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Stakeholder Comments of the Northern California Power Agency

Market Settlement Timeline Issue Paper/Straw Proposal

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The Northern California Power Agency (NCPA) is pleased to provide its comments on the California ISO's Market Settlement Timeline initiative. Although it is early in the stakeholder process and many details have yet to be developed, NCPA believes that the CAISO's proposal, at least conceptually, should provide benefits to all stakeholders. That being said, much more should be understood about how it will work.

Initial Settlement Statement Publication Date Change

The CAISO is proposing to move the Initial Settlement Statement from T+3B (Trade Date plus three business days) to T+7B. The primary reason described in the Issue Paper is because of continued statement publication delays associated with Initial statements. While generally it is logical to believe that additional time will lead to more timely and accurate settlements, can CAISO provide further assurance that moving the publication back by four business days will lead to fewer publication delays? Will CAISO continue to generate its statements at the same time, and provide more time for internal validation, or move up its production schedule, essentially leading to the same situation that has caused delays under the current regimen? Continued delays compress, and potentially endanger, NCPA's timeline for serving its members.

Wheeling Access Charges

Moving the Initial Statement publication to T+7B opens up an opportunity for SC Metered Entities to submit meter data to the CAISO at T+4B for use in calculation of T+7B Initial Settlements. The CAISO highlights that this will lead to more accurate meter data based settlements, including the calculation of Unaccounted for Energy (UFE), but the CAISO's intentions regarding Wheeling Access Charges (WAC) are not specified. Does the CAISO plan to use SC-submitted data, when available, in calculation of WAC for the new Initial settlement statement proposed in the Issue Paper? NCPA strongly recommends that the CAISO use SC-submitted data for WAC on the Initial statement, if available, which ensures Initial settlements will be more accurate than under the current implementation. Furthermore, NCPA believes the CAISO's current implementation that utilizes historical WAC leads to inaccurate Initial settlements. Consequently, WAC being one of an SC's highest costs, is often not financially accurate until the T+12B Recalculation 1 Settlement Statement. Further, under the CAISO's new proposed timeline,

WAC settlement will not be accurate until T+60B unless the timing for submittal of non-PTO wheeling transactions is also aligned with the T+4B timeline.

NCPA requests further information regarding the use of T+4B submitted meter data and the potential Tariff changes necessary in section 26.1.4.4, Information Required from Scheduling Coordinators, as it relates to Wheeling Out and Wheeling Through transactions.

CAISO Payment Calendar Cutover and Transition with existing Settlement Processing Timelines

NCPA respectfully requests that the CAISO release a tentative Payment Calendar with the planned cutover and transition period for Market Participant review. Release of a draft Payment Calendar will better help stakeholders begin to address internal system processing schedules and design.

In addition, NCPA requests that CAISO publish its Payment Calendar externally, via an API, so that Market Participants can incorporate the dates more fully into their own processes. This should become a feature of the Payment Calendar, regardless of whether the present proposal is implemented or not.

Statement Reduction and Impact on Disputes

The CAISO's plan to move the Initial Statement to T+7B and the first Recalculation statement to T+60B will require SCs to develop tighter internal timelines to validate statements and research and submit disputes. Under the current implementation SCs have an opportunity to foresee potential disputable issues on the T+3B Initial and make disputes on the T+12B and T+55B Recalculation statements. Elimination of a recalculation between the Initial and the T+60B from this time horizon means that SCs must increase responsiveness to potential issues and address them in less time with fewer overall opportunities.

In addition, any disputes made on the T+60B will not see financial corrections until T+12M. This extended time horizon may lead to CAISO or a Market Participant waiting an extended period of time for financial remedy. Essentially, it propagates into the future and exacerbates the current problem of dealing with an overly-extended timeline between the T+55B and T+9M settlement statements, delaying financial relief and unnecessarily inflating invoice deviation interest adjustments. NCPA requests that the CAISO further elaborate on why the second Recalculation Statement is at T+12M and if there should be an interim statement sometime between T+60B and T+12M, as was the case of the T+38B Recalculation statement prior to the adoption of the present timeline. Market Participants deserve timely settlements, and this proposed gap does much to defeat that concept.

\$100 Dispute Minimum

NCPA fundamentally disagrees with the CAISO's proposal to limit disputes to cases greater than \$100 in nature. This change will lead to the masking of potential underlying software defects or design issues that may be entirely incorrect, but, due to the lack of a single instance greater than \$100 in financial severity, will go unaddressed. Moreover, NCPA believes that until the CAISO has properly addressed configuration issues related to the MSS Deviation Penalty Quantity Pre-Calculation, the subject of continued settlement disputes for several years, including the period after the May 2019 configuration release changes, the CAISO should not place any dollar amount limit on disputes.

Furthermore, this metric itself is confusing. A system defect may, in the aggregate, account for thousands of dollars of potential harm or undue benefit to Market Participants, but, being distributed to, for example, Measured Demand or expected energy, only some, generally large, customers would have the right to submit a dispute in such cases. This represents unfair treatment of smaller entities with lower loads and resources with smaller operating ranges that suffer from the same issues caused by the CAISO, but are unable to seek financial redress because of a seemingly arbitrary and, in terms of the Issue Paper, unsubstantiated, financial barrier. NCPA request further details on how the CAISO intends to address valid Market Participant concerns that have a financial value of < \$100. Does the CAISO plan to accept IMS inquiries to address issues that are under \$100 that a Market Participant would otherwise dispute? If so, what level of urgency would be given to such requests?