Stakeholder Comments Template

Subject: Convergence Bidding Data Release Straw Proposal

Submitted by	Company	Date Submitted
Chris Carpenter/Bruce Bleiweis	*DC Energy*	*01/11/10*

DC Energy appreciates the opportunity to provide comments on the CAISO's Straw Proposal on Convergence Bidding Data Release. DC Energy agrees with the comments Dynegy and WPTF previously made in response to the December 3rd issue paper (i.e., releasing the same information for both physical and virtual transactions on a 90-day lag). DC Energy believes that parity between physical and financial data release, as CAISO staff stresses in its straw proposal, is an important basic tenet that CAISO policy should follow in its final decision on data release.

Some[1] previous commenters suggested that CAISO release the net cleared virtual quantities by node at the close of the day-ahead market, while another participant[2] recommended the release of aggregated cleared quantities of both virtual supply and virtual demand at each node, and recommends that the information be released after the completion of all markets for a particular trade date, instead of at the close of the day-ahead market. These commenters do not, however, recommend any changes to the posting of physical data. Given the lack of parity, DC Energy does not support such recommendations and does not believe those who proposed such have provided sufficient justification.

CAISO, in its straw proposal, suggested two alternatives[3] (i.e., Net Cleared Total Quantities (Both Virtual and Physical) and Percentage of Cleared Quantities (Virtual/Physical Demand and Supply)). These alternatives take a step towards achieving parity -- and hence DC Energy prefers either of these alternatives to the participants' proposals referenced above. These proposals would not achieve full parity however, because they would retain an asymmetry in the granularity of information published for physical load vs. virtual bids. Namely, physical load data would only be published at the LAP level for the IOUs, while virtual load data would be published at the nodal level. True parity would require that physical DA-modeled load and (estimated) RT metered load data be published for each node contemporaneously with virtual

[1] SCE and SDG&E supported by the MSC
[2] PG&E supported by the DMM
[3] CAISO 12/31/09 Straw Proposal, Page 11

cleared quantities after the close of the operating day. Releasing only the cleared quantities from the DA market solution enables physical load to retain their information advantage as it relates to DA-modeled and RT metered nodal load and provides them with essentially complete information for all other segments of the market (virtual bidders) who have no information advantage or market power. Virtual participants will not be able to react quickly to changes in the behavior of physical participants and will be at a significant disadvantage. Simply put, this asymmetry would tend to increase the ability for physical participants to exercise market power.

If CAISO adopted the proposed "true parity" approach (as outlined above), then DC Energy would advocate a 1-day posting lag and expect a dramatic increase in transparency and market confidence. Under this condition we would agree with the sentiment elucidated in the May 24, 2006 Joint Board report[4]:

> "However, a shorter lag period would provide quicker public access to bid data, which would strengthen public monitoring of market behavior and help ensure confidence in the competitiveness of the markets; it would also enhance the ability of market participants to quickly identify inefficiencies."

That said, DC Energy also notes that FERC Order 719 created 90 days as 'the default time frame' for the release of both physical and virtual data because it wanted to ensure a balance between market transparency and the preservation of proprietary information. DC Energy believes shortening the time lag would increase market transparency and confidence, but only if the released information was symmetric, equitable, and inclusive of all market data, not just one segment's information. The Order's language was very clear in that paragraph 424 stated: 'We also determine that the lag time for the release of offer and bid data be reduced to three months; however, an RTO or ISO may propose a shorter period with accompanying justification.' As such, DC Energy believes that only in the "true parity" approach (as outlined above) could such justification exist.

In summary, DC Energy applauds the staff's efforts to reach a compromise position. However, we believe that the asymmetric nature of the proposal(s) does not justify a departure from the FERC Order 719 guideline of releasing virtual data with less than a 90-day lag. In any proposal, the concept of true parity between physical and financial data must reign supreme.

[4] Joint Boards on Security Constrained Economic Dispatch -- Docket No. AD05-13-000