

PG&E Comments

Post Five Day Price Corrections

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Pacific Gas & Electric (PG&E) appreciates the opportunity to participate in the stakeholder process for CAISO's Post Five Day Price Corrections Initiative and to submit comments regarding the February 5, 2010 Issue Paper, and the February 12, 2010 CAISO Presentation.

Post Five Day Price Corrections

Support Firm Five-Calendar-Day Window: PG&E supports enforcing a firm five-calendar-day window for price corrections. For corrections outside of that window, the CAISO would be required to file a request with FERC. PG&E's support of this proposal is contingent upon (1) the CAISO maintaining the current five-calendar-day window and (2) the exception of process or payload problems from the firm window (see additional comments below).

Enforcing a firm five-day limit on price corrections will increase market confidence and reduce uncertainty. If the CAISO retains the unilateral authority to make price corrections long after the established price correction window, confidence in market outcomes could be diminished. Moreover, at least two other ISO/RTO's observe a relatively short, firm price correction window without significant problems. Lastly, the establishment of a firm window will incent the CAISO to continue system improvements in the Full Network Model and market solution software to ensure prices are calculated correctly the first time around.

We also recognize unforeseen circumstances may necessitate a retroactive price correction beyond the firm window. The scope of this type of correction would likely be large and is best handled through a transparent filing at FERC.

Process and Payload Issues Should be Exempt From Firm Five-Day Limit: As noted in the CAISO issue paper, the CAISO at times has needed to republish prices not because of an actual change in price but due to processing problems of original validated prices¹. We support the CAISO retaining its ability to correct prices beyond the firm five-day window if the correction stems from a process or downstream payload issue. We expect

¹ Post-Five Day Price Corrections Issue Paper, California ISO, February 5, 2010, Page 6.
<http://www.aiso.com/2734/2734df273ee70.pdf>

this type of correction to diminish over time as the stability of the CAISO's processes and systems continues to improve.

Encourage Immediate Release of All Adjusted Prices: For any price correction (within or outside the correction window), the CAISO should release all corrected prices immediately. The CAISO should not release price corrections over days or weeks as it did with the Trading Hub price correction which affected prices for April through May of 2009. In this case the CAISO released the corrected prices over the course of several weeks. No schedule was established as to when certain price corrections would be released or when the process would be completed. Moving forward the CAISO should release all the corrected prices at once. This will aid in validating settlement calculations, reduce participant administrative burdens, and assist with bilateral settlements.

Movement to Three Day Price Correction Window

Support Retaining Current Five-Day Price Correction Window: At this time, we do not feel it would be prudent to move towards a shorter price correction window on April 1, 2010. Having five calendar days gives both the CAISO and market participants an adequate window to indentify problems. Reducing the window to three calendar days may result in insufficient time for a thorough review. We want to ensure that all parties have adequate time, especially given our support of a firm correction window.