

# Stakeholder Comments Template

## Subject: E-Tag Timing Requirements

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the following topics covered in the October 20<sup>th</sup> Market Notice regarding E-tagging. Upon completion of this template please submit (in MS Word) to [etagt看ing@caiso.com](mailto:etagt看ing@caiso.com). Submissions are requested by close of business on **November 4, 2009**.

Please submit your comments to the following questions for each topic in the spaces indicated.

**1. What comments do you have relating to issues identify in the Issue Paper dated October 22, 2009, or other issues relating to determining physical Day Ahead schedules?**

*Dynegy requests that the CAISO provide more information as to whether not submitting e-Tags until T-20 affects reliability. For example: what percentage of interchange transactions not tagged prior to T-20 are ultimately not delivered? How does this failure rate compare to the failure rate for transactions tagged immediately after the Day-Ahead market (e.g., by 1500 PPT) or tagged immediately after HASP?*

*In regards to concerns about participants engaging in “implicit virtual bidding” by liquidating day-ahead interchange transactions in the HASP rather than delivering them in real time: assuming such transactions take place, under what conditions would these kinds of transactions pose a reliability impact? Would they pose a reliability impact only if the CAISO could not procure sufficient additional supply in HASP? Given the RA procurement and bidding obligations, under what conditions would that be possible or likely?*

*Section 37.3.1.1 of the CAISO Tariff requires Market Participants to submit Bids from resources that are reasonably expected to be available and capable of performing. HASP intertie schedules are not subject to this same requirement. If the failure to submit e-Tags sooner than T-20 has led to failure to perform in real-time, has the CAISO sought to enforce the provisions of this section against any market participant?*

*Further, if the CAISO considers the failure to e-Tag awards prior to T-20 to be a reliability issue, has the CAISO considered submitting a Standards Authorization Request to WECC to*

*make the currently non-sanctionable requirements of INT-BPS-003 a sanctionable regional standard? Would such an action be a more durable and consistent way to address this situation than changes to the CAISO market rules?*

*Dynegy is not advocating the practice of “implicit virtual bidding”, but it is worth noting that to the extent liquidating day-ahead interchange schedules in HASP is considered “implicit virtual bidding”, the CAISO is under a FERC order to implement explicit convergence bidding no later than April 1, 2010.*

*The CAISO’s white paper notes that the CAISO essentially receives an hour-ahead product for an award that was cleared in the day-ahead market and paid the day-ahead price. Does this imply that day-ahead awards are “superior” products to HASP awards? If so, would – and do – day-ahead prices always reflect the superiority of day-ahead awards to HASP awards?*

*If the intent of this process is to provide greater clarity as to when imports must become “physical”, perhaps the process should extend beyond the CAISO’s market time frame. Currently, LSEs may meet their forward-demonstrated Resource Adequacy obligations through non-resource-specific purchases from other Balancing Authority areas. Such transactions count towards meeting RA obligations even though the specific resources that will ultimately source any energy required from RA obligations are not identified. Because these sourcing resources are not identified, the paths over which energy from these resources will flow to the CAISO cannot be precisely identified, even though the CAISO allocates path-specific import transmission to support delivery of energy from these RA purchases. (A key purpose of e-Tags is to identify the specific resources sourcing interchange transactions so grid operators can understand the effects of cutting schedules from the resource on inter-BA flows.) Parties have argued that such procurement is no less reliable than procuring energy from specific resources, as the supplying BA could provide the RA capacity from a portfolio of resources. Would the CAISO agree that the same concept arguably applies to the issue of concern here: there likely is not a reliability impact if the selling party can reasonably expect to source the transaction from a number of resources? Further, would the CAISO agree that as long as the market participant tags the transaction in accordance with NERC timelines, and delivers the associated energy, reliability has not been diminished?*

**2. What comments do you have regarding maintaining the status quo (Option 1)?**

*Dynegy supports retaining the status quo until a compelling reason for changing the status quo is presented, and a workable alternative that poses no collateral damage is developed.*

**3. What comments do you have regarding timing requirement with reporting (Option 2)?**

**4. What comments do you have regarding timing requirement with financial implications (Option 3)?**

- 5. What other solutions would you recommend to resolve issues in number 1 above with no change to the E-Tag Timing Requirement (Option 4)?**
- 6. What comments do you have with the stakeholder timeline?**
- 7. Others?**