

Joint Amber Power LLC and ETRACOM LLC Comments on 2019 Cost of Service Study and 2021 GMC Update Process

6 July 2020

We are commenting on the Charge Code CC 4575 SCID Fee which currently results in a monthly charge of \$1,000, which monthly charge is proposed to be increased to \$1,500 in the latest CAISO proposal, for each month during which there is any billing activity – even when just one settlement statement is issued – for a Scheduling Coordinator. This charge is currently applied uniformly at \$1,000 per Scheduling Coordinator ID (SCID) or CRR Account holder ID per month.

We questioned the justification by CAISO for this flat fee before (see, e.g., <http://www.caiso.com/Documents/AmberPowerComments-2019Budget-GridManagementChargeProcess.pdf>). In the example we provided in the prior comments and also on the latest Cost of Service Study and GMC Update Process Call (“Call”), if a market participant adds 10 SCIDs, such addition will generate \$10,000 per month and respectively \$120,000 annually in fees for the ISO. In the latest proposal such addition of 10 SCIDs will generate \$15,000 per month or, equivalently, \$180,000 per year. Realistically, when a market participant adds 10 SCIDs, CAISO does not need to hire an additional full-time senior analyst or a senior manager on an ongoing basis to add 10 additional billing streams of settlement statements and invoices to its publication stream set on an ongoing basis. The incremental cost of computer processing is probably closer to zero if not exactly zero.

Furthermore, other ISOs, such as PJM, MISO, SPP, and ERCOT, the practices of which we reviewed, do not charge for additional market participant sub-account IDs. The argument that CAISO proposed on the Call that such fee “deters abuse” by market participants requesting additional multiple IDs and thus overwhelming the system rings hollow as the complete lack of such a fee is somehow not causing any such abuse at other ISOs. It appears instead that Market Participants in other ISOs request what they truly need for their operations without any arbitrary proliferation of IDs with no operational needs. If anything, whatever restrictions on the number of free sub-account IDs ISOs had had, they have recently moved to lift any limits on the number of sub-account IDs for their market participants (e.g. ERCOT).

The triennial study, which has well thought out and detailed explanations for the determination of some fees, entirely glosses over the details of the determination of charge code 4575. The absence of a reasoned explanation strongly suggests that CAISO fudged this part of the fee schedule.

The total arbitrariness of the \$1,000 per month per sub-account or the proposed \$1,500 per month per sub-account charge is also apparent from the amounts themselves. Such round values usually come out of arbitrary assignments and not as a result of any study, which most likely would suggest a value of zero if it were guided by the proper principle of aligning cost causation and cost allocation. Given the history of this charge, including its completely arbitrary value assignment at the beginning of MRTU, We are not surprised that CAISO could not provide any justification to this value on the Call – we suspect that there is simply none.

Given the long sunset provisions on settlement statements, CAISO stands to collect this fee long after any market activity ceased in a given account, as long as CAISO keeps publishing corrections and resettlements any number of years into the future. It does not cost \$1,000 or 1,500 to publish a recalculation statement.

Lastly, this cost of SCID maintenance should be conflated with the cost of setting up an additional SCID. While CAISO appeared to be not in control of real costs associated with the SCID start-up costs, providing anecdotal evidence of multiple emails and other “busy” activity associated with account set up, we suspect the cost of it, whether \$5,000 or \$7,500 is as artificially set as the \$1,000 or \$1,500 for the monthly maintenance fee and also requires a careful study.

Given the apparent misalignment of cost causation with cost allocation in setting the cost of the maintenance of SCIDs, we request an actual review and the appropriate adjustment of Charge Code 4575 SCID Fee in the current Cost of Service Study and GMC Update Process. Such a review should result in either a zero or a negligible charge and align CAISO with other ISOs on this matter. CAISO cannot continue to ignore the basic principles of cost allocation, long upheld by FERC for the ISO market design.

Thank you,

Michael Rosenberg