

Comments of Southern California Edison

Market Settlement Timeline – Straw Proposal/Issue Paper Workshop

Submitted by	Company	Date Submitted
Kris Van Vactor (626-302-3158)	Southern California Edison	September 10 th , 2019

Southern California Edison (SCE) offers the following comments on the California Independent System Operator's (CAISO) Market Settlement timeline Revised Straw Proposal/Issue Paper, released on August 15th, 2019.

SCE would like to thank CAISO for initiating the discussion on how to streamline the existing Market Settlement timeline and after reviewing the revised policy proposal SCE is **still** unsure what issue CAISO is specifically trying to solve. In general, SCE is supportive of initiatives that are looking to streamline operations and minimize impacts to both CAISO and Market Participants. However, SCE **continues** to be somewhat concerned with the proposal.

In its current form, the Revised Straw Proposal has potentially three concerns for SCE.

1. Current proposal impact to Market Participants Estimated Aggregate Liability (EAL).

As proposed this will cause the EAL of every market participant to go up. The increase ultimately depends on the amount of exposure each market participants has for each day of participation in CAISOs markets, but in a vacuum it could cause a 60 - 80 percent increase in the extrapolated portion of the EAL calculation. It will ultimately depend on the amount of collateral cushion required by operations for each organization, but by increasing the amount of collateral utilization across the market would increase the risk of more cost to participate.

2. Minimum threshold of \$100 to file a dispute.

- a. The threshold concept could hurt smaller market participants disproportionately to larger market participants.
- b. Is there any sort of precedence in other ISOs or RTOs to limit the financial size of disputes for their market participants?
- c. This would impact the \$0 disputes of less than 7 days, where they cannot be deemed as placeholders.

As mentioned above, SCE is in favor of polices that streamline the efforts of both CASIO and Market Participants to manage and participate in these markets. In the draft final proposal SCE would like to understand the following the total number of t+9 days that market participants are expected to carry through their credit facility under this proposal. Additionally SCE would like to understand how many RTOs and ISOs are currently have a dispute minimum.

3. Proposed payment calendar brings up questions about FERC Order 741

On page 7 of FERC Order 741 the order states

“(1) implementation of a billing period of no more than seven days and a settlement period of no more than seven days”

In many instances in the sample payment calendar proposed SCE counted more than 7 days in the billing period. How does CAISO plan on implementing a billing period that will not exceed this FERC orders requirement?