



Real-Time Market Neutrality Settlement Issue Paper & Straw Proposal

**Public Generating Pool Comments
May 13, 2019**

The Public Generating Pool (PGP)¹ appreciates the opportunity to comment on the California ISO's Real-Time Market Neutrality Settlement Issue Paper and Straw Proposal dated April 25, 2019. PGP is supportive of this initiative and requests additional information regarding the issues raised by stakeholders, CAISO's proposed solutions and their implications as noted further below.

PGP appreciates CAISO identifying these important issues through a new stakeholder initiative. This initiative highlights both the importance and the complexity of the settlements process.

- PGP finds this initiative to be important because it is essential that actual financial remuneration is consistent with market intent and design.
- The total impact of direct costs combined with neutrality and offset charges is complicated and, therefore, requires careful review of all information to assure any solutions proposed here will adequately address the issues identified.

I. REAL-TIME IMBALANCE ENERGY OFFSET ADJUSTMENT

PGP does not oppose the removal of the adjustment currently being made to real-time imbalance energy offsets (RTIEO) based on EIM transfers out of the balancing authority area. However, we request that before CAISO moves forward with this proposal, more information regarding the full impacts of such a change and an analysis of potential unintended consequences and incentives be provided. In particular, PGP requests more information regarding the impact on incentives related to generation in one BAA serving load in another BAA to comply with dispatch instructions and limit deviations.

II. GHG PRICING FROM EIM TRANSFERS WITH NON-CALIFORNIA EIM BAAS

PGP agrees that the financial value of EIM transfers between non-California BAAs should not include the GHG cost. However, PGP believes the issues surrounding GHG pricing and

¹ PGP represents ten consumer-owned utilities in Oregon and Washington that own almost 6,000 MW of generation, 4,500 MW of which is hydro and 95% of which is carbon-free. Three of the PGP members operate their own Balancing Authority Area (BAA), while the remaining members have service territories within the Bonneville Power Administration's (BPA) BAA.

Comments submitted by:

Laura Trolese, ltrolese@publicgeneratingpool.com, (360) 513-6465
Therese Hampton, thampton@publicgeneratingpool.com, (360) 852-7366

settlement need to be more fully identified and analyzed before CAISO moves forward with changes as to ensure stakeholder concerns are fully addressed. PGP requests CAISO provide:

- Clarity regarding whether CAISO is proposing to make any changes related to accounting of GHG payments and neutrality accounts and the reasoning behind CAISO's position,
- A thorough assessment of how GHG accounting, pricing and settlement currently works in the EIM and what issues exist or have been raised by stakeholders,
- Multiple examples, including a scenario in which a zero-carbon resource located in an EIM Entity outside the CAISO BAA has MWs "deemed delivered" to the CAISO BAA and the resource is not dispatched above its base schedule, and
- how offset and neutrality charges apply to BAAs that have resources "deemed delivered" to California.

PGP agrees with stakeholders that this issue merits a separate workshop(s) where the matters surrounding GHG accounting, pricing and settlements can be fully explored and analyzed. We ask that the issue of including GHG costs in EIM transfers between non-California BAAs not be addressed in isolation, but that the information we've requested above be provided to assure that stakeholders are allowed to be confident that there is a comprehensive problem statement and exploration of alternatives.

III. SETTLEMENT OF ETSRS WITH CAISO USING 5-MINUTE TRANSFER VALUE

PGP supports CAISO's proposal to use the 5-minute ETSR value provided by EIM Entities. We request more information from CAISO regarding why the hourly integrated value of the dynamic schedule was used for transfers into the CAISO BAA and an analysis of the historic differences between the use of an hourly integrated value and the 5-minute ETSR value. We also request more information on the impact of moving to using the 5-minute ETSR values.

IV. CONCLUSION

Once again, PGP appreciates CAISO raising these important issues. In general we request more information regarding the issues being addressed, the full impact of the issues and of the proposed solutions, analysis of potential unintended consequences and alternative solutions.

Public Generating Pool