Comments Intertie Deviation Settlement: Draft Final Proposal

Submitted by	Organization	Date Submitted
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TransAlta Energy Marketing U.S. (TEMUS) appreciates the opportunity to comment on the Intertie Deviation Settlement Draft Final Proposal and related stakeholder meeting. TEMUS supports the CAISO's efforts to address schedule deviations at the interties. However, the market seams issues between the CAISO's 15-minute market and the bilateral marketplace are complex and could benefit from additional attention to ensure a correct balance is achieved.

1. Curtailed E-Tags will be excluded from the under/over delivery charge (UODC), which allows for removal of the 10% threshold.

TEMUS agrees Scheduling Coordinators should face no charges related to curtailed schedules as they have no control over curtailments.

2. The under/over delivery charge will be evaluated in each fifteen-minute interval as opposed to the decline charge, which is applied monthly.

The UODC being based on FMM interval more closely aligns with the impacts and costs of an under/over delivered schedule. This creates a better alignment with the logic of cost/impact causation.

3. The logic for the 15-minute market (FMM) will be based on the submission of an E-Tag transmission profile instead of the assumption that an E-Tag will be submitted.

The CAISO could examine in more depth the impacts of the setting its intertie e-tagging timeline at T- 40 when the bilateral market's timeline is T-20 with some BAA's lacking the scheduling sophistication of the CAISO.

Other BAAs may not support 15-minute intra-hour profile changes or curtailments. If they do support the profile changes or curtailments, the costs of balancing these T-40 FMM curtailments would fall on other the BAAs to support the CAISO's scheduling timeline. This could lead the CAISO inadvertently placing costs on both Scheduling Coordinators and BAAs. As a result, other BBAs may be faced with additional reserve costs.

In addition, the CAISO may also experience a reduction the variety and volume of inter schedules due to SC concern with potential charges. This could negatively impact reliability and supply costs.

Overall the costs to the Western interconnect should be examined to avoid a situation where unintentional costs to the bilateral market erode the benefits of the UODC to the CAISO. The CAISO should take more time to discuss implications with other BAAs and transmission owners to identify the impacts and to understand whether alternative approaches may be feasible. As this change is likely to be implemented in the Fall 2019, there seems to be sufficient time to engage in a more inclusive analysis.

4. Declined and undelivered energy will be subject to the under/over delivery charge = 0.5 X MAX (FMM LMP, RTD LMP), with a $10/MWh minimum

If at E-tag is not submitted, it seems appropriate for the UODC be the maximum of FMM and RTD. This follows from the fact the CAISO will need to go to the RTD to resolve the issue.

However, when a SC declines an ADS award by T-45, it is providing sufficient time for the FMM to resolve the issue with no RTD implications. It follows UODCs for SC who note declines in ADS should be based only on the FMM price.

Additional comments

Please offer any other feedback your organization would like to provide on the Intertie Deviation Settlement Draft Final Proposal

Provide additional Clarity around Physical Dispatches (i.e. Exceptional Dispatches)

In section 7.1 page 40, the CAISO writes:

"Note: Intertie resources that receive a manual dispatch or have contract rights will be excluded from this logic. In these scenarios, the market may assume the energy will be delivered even if an E-Tag has not yet been submitted."

It would be helpful if the CAISO could identify more clearly on how this will be implemented. Confirmation of the details of how settlements would work and definitions of exempted manual schedules would increase understanding and provide greater certainty.

Provide additional Clarity Failure Deliver Energy

In section 7.10, it is not clear the extra 25% UODC charge works is appropriately calibrated.

Two scenarios:

1.) 100 MW HASP awarded and accepted in ADS, E-tag submitted late at T-30. The first FMM interval is curtailed but the energy schedule flows for the remaining 2-4 intervals. The UODC would be charged for the 1st interval. Would the UODC be 50% or 75% of Max (FMM LMP, RTD LMP) for this 1st interval?

2.) 100 MW HASP awarded and accepted in ADS, no E-tag submitted. The UODC charge would necessarily be 75% (i.e. 50% plus 25%) of Max (FMM LMP, RTD LMP)

In both cases, the SC "failed" to deliver energy by not meeting the T-40 E-tagging timeline. In the first case, the E-tag energy bid was submitted but the transmission might have been difficult to arrange by T-40. The CAISO did not award a FMM schedule and the schedule did not meet its accepted ADS award. In the second scenario, the SC did not show up with an e-tag at all so would be expected to receive the extra 25% UODC charge.

It seems likely the CAISO would assess a 75% penalty in scenario. However, the SC seems to have indicated a clear intent to flow by tagging but the inefficiencies of the bilateral market made this difficult. As a result, there should be a difference in penalty treatment between the two scenarios.

TEMUS thanks the ISO for considering our comments.