

## **WestConnect Members' Statement on the Proposed Energy Imbalance Market (EIM) July 19, 2011**

### **Challenges**

1. The reliability challenge of integrating variable energy resources has increased the need for more efficient balancing and utilization of the transmission grid, along with greater access to the region's balancing resources;
2. The significant cost and compliance risks associated with operating a Balancing Authority make new methods of collaboration, pooling diversity and reducing overall balancing requirements desirable.

### **Goals/Desired End State**

The WestConnect members are in conceptual agreement that various mechanisms may be available to address the challenges stated above. As it relates to the proposed Energy Imbalance Market (EIM), the WestConnect members are aligned as follows:

- A detailed design of the proposed EIM is necessary for more thorough evaluation of any potential benefits and costs and reliability impacts
- The detailed EIM design should be developed in collaboration with other regional parties
- A well-structured and responsive governance framework should be established as part of the EIM design
- The EIM design should address adequate compensation for participating transmission owners for EIM deliveries
- The EIM design should address seams issues and adequate compensation for non-participating transmission owners for EIM deliveries
- The EIM design should include allowing participants to access the flexibility, diversity and economic efficiency of the region's resources, along with more efficient use of the interconnected transmission system to support the integration of variable energy resources.

The evaluation and possible implementation of an EIM is likely to be a multi-year effort. The WestConnect members recognize that there are several open design elements that require stakeholder evaluation and approval. The resolution of these issues and the refinement of other details are necessary pieces in the ultimate decision to go forward with a coordinated EIM. The WECC Board recently directed that a straw proposal for the functional specifications of the proposed EIM be developed.

In addition to the EIM development efforts underway at the regional level, the WestConnect members will continue to evaluate the Joint Initiative's emerging tools (e.g.,

the intra-hour transmission scheduling business practice, I-TAP tool development and DSS).

### **Next Steps**

1. The WestConnect members recognize that further details such as those requested by the WECC Board are necessary for a more refined evaluation of any proposed solution. In the interim, individual members (or groups of members) may undertake a comprehensive evaluation of WECC's cost-benefit analysis of the proposed EIM (released on June 22, 2011) for application to their systems.
2. The WestConnect members will consider and evaluate the results of ongoing WECC activities related to the proposed EIM.
3. Each WestConnect member will decide for itself regarding its participation in the EIM. The WestConnect members electing to participate in the EIM will do so under the terms and governance ultimately established under the proposed EIM. WestConnect will not seek to compel any aggregate participation decision for its members.
4. The WestConnect EIS Work Group will meet regularly to evaluate ongoing EIM developments, inform the WestConnect Steering Committee members of the activities taking place at WECC, Columbia Grid and Northern Tier Transmission Group, and foster active coordination of these groups.