

WestConnect EIS Work Group
Market Design/Function Questions
January 17, 2012

Market Interface:

1. How do market participants interface with the market (i.e., IT, software side)?
2. We understand that in SPP most participants bid in all their dispatchable units? Please walk through how this works.
3. What sort of training can we expect and who will it come from? For example, traders will have to be trained on new equipment/software. BAs/system operations groups will have to be trained on new software/ACE and inadvertent calculations. What groups can we expect will be handling this training? Will each individual company have to provide their own training? Is this something we can expect WECC to spearhead?

Market Operator Proposals:

4. How does the market treat transmission capacity settlements given multiple tariffs?
5. Does EIM require implementation of ECC?
6. We don't have an organized market that covers the Western Interconnection. Will EIM require creation of a market operator entity or can it be established "vertically" utilizing existing trading platforms or protocols?
7. Is there an existing market design; e.g., SPP, PJM, ERCOT, Cal ISO that can be used as a template so as to minimize implementation costs/timelines?
8. Will the transmission owner share in the savings gained by other EIM members when not running their "more expensive" generation?
9. Will the transmission owner be compensated for the use of their system at their OATT rate or some imputed rate?
10. How will transmission constraints that surfact real-time (i.e. the loss of a line) be quickly translated into EIM energy adjustments to remedy the problem?
11. Does ADI evolution go hand-in-hand with market design or can/does ADI remain a standalone item? For example, does the "cap" for ADI need to be coordinated/governed by an EIM?
12. How many pricing nodes are anticipated?
13. What are the charge types that can be expected?
14. Would the market operator be a NERC-registered Reliability Entity? If not, how would it interface with the WECC Reliability Centers?
15. How do we treat individual load customers that are not a BA?
16. Has there been any discussion of interacting with other markets; e.g., CAISO, SPP, ERCOT?

17. What is the difference between selling into the market and self dispatching if both are subject to EI charges?
18. How will losses be accounted for in the EIM?
19. How would transmission access costs be determined across multiple BAs on the 5 minute basis if others' transmission capacity would be necessary to carry energy?
20. How would the function of system state estimation (the state estimator) be performed and who could/would provide that?
21. If there is a load inside a non-participating BA, can that load pseudo-tie into the EIM market?

Market Training:

22. Does the energy imbalance always net to zero? What happens when it doesn't?

Governance and Market Monitoring:

23. What are the entity requirements for participation?
24. How do we ensure that no market participant is harmed by the establishment of the market (i.e. governance protection)?
25. Other than WECC, who is the appropriate market operator? How are they formed and funded? What is the relationship with entities who are participating in the market, as well as those who are not?
 - a. Jurisdictional vs. non-jurisdictional
26. How do we avoid the California ISO mess in setting this up (costs)?
27. What safeguards are used for market manipulation?
28. Are other transmission owners who participate in the EIM comfortable with someone outside of their BA being the market operator?
29. Who would provide market oversight, and how is this done?
30. What role would states (especially PUCs) have in the governance?
31. How is the market operator paid for running the market?

Biggest Issues and Concerns with the EIM

1. Compensation for transmission service
2. Loss of non-firm transmission revenues
3. Impact on reliability given the proposed voluntary nature of the market
4. Costs, and Costs vs. Benefits
5. There is no going back
6. Is the benefit really there? The majority of the savings in the WECC study was from “flex reserves,” not from the market itself
7. Interminable delay and uncertainty in implementation
8. Unclear rules/perceptions regarding market manipulation
9. Value proposition not clearly explained/understood
10. Perceptions surrounding stranded generation
11. RMR and other blocking of price signals
12. Regulator perceptions of loss of control
13. Reliability impacts
14. Flexibility/fallback if market operation is non-workable; i.e. too large a footprint. Is there a fallback design for smaller/zonal implementation
15. Seams, multiple markets needing coordination and seams arrangements with non-participants
16. Stranded transmission assets with limited revenue opportunity
17. Coordinated market operation with multiple transmission tariffs
18. Market power, market manipulation
19. Market participant costs (Staff, hardware, software, etc.)
20. Evolution: EIM, then Capacity, then Unit Commitment, then RTO
21. Will the implementation of a region-wide EIM add additional costs to our ability to serve our statutory obligations?
22. State regulatory treatment of imbalances and costs incurred to enter/start-up (and/or exit) the EIM
23. How will my company know that it is getting a fair benefit and incurring reasonable costs for overall EIM market operations?
24. We are concerned that EIM will evolve into a full-blown RTO that will add duplicative costs and cumbersome rules and ultimately will result in higher customer bills.
25. How big does this market need to be? What if the WECC region is too big for a market?
26. What if WAPA doesn't join? BPA?
27. It has been stated (not sure if it is official) that WAPA joining the EIM is key for the EIM to fully develop. If that is true, are there other options to continue forward with an EIM if Western determines that complexities with federal hydro allocations prevent them from initially joining an EIM?
28. My concern is the stranded costs of transmission and generation – as well as market manipulation
29. How can we do this better than others such as CAISO and ERCOT?