

Comments of Seattle City Light on CAISO's Real-Time Market Neutrality Settlement Technical Workshop

Submitted by	Company	Date Submitted
Emeka Anyanwu Energy Innovation & Resources Officer (206) 684-3718	Seattle City Light	May 24, 2019

Seattle City Light (Seattle) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 450,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. Seattle owns and operates hydroelectric resources with approximately 2,000 MW of flexible, fast-ramping capacity. We regularly transact in the bilateral wholesale energy and transmission markets. Seattle executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Western Energy Imbalance Market (EIM) in April 2020.

Seattle appreciates the opportunity to provide comments on CAISO's Real-Time Market Neutrality Settlement technical workshop held on May 21. The workshop discussion was helpful in further clarifying the calculations behind CAISO's real-time market neutrality proposals, though we note many other ideas were shared by stakeholders regarding possible solutions and calculations that have merit as well. We are particularly interested in the ideas shared around how to most transparently and accurately account for GHG costs in settlements and believe further discussion and consideration of the best long-term solution is warranted.

Seattle agrees with comments made by stakeholders at the workshop that in order to fully understand the magnitude of these settlements issues, it would be helpful for CAISO to calculate the dollars involved for each EIM entity for each issue. CAISO indicated at the workshop it would be willing to provide an accounting to an EIM entity of its individual dollar impacts, however, this does not allow stakeholders that are in the implementation phase of joining the market to assess and evaluate the impact of these settlement issues. Seattle requests that CAISO provide a break-down of the dollars involved in these settlements issues (including calculations with applicable notes), by EIM entity and by issue, and provide this in the draft final proposal. If there are concerns with confidentiality, it would be acceptable to remove EIM entity names, but still provide the breakdown by EIM entity. CAISO also clarified at the technical workshop that it does not believe any retroactive accounting of these dollars is appropriate because it followed the approved tariff and business practice manual rules. Seattle believes it would be helpful for CAISO to provide further information in the draft final proposal that clearly outlines the sections of the tariff and business practice manuals that CAISO has followed as it relates to these settlements issues and for which it believes negates the

possibility of any retroactive true-up. In addition, please provide the tariff sections that include CAISO's rules for determining when a retroactive true-up is appropriate. Finally, Seattle understands that when the settlements design was first extended and modified for the EIM, there was an initial audit of the design. It would be helpful for CAISO to share the results of this audit to better understand how the settlement design that has resulted in the issues today was originally understood at the time it was developed.

Seattle is encouraged that CAISO indicated it will be responding in its draft final proposal to written comments stakeholders submitted on the straw proposal and comments made at the technical workshop. As mentioned previously, stakeholders have shared other ideas about how to resolve the settlements issue under discussion, and it would be helpful for CAISO to provide a written response to these recommendations.

Seattle supports CAISO working to resolve these impactful settlements issues in a timely manner, while also preserving the opportunity to fully explore and vet longer-term solutions with stakeholders. Seattle believes the complexity and impact of these issues warrant careful consideration and discussion and the desire to resolve these quickly should not be at the expense of resolving them comprehensively and thoughtfully. As some stakeholders indicated on the call, it may be appropriate to work toward an interim solution in the near term, while exploring these issues more fully in an extended, comprehensive review process.

Seattle appreciates the opportunity to provide comments. If you have any questions, please contact Lea Fisher at 206-386-4546 or Lea.Fisher@seattle.gov.