

## **J.P. Morgan Comments on CAISO Straw Proposal and Addendum on Post-Five Day Price Corrections**

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<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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J.P. Morgan Ventures Energy Corporation and BE CA, LLC (collectively, "J.P. Morgan") appreciates this opportunity to provide comments on the California ISO's (CAISO's) March 4, 2010, Straw Proposal entitled Post-Five Day Price Corrections ("Straw Proposal ") and the March 19, 2010, Addendum to the Straw Proposal ("Addendum").

J.P. Morgan supports the CAISO's effort to promote price certainty and finality in the CAISO's markets. As stated in J.P. Morgan's previous comments, price corrections made outside the CAISO's five day price corrections window can significantly impact not only market participants directly participating in the CAISO's markets, but also those that entered into bilateral trades that are based on posted CAISO prices. In support of the CAISO's efforts to promote price certainty, J.P. Morgan supports the post-five day price correction policy proposal outlined in the March 19, 2010, Addendum to the Straw Proposal.

J.P. Morgan supports development of a clear and transparent price correction process that appropriately limits price corrections to those made within the current five-day price correction window. While J.P. Morgan supports post-five day adjustments to settlement statements and invoices that occur through the CAISO's established settlement dispute process, J.P. Morgan does not support price corrections made outside the five-day price correction window. While, in its previous comments, J.P. Morgan supported price corrections made outside the five-day price correction window but within a 30-day limited look-back period, that support was reluctant and was based on the CAISO's previously articulated position that it had both the tariff authority and obligation to make price corrections outside the five-day price correction window. J.P. Morgan applauds the CAISO's recognition that price corrections outside the prescribed 5-day window are both problematic from a market facilitation and participant standpoint and difficult for the CAISO to administer.

In the Addendum the CAISO proposes to revise its tariff to clarify that price corrections are only permissible within the five-day price correction time horizon. (The CAISO clarifies that resource-level price adjustments will continue to be made through and in accordance with the established settlement dispute process). J.P. Morgan supports this recommended change to the tariff.

The CAISO also proposes that, in the event that the CAISO becomes aware, outside the five-day price correction window, that market prices were calculated in a manner inconsistent with its tariff and believes there is good cause to consider correcting such prices, the CAISO will: 1) perform an analysis regarding the scope and impact of the potential price correction; 2) prepare, post, and discuss with market participants a technical bulletin providing the market with the results of its above-outlined analysis and support for any recommendation to seek a tariff waiver from FERC in order to make the price correction.

J.P. Morgan generally supports the CAISO's proposed process. J.P. Morgan notes that the PJM Interconnection recently adopted revisions to PJM's price correction timeframes and process. Those revisions establish hard price correction deadlines/windows in each of the PJM markets. The draft PJM tariff language states in part that:

Should any of the above deadlines pass without the associated action on the part of PJM, the originally posted results will be considered final. Notwithstanding the foregoing, the deadlines set forth above shall not apply if the referenced market results are under publicly noticed review by the FERC.<sup>1</sup>

J.P. Morgan understands that the intent of the aforementioned draft language is to require PJM or any other party to make a section 206 filing at FERC to retroactively change any market prices outside of the established price correction windows. J.P. Morgan requests that the CAISO clarify the form (e.g., submitted pursuant to section 205 or 206 of the Federal Power Act) and nature of the tariff waiver request proposed by the CAISO and how that filing compares to that proposed by PJM. J.P. Morgan supports establishing a high threshold and regulatory burden on those that propose to change prices outside of established price correction windows.

J.P. Morgan appreciates the opportunity to provide these comments on the CAISO's Post Five Day Price Correction Straw Proposal and Addendum.

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<sup>1</sup> The new PJM price corrections window proposal can be found at: <http://www.pjm.com/~media/committees-groups/committees/mc/20100325/20100325-item-02e-alternative-price-reposting-proposal.ashx>. The draft PJM tariff language regarding the price correction process can be found at: <http://www.pjm.com/~media/committees-groups/committees/mc/20100325/20100325-item-02e-market-price-reposting-draft-oatt-revisions.ashx>