

September 5, 2018

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE
INTERTIE DEVIATION SETTLEMENT ISSUE PAPER**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide their comments on the August 15, 2018 Intertie Deviation Settlement Issue Paper ("Issue Paper"):

The Six Cities understand the ISO's concerns that frequent failures to deliver intertie schedules and/or failures to deliver intertie schedules that involve substantial quantities of energy may give rise to adverse reliability and/or pricing impacts. It is also understandable that earlier notification of non-delivery for intertie schedules is preferable for ISO operations and reliability as compared with just not submitting e-tags for the schedules by the required time. In the abstract, it seems entirely sensible to seek to develop incentives to encourage delivery of scheduled intertie transactions and notification to the ISO as soon as possible if delivery of a scheduled transaction is not expected to occur. At the same time, it would be counter-productive if such incentives discouraged participation by intertie resources in the ISO's markets.

At this time, the Six Cities do not believe the ISO has provided sufficient information to achieve the best balance in crafting incentives for delivery of intertie transactions and related notifications to the ISO. To help in considering the appropriateness of potential incentives, the Six Cities request that the ISO provide the following information, covering a reasonable time period, such as calendar 2017 or the most recent twelve months of available data, by month, on:

- (1) the frequency of failures to deliver scheduled intertie transactions (referred to henceforth as "intertie no-shows");
- (2) the magnitudes of energy for intertie no-shows, expressed in terms of average volumes and maximum volume within a single hour;
- (3) the manner in which the intertie no-shows have been communicated (*i.e.*, explicit decline of schedule versus failure to submit an e-tag);
- (4) classification of intertie no-shows by type of schedule (*e.g.*, import versus export, Day-Ahead versus Real-Time, economic bid versus self-schedule); and
- (5) breakdown of intertie no-shows by type of Scheduling Coordinator entity (*e.g.*, LSE, resource, marketer).

Although the Six Cities recognize that assembly of the requested data will require some time and commitment of ISO resources, the information requested on the frequency, magnitudes, and natures of intertie no-shows will assist in crafting an incentive framework most likely to

encourage robust participation in the ISO's markets by inertie resources consistent with reliable performance of inertie schedules and early notification to the ISO when delivery of inertie schedules is not expected to occur.

Submitted by,

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