



EIM Stakeholder Meeting Q&A – June 7, 2016

Question from Powerex:

When wheeling transactions (no load or generation in PSEI's BA) are charged imbalance, will the charge only be the difference in the congestion components of the LMPs (Locational Marginal Prices) at the POR and POD on PSEI's system?

PSE's Response:

Wheeling transactions will be charged Instructed Imbalance if their e-tags are submitted or adjusted after T-57 minutes prior to the operating hour. The wheeling transaction will be split into 2 separate settlements, an import to PSEI's BA and an export from PSEI's BA. The import imbalance settlement and export imbalance settlement will offset each other. If the congestion and losses components of the LMPs at the POR and POD are the same, the import and export will net to a \$0 imbalance charge. If the congestion and losses components of the LMPs are different at the POR and POD points, the imbalance settlement will essentially be that price differential. The imbalance settlement will include both the congestion and losses components of the LMPs.

Question from Los Angeles Department of Water and Power:

Can you explain how losses for generators exporting outside of your BA are calculated?

PSE's Response:

Losses for generators exporting outside of PSE's BA are calculated in the same manner as other OATT transmission customers transacting in PSE's BA (including loads and wheeling customers). Transmission losses on the balanced portion of customers' base schedules will be settled financially under Schedule 12 of PSE's OATT. They will be calculated as customers' hourly base schedules times PSE's system average loss factor of 2.7% times PSE's hourly Load Aggregation Point ("LAP") price.

Imbalance charges will also include a component for marginal losses. Imbalance charges will use the full aggregated LAP price for loads and Locational Marginal Prices ("LMPs") for generators and interchange customers, which include energy, congestion, and marginal losses. The marginal losses that are imbedded in the imbalance charges are not duplicative of the transmission losses billed under Schedule 12 because Schedule 12 is based on the balanced portion of the customer's base schedule and the marginal losses in the imbalance charge is based on the customer's imbalance.