

DC Energy comments on the CAISO FERC Order 764 Compliance 15-Minute Scheduling and Settlement Proposal

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DC Energy appreciates the opportunity to comment on the CAISO straw proposal for 15-minute Intertie Pricing and Order 764 compliance. We believe the market structure enhancements necessary for the reinstatement of convergence bidding at the interties need to proceed without delay in order to meet the proposed Spring 2014 implementation. In general, DC Energy is supportive of the CAISO's 15-minute Intertie Pricing Proposal as conveyed in the October 23<sup>rd</sup> white paper. Most notably, we support the creation of the proposed 15-minute market and the alignment of energy settlement for both intertie convergence bids and internal nodes, which would correct the issues that led to increased real-time imbalance energy offset contributions. At the same time, we recognize there are numerous fundamental design questions and requests for clarifications that were raised at the October 30<sup>th</sup> stakeholder meeting, which need answered. As such, DC Energy encourages the CAISO to provide detailed responses to these questions and post them as a single document for the benefit of all market participants. Specifically, DC Energy is interested in the treatment of unused transmission capacity procured in the Hour Ahead Settlement Process and if it is appropriate for it to receive its value in real-time.

DC Energy notes that the proposal would incentivize Variable Energy Resources (VERs) to self-schedule rather than submit economic bids that could set price and be part of the dispatch. For future market design enhancements we encourage the CAISO to consider ways to more fully integrate them into the market and reduce the reliance on self-schedules.

Lastly, DC Energy continues to support the proposal to only enforce the physical plus virtual intertie constraints coupled with limitations on e-tags. The solution is straightforward and would resolve the dual constraints issues without a large market re-design.