

**Bonneville Power Administration Comments
on CAISO EIM 2nd Revised Straw Proposal posted July 2, 2013 and on
the CAISO's written response to BPA's prior comments submitted on June 14, 2013**

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I. Overview

Bonneville Power Administration (BPA) appreciates the opportunity to provide comments for the CAISO consideration in the development of the proposed Energy Imbalance Market (EIM). BPA especially appreciates the CAISO's commitment to working with intermediate balancing authority areas. BPA continues to focus on understanding: (1) how to effectively deal with potential implications of CAISO market operation dispatch of resources and (2) to gain an improved understanding of how the CAISO EIM system operations may require dispatch visibility and situational awareness tool development to ensure reliability of the BPA system. To this end, BPA looks forward to continued collaboration with the CAISO to find mutually agreeable solutions to issues raised prior to the EIM implementation date of October 2014.

II. General Comments

1. BPA appreciates the CASIO's revised stakeholder schedule that includes one more round of stakeholder review and comment on the proposed EIM paper in addition to explicitly posting and allowing stakeholder comment on the tariff framework and governance white paper.
2. Cost Based Data: BPA wants to understand from the perspective of both a party with load and generation in the PacifiCorp (PAC) BA and as a market participant on the interties:
 - a. For the generation we have in PAC's BA will the requirement to provide cost based data at a specific resource only apply if the generation is a Participating Resource in the EIM?
 - b. Because the CAISO is including the 15 minute market in the EIM, will you require cost based information for offers into the 15 minute market? If so, what cost data will you require for system sales?
3. Since the 15 minute market seems to be included in the EIM, we are struggling to understand the cost allocation with both 15 minute and 5 minute dispatches. For example, consider a load with 100 MWs of imbalance over a 15 minute period. During the same period CAISO dispatches 1000MWs at \$20/MWh for 15 minute and the CAISO dispatches 50 MWs for each 5 minute period at \$100/MWh. What price will the load pay for their 15 minutes of imbalance energy?
4. With respect to the CAISO 15 minute market, BPA understands that VERs need flexibility to change their delivery levels every 15 minutes. However, there are other resources and loads that also need this flexibility. Would the CAISO consider working with stakeholders to develop additional criteria?
5. BPA is concerned that the CAISO proposal to assign responsibility to purchase carbon allowance to the suppliers will preclude participation of Federal suppliers in the EIM. Have you considered other options for purchasing carbon allowances for the EIM?
6. BPA understands there are limitations on dynamic transfer across the interties. How will the CAISO coordinate with other transmission providers on the allocation of dynamic capability? And, how will market participants be notified of these dynamic transfer limits?
7. BPA makes system sales to the CAISO and would potentially need to make system sales to an EIM Entity. Does the CAISO see any concerns if a system sale is bid into the EIM market from a BA other than the CAISO or EIM Entity?
8. Lastly, BPA encourages the CAISO to elaborate in the 3rd Revised EIM Straw Proposal on how the EIM Entity identified transmission rights will be confirmed and/or verified as available within the EIM footprint? BPA assumes that dispatch of the EIM Participating Resources will not create any transmission limitations for e-tagged schedules on established transmission rights? Is that a correct assumption?

III. Specific Comments

1. Section 3.2 Resource Sufficiency and Proposed Design Elements: BPA encourages the CAISO to include a resource sufficiency measurement for DA.
2. Section 3.3.10 Intertie Schedules with Other Balancing Authorities: We understand that the CAISO preferred proposal is to not charge for transmission for EIM transactions. Since the CAISO is including the 15 minute market in this EIM proposal are you also eliminating the transmission charges from the 15 minute market? Will the transmission charges be allocated differently for imports and exports than they are for dispatches internal to the footprint?

IV. Closing

BPA looks forward to continued collaboration with CAISO to find mutually agreeable solutions to issues raised prior to the EIM implementation date of October 2014.