

**7/26/2013**

**Portland General Electric**

**CAISO Energy Imbalance Market Design 2<sup>nd</sup> Straw Proposal**

Portland General Electric Company (PGE) appreciates the opportunity to submit comments to the California Independent System Operations (CAISO) on the proposed Energy Imbalance Market (EIM) 2<sup>nd</sup> Revised Straw Proposal posted July 2, 2013. PGE understands the challenges that the region as a whole is facing in integrating variable resources and supports the development of effective and achievable solutions. PGE also appreciates the CAISO's efforts to create an inclusive process for developing these solutions and has been impressed with the responses to date from the CAISO to stakeholders' questions. While PGE continues to have questions on a number of the CAISO's proposals, we are most concerned about the following two areas and choose to focus our comments there.

**Transmission Use Charges:**

PGE continues to believe there should be a transmission service charge if transmission is used for EIM optimization, especially in a market that initially will not encompass the entire geographic footprint of the existing bilateral energy markets. Charging for transmission service used for EIM transactions is consistent with FERC's open access principles and market fundamentals. PGE supports transmission cost allocation resulting from EIM cost causation and benefit. PGE is particularly concerned with free-riders abusing access to the California Oregon Intertie (COI) in the event that there are no EIM transmission charges. PGE understands it is difficult to provide a transmission service charge estimate because of uncertainty related to EIM activity, but PGE believes the CAISO should explore a structure that includes an access charge or charge on top of energy.

**Green House Gas Costs:**

Under the second straw proposal, the CAISO states "no individual resources eTags are needed since the Market operator will issue an aggregate dynamic schedule with each EIM Entity BAA." PGE requests clarification as to how this aggregate allocation will be defined when a portion of a mixed resource portfolio remains in an EIM Entity BAA, and the balance is imported into the CAISO. In addition, how will the Security Constrained Economic Dispatch (SCED) be clearly defined?

PGE also has concerns as to how settlement will occur when some resources require hydro optimization under the objectives of the MidC Hourly Coordination (MCHC) process, and not metered information. The MCHC tool assigns generation capacity after the completion of the hour so hydro assumptions going into the operating hour may have to be carefully considered.

PGE also requests clear, transparent and timely information on the market results of generation allocation that is imported into California, and requests clarification on the GHG emissions cost rate and emissions factor used for each EIM Entity BAA.