

## **ColumbiaGrid Members' Statement of Alignment on Energy Imbalance Market Opportunities**

### **Problem Statement**

1. The rapid increase in variable energy resources has increased the need for greater access to and economic dispatch of the region's balancing resources;
2. The significant cost and compliance risks associated with operating a Balancing Authority require new methods of collaboration, pooling diversity and reducing overall balancing requirements; and
3. The region's increasingly constrained transmission system requires new tools for congestion management and more efficient use of existing infrastructure.

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

The ColumbiaGrid members are in conceptual agreement that a voluntary energy imbalance market with both energy and capacity components, developed in collaboration with other regional parties, with a well-structured and responsive governance framework may have the best chance of providing the necessary functionality to address these issues. The energy imbalance market would provide for sub-hourly dispatch of voluntarily participating generation resources. An energy imbalance market, combined with a balancing *capacity* market, would allow Pacific Northwest generators to be compensated for the flexibility value of their resources during a time of declining regional energy prices. The goals of this market would be to allow participants to access the full flexibility and diversity of the region's resources, and more efficiently use the interconnected transmission system. This market may provide the best approach to support the integration of variable energy resources.

The evaluation and possible implementation of an energy imbalance market is likely to be a multi-year effort and there are considerable uncertainties about the ultimate success and finer details of the eventual end-state. In the interim, the ColumbiaGrid members will fully implement and make best use of the Joint Initiative's emerging tools (intra-hour transmission scheduling, I-TAP, and DSS) that are designed to promote a more efficient dispatch and greater utilization of the region's generating resources.

### **Next Steps**

1. Given the potential value of such an end-state, the ColumbiaGrid members will undertake a comprehensive evaluation of WECC's cost-benefit analysis of an energy imbalance market scheduled to be released on June 22, 2011. The ColumbiaGrid members will:

- a. Use individual company and shared resources to carefully evaluate the study methodology,
  - b. Attempt to determine the net benefits above and beyond those that may accrue from the full implementation of the Joint Initiative's emerging tools, and determine if additional analytical approaches are necessary to prove out the business proposition of implementing such a market, and
  - c. Reach out to other regional parties to see if additional analytical resources can be brought to the evaluation.
2. The members will jointly brief their CEOs on their findings in late September 2011.
3. If, following the briefing, there is agreement to move towards implementation, the members will convene and discuss how to approach the scoping, design, and implementation of an energy imbalance market. The ColumbiaGrid members may choose to coordinate their efforts or ColumbiaGrid's involvement through a functional agreement with appropriate funding. The ColumbiaGrid members would be interested in partnering with other willing regional parties (including those from NTTG, NWPP and WestConnect) who are committed to further scope, design, and eventually implement an energy imbalance market assuming the underlying value proposition is sustained. A potential platform for this implementation is the Joint Initiative, but the members remain open to other organizational vehicles while retaining the assistance and input of ColumbiaGrid. Any implementation effort must create a structured mechanism for policy guidance as well as input by non-BA market participants and key stakeholders.