

Notice

To: David Olsen, Chair, Board of Governors
Valerie Fong, Chair, EIM Governing Body

From: Roger Collanton, Vice President, General Counsel and Corporate Secretary

Date: June 17, 2019

Re: Notice of Planned Decisional Classification for “Real-Time Market Neutrality Settlement”

Any objection by the Chairs to this decisional classification is due by June 24, 2019.

This is formal notice of ISO Management’s decisional classification for the “real-time market neutrality settlement” initiative. Any objection by the Chairs to the decisional classification is due by June 24, 2019. Otherwise, this initiative will be presented for decision consistent with the classification described below.¹

This initiative falls within the EIM Governing Body’s primary authority (E1), which means that the initiative will be presented to the EIM Governing Body for approval and, if it is approved, will be included on the consent agenda at the next ISO Board of Governors meeting.

This initiative has not been included in previous Briefings on Policy Outlook because the expedited stakeholder process was started after the March 12, 2019 EIM Governing Body meeting, when the most recent Briefing on Policy Outlook was provided.

The draft final proposal for this initiative is located [here](#). Additional relevant papers for this initiative are located [here](#).

One stakeholder, Southern California Edison Company, expressed concern about the decisional classification for one component of this initiative in comments on the initial issue paper and straw proposal.² SCE disputed the proposed classification for the change relating to the allocation of neutrality charges in its comments on the issue paper, on the grounds that the proposed change “does not originate from the EIM’s interactions with the CAISO in the RT markets,” but instead “on account of the CAISO’s failure to implement an appropriate settlement mechanism consistent with the regulatory principle of cost causation.” In Staff’s response, at pages 11-12 of the draft final

¹ The process is described in the [Guidance for Handling Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body](#).

² <http://www.caiso.com/Documents/SCEComments-Real-TimeMarketNeutralitySettlement-IssuePaper-StrawProposal.pdf>.

proposal, the ISO disagreed with this narrow reading of the new “primary driver” test for the EIM Governing Body’s primary authority. The primary driver for this refinement of the neutrality rule is an issue specific to certain EIM Entities that resulted from the excessive costs they were assessed through real-time neutrality. Southern California Edison Company did not submit further comments in response to the draft final proposal.

Written stakeholder comments on the draft final proposal, including the proposed classification, were due June 13, 2019. There were no objections to the decisional classification in the draft final proposal.