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May 3, 2016

MEMORANDUM

TO: Council members

FROM: Shirley Lindstrom, Idaho State Staff

SUBJECT: Energy Imbalance Market (EIM)

BACKGROUND:

Presenter: Tess Park, Vice President of Power Supply Idaho Power Company

Summary: Tess will brief the Council on Idaho Power's recent announcement on their decision to join the western Energy Imbalance Market in 2018.

Background: See next page

Idaho Power News Release:

Company Agrees to Join Western EIM

Folsom, CA/Boise, ID – The California Independent System Operator (ISO) and Idaho Power have signed an agreement for the Idaho utility to participate in the western Energy Imbalance Market (EIM) beginning April 2018, contingent upon necessary regulatory approvals. Idaho Power is the sixth utility to announce its intention to join the western EIM. It serves nearly 525,000 customers in southern Idaho and a portion of eastern Oregon.

Based on the results of a benefits study, participation in the real-time energy market could result in efficiencies that translate into cost savings for Idaho Power's customers. Idaho Power and its customers are expected to see benefits from the market, including lower production costs, better visibility for system operations in the Western Interconnections, and improved integration of renewable resources. Idaho Power's decision is also expected to increase benefits for active EIM participants.

"We are looking forward to participating in the western EIM. We believe it will facilitate increased reliability for the electric system and anticipate economic savings to our customers through lower production costs," said Idaho Power Senior Vice President of Operations Lisa Grow.

Idaho Power is looking forward to working with the EIM Governing Body, currently being established through a nomination process. The board will emphasize a balanced governance structure that reflects the interests and perspectives of the broad range of regional participants in the market. The Regional Issues Forum and Body of State Regulators are additional, stakeholder-driven mechanisms allowing participating utilities and state representatives to actively and publicly engage in EIM-related decisions.

The western EIM rebalances supply and demand in a more timely and efficient manner than the one-hour blocks of energy that are traded today. This is especially important given the large amount of intermittent resources that exist on the system today and do not stay constant over an entire hour. By expanding the geographic and resource footprint, the western region can share generation resources, which drives cleaner, more affordable energy into the grid.

"We believe that Idaho Power joining the western EIM will prove to be a significantly positive move for the utility and its customers, along with current market participants," said Steve Berberich, CEO and president of the ISO. "The market already has proven itself to increase network efficiency, lower costs, and encourage cleaner energy into the power grid. With each new entrant, the market will only multiply those benefits."

The western EIM was launched by the ISO and Oregon-based PacifiCorp on Nov. 1, 2014. NV Energy began operation in the EIM on Dec. 1, 2015. The ISO's most recent [quarterly report](#) ending in 2015 shows combined benefits surpassed \$45 million while improving integration of renewable resources.

Currently, the EIM automatically dispatches least cost energy in real-time in California, Oregon, Washington, Nevada, Utah, Idaho and Wyoming. Puget Sound Energy of Washington state and Arizona Public Service are scheduled to begin operation in October 2016. Portland General Electric will begin operation in October 2017.

Find more information on the [western EIM](#). Learn more about [Idaho Power](#).

