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July 21, 2015

VIA COMMISSION'S WEB PORTAL

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Investigation of Pacific Power and Light Company's Participation in the Energy Imbalance Market, Docket UE-151273

Dear Mr. King:

Public Counsel respectfully files these comments in response to the commission's July 10, 2015 Notice in this docket. Our comments are preliminary at this time since the commission has just opened this investigation to better understand the economic benefits, costs, and risks associated with PacifiCorp's participation in the CAISO Energy Imbalance Market (EIM). We share the commission's concern regarding the unexpected high prices that resulted after the CAISO became operational November 1, 2014, and the potential impact on Washington ratepayers. Public Counsel is also interested in recent analysis of the benefits of joining this sub-hourly market. We are pleased the commission has opened this investigation.

Public Counsel is interested in reviewing PacifiCorp's comments filed by in response to the commission's request for information regarding the root causes of market infeasibilities, and the actions taken by PacifiCorp and CAISO to correct the issues that resulted in unexpected high prices. It appears that some errors have been caused by data processing errors, as CAISO has informed FERC, and in those instances CAISO has authority to correct pricing errors.¹ Other causes have stemmed from operational conditions such as a lack of timely and effective communications of forced outages in PacifiCorp's system.² We look forward to better understanding these and other root causes of the "market infeasibilities," and steps the company and CAISO are taking to resolve these issues. We also want to ensure that any refunds resulting from any re-pricing are reflected in rates as appropriate, including any impacts on PacifiCorp's newly implemented Power Cost Adjustment Mechanism (PCAM).

¹ January 15, 2015, Informational Report – Energy Imbalance Market Price Waiver Report, filed by California Independent System Operator Corporation, Docket ER-15-402, p. 5.

² *Id.*

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Public Counsel is also interested in recent analysis of the benefits of joining the EIM. We recognize this issue was identified in the last general rate case, in testimony of Mr. Brad Mullins on behalf of Boise White Paper. While the commission did not adopt Mr. Mullin's proposal, citing in part a need for "more actual data and operational experience that corresponds to a test year,"³ we would anticipate that Mr. Mullins and the company may well have updated analysis regarding the benefits of joining this sub-hourly market. We look forward to considering any such analysis provided in comments or presented at the upcoming workshop. Ultimately, those benefits should be appropriately reflected in rates.

Public Counsel looks forward to participating at the workshop on July 30, 2015, and to the company's presentation provided at the workshop, as requested in the commission's Notice.

Sincerely,



Mary M. Kimball
Senior Regulatory Analyst
Public Counsel
(206) 389-2529

cc: Steven Johnson, Senior Policy Analyst, UTC (Email)

³ *WUTC v. Pacific Power and Light, a division of PacifiCorp*, Dockets UE-140762 et al. (consolidated), Order 08, March, 25, 2015, ¶ 89.