



## II. COMMENTS

**DMM supports the proposed tariff revisions to eliminate some disproportionately large penalties, while maintaining incentives for scheduling coordinators to submit accurate meter data.**

In this filing, CAISO proposes to: (1) update the penalty formula for inaccurate submissions of meter data; (2) eliminate the calculation of a market adjustment charge for meter data reporting errors when the party in error is the only party in the relevant utility service area; (3) remove the requirement for the CAISO to seek Commission approval before distributing annual penalty proceeds to eligible market participants; and (4) clarify that entities exempt from rules of conduct sanctions are not eligible market participants for distributing penalty proceeds.<sup>2</sup> The changes proposed in this filing are focused on evaluating the meter data penalty design in response to stakeholder feedback. DMM supports the various elements of the CAISO's proposed changes to meter data penalty design.

DMM agrees with the CAISO and its stakeholders that the current penalty of \$1,000/trading day for inaccurate meter data submission can be overly punitive on small, long-term errors. The CAISO proposes to change the penalty for inaccurate data to the lower of (1) \$1,000/trading day; or (2) 30 percent of the error's value. This change should eliminate disproportionately large penalties for small errors that persist over long periods of time, while maintaining financial incentive for scheduling coordinators to submit accurate meter data.

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<sup>2</sup> *California Independent System Operator Corporation Tariff Amendment to Enhance the Rules of Conduct*, California Independent System Operator Corporation, Docket No. ER24-872-000, ("Transmittal Letter").

DMM also supports the CAISO maintaining the existing penalties on late meter data submission. If the CAISO values the timely and accurate submission of a particular type of data, DMM supports the CAISO establishing or maintaining strict data submission deadlines and financial penalties for failing to meet the deadlines.

**The CAISO should continue clearly established deadlines and penalties to incentivize timely data submission.**

In the CAISO stakeholder process, some stakeholders cited the potential low amount of penalties actually levied as evidence for considering whether it would continue to be worth the CAISO's efforts to monitor and enforce some rules of conduct deadlines. DMM disagrees with this logic, and supports the CAISO's proposal to maintain meter data penalties for the purpose of incentivizing timely and accurate meter data submission.<sup>3</sup> A strict deadline and financial penalty for not meeting that deadline creates important incentives for market participants to perform the desired behavior by the deadline. Removing the penalty for a particular submission deadline could result in increased non-compliance of that deadline over time.

**DMM supports the additional changes proposed to the market adjustment calculation and to clarify tariff definitions.**

In addition to changes that eliminate disproportionately large penalties, the CAISO also proposes to: eliminate the calculation of a market adjustment charge in cases where it would be immediately refunded to the charged party, clarify in the tariff that entities exempt from meter data penalties are not eligible to receive allocation of collected

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<sup>3</sup> Transmittal Letter, p 13

penalties, and to clarify definitions related to meter data submission violations. DMM supports each of these additional proposed changes.

In the Transmittal Letter, the CAISO highlights the lack of logic in a process that calculates the market adjustment charge, assesses it to an entity with inaccurate meter data, and then immediately refunds it to the entity because there are no other scheduling coordinators in the impacted utility service area.<sup>4</sup> DMM agrees that this process is illogical, and appears to add inefficiency to the penalty process by creating unnecessary steps that do not alter incentives for compliance. DMM supports the CAISO's proposal to eliminate the market adjustment calculation when there is a single scheduling coordinator in the impacted utility service area who could be assessed and subsequently refunded the full market adjustment charge.

DMM also supports the CAISO's proposed clarifications to the definitions for meter data submission violations, and the definition of an ineligible market participant in the context of penalty distribution.

The CAISO's proposed changes to clarify tariff definitions for meter data submission violations and their related penalties help avoid confusion about what is considered a violation, and what is required to comply with the CAISO Tariff.

The clarification that entities exempt from paying penalties are ineligible to receive a portion of the penalty distribution is also appropriate. As the CAISO notes, a key purpose for such a distribution is to provide additional incentive for compliance.<sup>5</sup> When an eligible market participant is in compliance and avoids penalties, the market participant is eligible to receive a portion of the collected penalty distribution. When a market

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<sup>4</sup> Transmittal Letter, p 10

<sup>5</sup> Transmittal Letter, p 23

participant is exempt from penalties, a distribution would not provide the same additional incentive for compliance that it does for entities subject to penalties who can become disqualified from distribution by incurring a penalty.

The CAISO notes that by this logic, it has in recent years excluded the exempt entities from penalty distribution in its annual proposed distribution of proceeds.<sup>6</sup> DMM agrees with the CAISO that with the elimination of the annual penalty distribution filing as is proposed, it is important to clarify the definition of ineligible market participants directly in the tariff.

### **III. CONCLUSION**

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

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<sup>6</sup> Transmittal Letter, p 23

Respectfully submitted,

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Dated: February 2, 2024

## **CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 2<sup>nd</sup> day of February, 2024.

**/s/ Aprille Girardot**

Aprille Girardot