

Gila River Power (PGR1) appreciates the opportunity to submit comments on the issue of the Real Time energy offset charge. PGR accepts the causes of the charge as they were laid out in Edward Lo's paper. PGR agrees with the reasons why MSS should be exempted from these charges in the near term. PGR disagrees that MSS should be excluded from future near term and long term charges unless the CISO also exempts exports from these charges. The reasons laid out by the ISO as reasons to exclude MSS are that they are able to match their RT load deviations with their own generation and that they are penalized if they don't. Currently exports are assessed charges because they are considered to be measured demand. However, since exports share the same characteristics as MSS in that they have no RT deviations since they're flat schedules, they should be given the same treatment as CISO is proposing for MSS.

In the long term, PGR believes that further analysis needs to be done to determine why HASP prices can diverge so far from RTD prices without significant events in between the HASP market run and the RTD market run. However, even without the analysis, it seems clear that market mechanisms are missing to drive the two towards convergence. The obvious market mechanism would be to allow convergence bidding between DA/HASP, HASP/RT, and DA/RT as soon as possible. Absent explicit convergence bidding, market participants, including load, in state generation, and interties, should have the ability to buy and sell in both HASP and RT markets. Giving market participants this flexibility would drive the markets to converge whereas now no such mechanism can drive them towards convergence. If the market for HASP has equal numbers of buyers and sellers then there would no longer be a charge code 6477 because every buyer would have a seller in the same market.

A second best solution, in the long term, if this can not be achieved would be to allocate charges to either generators or load who are economic when HASP prices are determined but receive the RTD price which is higher. This has the undesired result of encouraging generators to raise their supply bids so it is only a second best approach but it is better than assessing these charges such that other market participants can be made uneconomic.

In addition, PGR accepts the two tier approach but it should exclude exports and MSS; and should include supply bids that were economic under the HASP market run.

PGR doesn't support using the RTD price for imports/exports unless the SC is given the option between HASP and RTD. If the SC has the option to elect HASP then they shouldn't be eligible for BCR if they choose RTD.

Gila River Power (PGR1) appreciates the opportunity to submit comments on the issue of the Real Time energy offset charge. PGR accepts the causes of the charge as they were laid out in Edward Lo's paper. PGR agrees with the reasons why MSS should be exempted from these charges in the near term. PGR disagrees that MSS should be excluded from future near term and long term charges unless the CISO also exempts exports from these charges. The reasons laid out by the ISO as reasons to exclude MSS are that they are able to match their RT load deviations with their own generation and that they are penalized if they don't. Currently exports are assessed charges because they are considered to be measured demand. However, since exports share the same characteristics as MSS in that they have no RT deviations since they're flat schedules, they should be given the same treatment as CISO is proposing for MSS.

In the long term, PGR believes that further analysis needs to be done to determine why HASP prices can diverge so far from RTD prices without significant events in between the HASP market run and the RTD market run. However, even without the analysis, it seems clear that market mechanisms are missing to drive the two towards convergence. The obvious market mechanism would be to allow convergence bidding between DA/HASP, HASP/RT, and DA/RT as soon as possible. Absent explicit convergence bidding, market participants, including load, in state generation, and interties, should have the ability to buy and sell in both HASP and RT markets. Giving market participants this flexibility would drive the markets to converge whereas now no such mechanism can drive them towards convergence. If the market for HASP has equal numbers of buyers and sellers then there would no longer be a charge code 6477 because every buyer would have a seller in the same market.

A second best solution, in the long term, if this can not be achieved would be to allocate charges to either generators or load who are economic when HASP prices are determined but receive the RTD price which is higher. This has the undesired result of encouraging generators to raise their supply bids so it is only a second best approach but it is better than assessing these charges such that other market participants can be made uneconomic.

In addition, PGR accepts the two tier approach but it should exclude exports and MSS; and should include supply bids that were economic under the HASP market run.

PGR doesn't support using the RTD price for imports/exports unless the SC is given the option between HASP and RTD. If the SC has the option to elect HASP then they shouldn't be eligible for BCR if they choose RTD.