

**Market Disruption Notice:**

On May 24, 2018, the California Independent System Operator (CAISO), who is the Market Operator for the Western Energy Imbalance Market (EIM), experienced a market disruption for Hours Ending (HE) 15 and 16. CAISO administrative pricing will apply for HE 15. PGE's Temporary Schedule 4, 4R, 10, and 11 will apply for HE 16.

PGE has elected not to apply penalty pricing to the Energy Imbalance Cost (EIC) for HE 16. The EIC will be equal to the Mid-C hourly Powerdex price. This waiver is appropriate since no party could anticipate the market disruption or take action to address or avoid it.

If you have questions or concerns, please contact us at [PGETSettlements@pgn.com](mailto:PGETSettlements@pgn.com). We appreciate your business and look forward to continuing to serve you.

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**Background**

On May 24, 2018, the California Independent System Operator (CAISO), who is the Market Operator for the Western Energy Imbalance Market (EIM), experienced a market disruption for Hours Ending (HE) 15 and 16.

As specified in the CAISO Tariff Sections 29.7(j), Section 7.7.7, and Section 7.7.9, in the event of a market disruption, CAISO will apply administrative prices to the appropriate intervals based on the duration of the disruption.

For HE 15, CAISO will apply administrative prices in accordance with Section 7.7.9(c). For HE 16, CAISO will apply administrative prices in accordance with Section 29.7(j)(2)(D)(i) of the CAISO Tariff and Section 6.3.1 of the PGE OATT.

CAISO's documentation of this event can be found at [\[insert link\]](#)

**Description of OATT Provisions to be Waived**

The events of May 24, 2018, are classified as a Temporary Suspension under Section 10.1 of the PGE OATT.

Section 10.4 of the PGE OATT provides for temporary pricing for OATT Schedules 4, 4R, 10, and 11. Given the circumstances of the event, PGE has elected to waive the sections of the PGE OATT that apply penalty tier pricing to transmission customers for imbalance service.

Therefore, under Schedule 4 and Schedule 4R:

The amount of energy imbalance shall be calculated separately for each hour and settlements will occur on a cash basis for each hour's imbalances. Hourly imbalance charges between the Transmission Provider and the Transmission Customer will be net billed for the billing period. An Energy Imbalance Cost (EIC) shall be determined for each hour.

(1) The EIC will be equal to the market price of energy for each hour calculated pursuant to this Section (c)(1). The hourly EIC will be based upon the Hourly Pricing Proxy.

(2) When the EIC is positive for an hour, (a) PGE will pay the Transmission Customer for excess energy scheduled by the Customer in that hour or (b) the Transmission Customer shall pay PGE for any shortfall in energy scheduled by the Customer in that hour.

(3) When the EIC is negative for an hour, (a) the Transmission Customer will pay PGE for excess energy scheduled by the Customer in that hour or (b) PGE shall pay the Transmission Customer for any shortfall in energy scheduled by the Customer in that hour.

PGE will also not apply penalty tiers under Schedule 10.