

Comments on CAISO's Congestion Revenue Rights Clawback Modification Issue Paper and Straw Proposal

May 4, 2016

CDWR appreciates CAISO's new initiative towards promoting Real Time intertie liquidity which includes modifications to the Congestion Revenue Rights (CRR) Clawback rules. CDWR welcomes the opportunity to submit comments to CAISO on the matter.

CDWR believes the CAISO's proposal to limit the quantity of "virtual awards" subject to the CRR Clawback rules is less likely to allow more import and export incremental bids at interties and will do little to address the current issue of intertie liquidity. It also appears very similar to a concept that the FERC rejected when CAISO first established this rule. [134 FERC ¶ 61,070, PP 24-31 \(2011\)](#). CDWR believes that exempting any "virtual awards" from the CRR Clawback rule could potentially harm the CRR Revenue Adequacy. Hence CDWR suggests that CAISO's Draft Final Proposal include numerical examples to show how the CAISO's proposed four rules¹ for exempting "virtual awards" from the CRR Clawback rules would not hurt the CRR Revenue Adequacy. Nevertheless, if the CAISO's proposal is implemented, CDWR suggests continuous monitoring of the exempted "virtual awards" impact on the CRR Revenue Adequacy and reporting such impact to the market participants.

CDWR supports the CAISO's proposal to extend the clawback requirements to virtual bids at trading hubs and load aggregation points.

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- ¹ April 13, 2016 CAISO's CRR Clawback Modification Issue Paper and Straw proposal, at Page 7: *"The ISO proposes to modify the CRR Clawback rule as follow: E-tag support day-ahead prior to FMM, 2. Import bid <= DA price, 3. Export bid >= DA price, and 4. The difference between the DA and RT import/export bid/self-schedule shall be subject to the HASP reversal rule."*