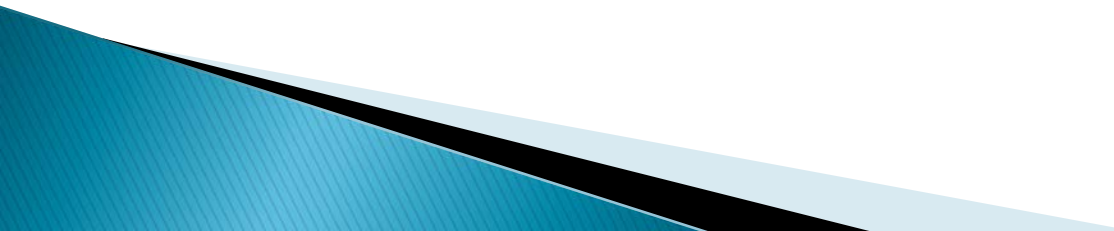
Energy Imbalance Market

May 11th, 2016

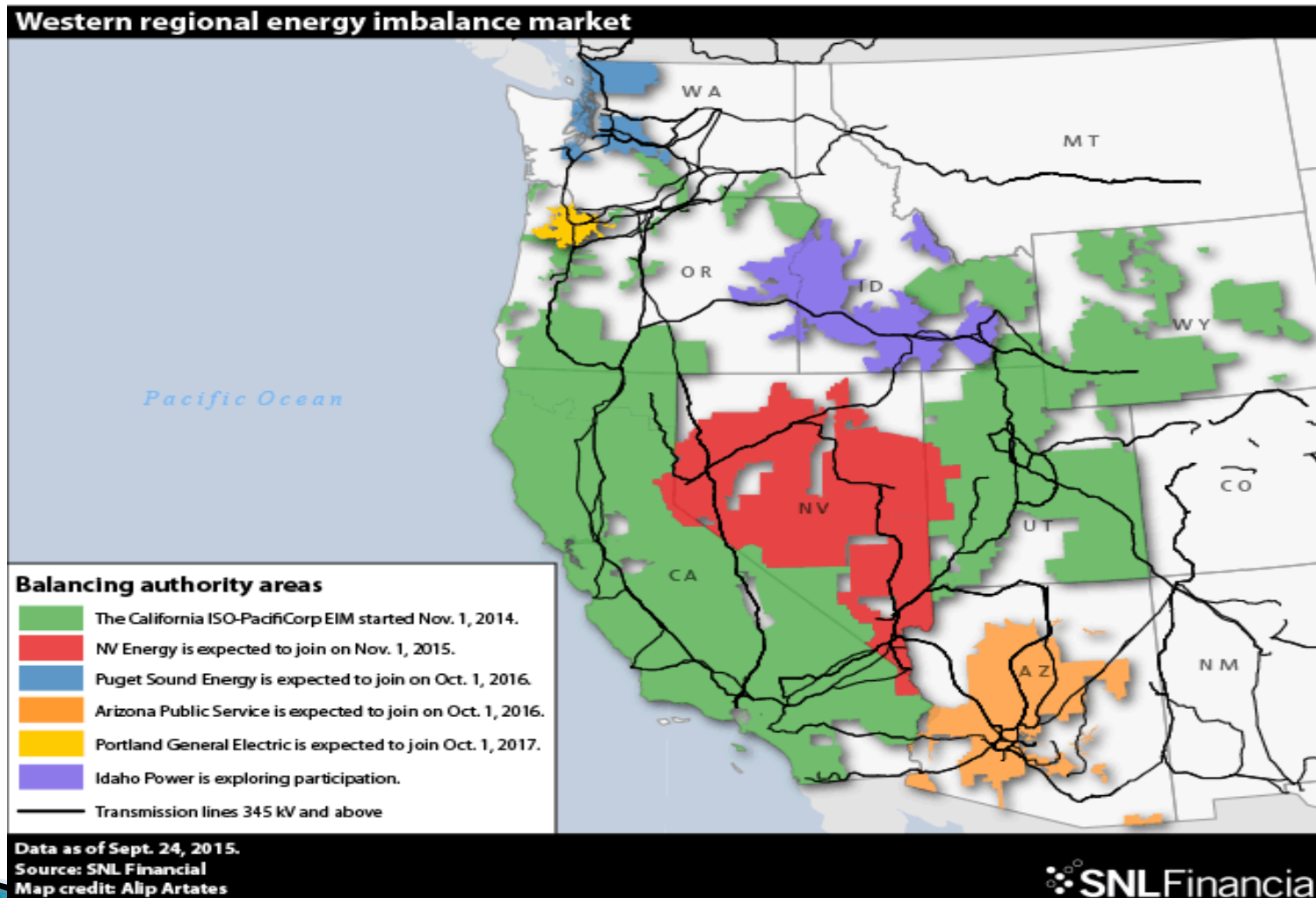
Tess Park



Key Points

- ▶ Why the Western EIM for Idaho Power
 - ▶ What is an EIM?
 - ▶ Costs
 - ▶ Benefits
 - ▶ Next Steps
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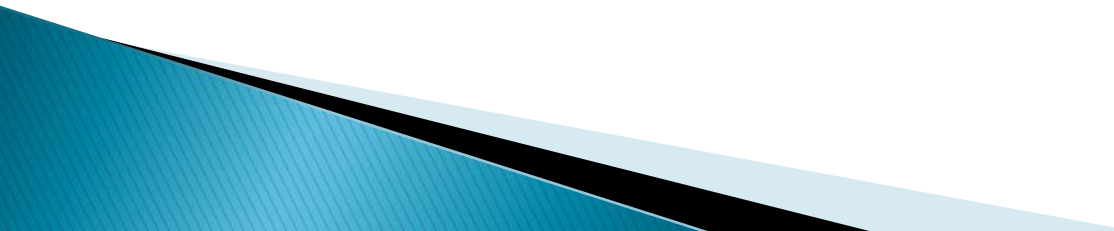
Western EIM



Startup/Ongoing Costs



Benefits

- ▶ Decreased Net Power Supply Costs
 - ▶ Increased Reliability
 - ▶ Lower Reserves
 - ▶ Renewable Resource Integration
 - ▶ Voluntary Participation
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What's Next

- ▶ Selecting Vendors
 - ▶ Regulatory
 - State's
 - FERC0 Federal Energy Regulatory Commission
 - ▶ Tool Implementation
 - ▶ Spring 2018 GO Live
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