



California ISO

Revised Settlement Statements and
Dispute Timeline for T+35M

Draft Final Proposal

January 21, 2016

1. Executive Summary

For each trading day, the ISO issues an initial settlement statement three business days later, followed by a series of recalculation settlement statements that reflect incremental changes as additional data becomes available and disputes are resolved. This process concludes with a final recalculation settlement statement that is not subject to dispute or further adjustment, except as directed by FERC or the ISO Board of Governors. This final settlement statement is issued three years after the trading date.

For the second-to-last of these recalculation settlement statements, issued 35 months after the trading day (the “T+35M recalculation settlement statement”), the tariff currently allows market participants five business days to submit any dispute. To allow market participants additional time to review and dispute this statement, the ISO is proposing to accelerate it by two months, from 35 months after the trading day to 33 months.

2. Plan for Stakeholder Engagement

The schedule for this initiative is shown below.

Date	Event
Monday, December 07, 2015	Straw proposal posted
Monday, December 14, 2015	Stakeholder call
Wednesday, January 06, 2016	Stakeholder comments due
Thursday January 21, 2016	Draft final proposal posted
Thursday January 28, 2016	Stakeholder call
Friday February 12, 2016	Stakeholder comments due
TBD	Board of Governors meeting
TBD	FERC filing

3. Background

The ISO tariff currently allows market participants five business days to submit any dispute of a T+35M recalculation settlement statement. In September, a number of ISO market participants filed pleadings at FERC stating that this deadline is too short. See comments filed September 25, 2015 in Docket No. EL15-94. In response to those comments, the ISO undertook to propose changes to the settlement timeline that would allow additional time to review this statement.

For recalculation settlement statements issued earlier in the settlement process, before the T+35M, the tariff allows longer dispute deadlines – approximately two to four weeks. The T+35M has a uniquely short review period, which is necessary to identify and resolve disputes during the one month before the final recalculation settlement statement at T+36M. However, if the ISO revised the settlement and dispute timeline to accelerate

the second to last settlement statement, it would be possible to extend the period for review and submitting disputes.

4. Proposal for new recalculation settlement statements and settlement dispute timeline

The ISO proposes implementing to change the publication of settlement statements and dispute timelines to T+33M recalculation settlement statements and extending the dispute timeline to T+22 business days as summarized in Table 1 below.

Table 1
New Revised Settlement Statement and Dispute Timeline

Settlement Statement	Settlements Cycle	Dispute Timeline
Initial Settlement Statements	T+3B	None
Recalculation Settlement Statements	T+12B	14 Business Days
Recalculation Settlement Statements	T+55B	22 Business Days
Recalculation Settlement Statements	T+9M (T+194B)	22 Business Days
Recalculation Settlement Statements	T+18M (T+383B)	22 Business Days
Recalculation Settlement Statements	T+33M (T+693B)	22 Business Days
Recalculation Settlement Statements	T+36M (T+759B)	No dispute allowed by SC/CRR holders, and no further adjustments except directed by CAISO Gov. Board or FERC

5. Factors to Consider

Comments filed in FERC Docket No. EL15-94 indicate that a number of market participants would prefer the proposed alternative timeline that is summarized in Table 2, because it allows more time to review and submit disputes on the second-to-last settlement statements. If market participants generally agree with that change, the ISO would move ahead with implementation.

A possible countervailing consideration is that the proposed change would allow less time to resolve disputes, such as negotiations (GFNs) or arbitrations about earlier settlement disputes, because they would ordinarily have to be completed before the thirty-third month, rather than the thirty-fifth. This factor does not seem significant, though, as the proposal would reduce the time available by only two months out of nearly three years. Moreover, the ISO would retain the authority to adjust settlements even after 36 months when directed by FERC or the ISO Governing Board, which would allow the ISO to implement awards or settlements of disputes that required an exceptionally long time to resolve. See ISO Tariff § 11.29.7.3.2.

A transition period would be required, during which the ISO and market participants would need to review and process an additional set of settlement statements – i.e., both the T+35M and the new T+33M. The ISO believes that it can minimize any complications or additional work by selecting the transition period carefully to generally avoid trading days that are subject to adjustment. Accordingly, the ISO does not believe this is a significant factor either in weighing the proposal.

6. Stakeholder Comments

Appendix A contains a summary of the stakeholder comments received on Revised Settlement Statements and Dispute Timeline for T+35M of the Draft Straw Proposal. The CAISO received six written comments from the stakeholders with a strong support of implementing new dispute timeline and new T+33M statements.

7. Next Steps

The ISO will discuss this final straw proposal with stakeholders at stakeholder call meeting on January 28, 2016. Stakeholders should submit written comments by February 12, 2016 to InitiativeComments@caiso.com.

Appendix A: Stakeholder Comments Summary

Market Participant	Stakeholder Comments	Comments
NRG Energy, Inc	Supports	NRG strongly supports the CAISO's proposal to (1) issue the T+35 M recalculation settlement statement at T+33 M (T+693 business days instead of T+737 business days) and (2) provide 22 business days instead of five business days to review and dispute charges on that T+33 M recalculation settlement statement.
Six Cities	Supports	The Six Cities appreciate the ISO's implementation of a stakeholder initiative to address the settlement statements timeline and the T+35M dispute deadline, and the Cities support the ISO's proposal. Changing the publication date for the T+35M settlement statement to T+33M with a 22 business day dispute timeline will provide parties a more reasonable amount of time to review settlement statements, identify errors, and submit disputes.
Shell Energy North America	Supports	Shell Energy supports the ISO straw proposal to revise T+35M to T+33M and to provide for a revised dispute window of 22 business days for the T+33M resettlement invoice.
Alliance for Retail Energy Markets	Supports	AREM supports this proposal and believes it provides adequate time to review and analyze the final settlement statement to determine if any disputes exist.
Calpine	Supports	Calpine supports the changes recommended in the Straw Proposal. Both the revised timeline and extended dispute window will allow for a more reasonable review of settlement revisions
SCE	Supports	SCE supports the change as proposed by the CAISO.
Western Power Trading Forum (WPTF)	Supports	WPTF supports the proposal to revise the T+35M recalculation settlement statement to a T+33M (T+693B) recalculation settlement statement, and to change the dispute timeline from 5 business days to 22 business days to provide adequate time for market participants to review the T+33M recalculation settlement statement.