-sections refer to calculation and application of the charge at the EIM Market Participant level. The Six Cities request that the ISO clarify these sub-sections.
- Section 29.11(l) In the second line, change “Section” to “Sections”.
- Section 29.22(b) In the second line, insert “of” after “purposes”.
- Section 29.22(c) In the caption, change “for” to “to”.
- Section 29.26(b) The Six Cities request an explanation for the proviso added at the end of this section. It is not clear how or why EIM transfers in excess of contract rights would occur.
- Section 29.34(e)(4)  
“providing” or  
(C) and (D) In the first line of each of these sub-sections, delete either “meeting”.
- Section 29.34(m)(4)(C)  
and (D) The sufficiency evaluation for an EIM Entity Balancing Authority Area with a net outgoing EIM Transfer (sub-part (C)) is not symmetric with the sufficiency evaluation for an EIM Balancing Authority Area with a net ingoing EIM Transfer (sub-part (D)). The Cities request that the ISO explain the reasons for this asymmetry and explain why this asymmetry will not result in a shortfall of available flexible ramping capacity. The ISO’s response in the matrix of comments and responses concerning the first round of comments on the draft tariff language refers to discussion during a technical conference call but does not provide a substantive explanation. In addition, the second “(C)” sub-heading should be changed to “(D)”.
- Section 29.34(n)(1)(B)(v) It is not clear how submission of an Energy Bid will inform the ISO that resource capacity is reserved for contingency reserve responsibility.

Section 29.35	As drafted, the language of this section could be read as providing that there can be no correction of prices in an EIM Area after 90 days from the EIM Entity Implementation Date. The Six Cities suggest that the section be revised to read as follows:  <p style="margin-left: 40px;">Market validation and price correction for the EIM shall be governed by Section 35, except that, for a period not to exceed 90 days after the EIM Entity Implementation Date, the time allowed for correction of Real-Time Market prices in the EIM Area shall be 10 Business Days.</p>
Section 11.8.6.6	See the comment on Section 29.11(f)(3)(B) above.
Section 11.14	See the comment on Section 29.11(e)(5) above.
Section 11.25.3	In the second paragraph, eighth line, delete the extra “that”.
Definition of Interchange	In the second line, change the “and” before “EIM” to “an”.
Definition of Interchange Schedule	In the third line, change the “and” before “EIM” to “an”.
EIMEA §2.1	In the eighth line, capitalize “reliability standards”.
EIMEA §3.2.1	The section as drafted is incomplete, because the ISO also can terminate the agreement pursuant to Section 29.1(d).
EIMESCA §8.1	Add at the end of the section “and for all costs allocated or assigned to it pursuant to the CAISO Tariff.” The ISO’s response to this comment on the matrix of comments and responses concerning the first round of comments on the draft tariff language does not make sense, because the EIMESCA concerns the relationship between the ISO and the EIM Entity Scheduling Coordinator, which is responsible for charges assessed under the ISO Tariff.
EIMPRA §2.2	In the caption to the section, delete “Participating”.
EIMPRA §3.2.2	In the last sentence, change “Entity’s” to “Participating Resource’s”.
EIMPRA §5.1	In the <u>first and last</u> sentences, change “Entity” to “Participating Resource”.
EIMPRA §5.2	In the second line, insert “of” after “29”.

EIMPRSCA §8.1

Add at the end of the section “and for all costs allocated or assigned to it pursuant to the CAISO Tariff.” The ISO’s response in the matrix of comments and responses concerning the first round of comments on the draft tariff language indicated that the ISO would make this change, but it is not included in the revised draft tariff language.

Submitted by,

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