



**Comments of Pacific Gas and Electric Company**  
***FERC Order 764 Market Changes Revised Draft Tariff Language***

Submitted by	Company	Date Submitted
Marie Fontenot (415) 973-4985	PG&E	November 12, 2013

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the California Independent System Operator’s (CAISO) FERC Order 764 Market Changes, as outlined in its October 30, 2013 publication of the revised draft tariff language.

PG&E’s comments fit into three categories: the first identifies instances of inconsistency between the draft language and what was established during the policy development of the FERC Order 764 Market Changes. The second category identifies inconsistency within the tariff or with other CAISO documents. The third requests clarification of elements of the proposed language.

**Category 1: Inconsistency between draft tariff language and policy**

**30.6.2 E-Tag Rules and Treatment of Intertie Schedules**

A portion of this tariff section is inconsistent with policy development. In particular, the language stating, “If a Scheduling Coordinator receives an intra-hour Schedule change, then the Scheduling Coordinator must, by twenty minutes before the start of the fifteen minute market (FMM) interval to which the Schedule change applies, ensure that an updated energy profile reflects the change. *Where feasible*, the ISO will automatically update Energy profiles on E-tags for Energy Schedules that change from HASP to the FMM within a Trading Hour. However, it is ultimately the responsibility of the Scheduling Coordinator to ensure that the E-tag Energy profile reflects the delivered quantity.” (Emphasis added.)

During policy development the CAISO stated that it would automate updates to energy schedules on e-tags for the 15-minute market awards within an hour.<sup>1</sup> The language proposed in tariff section 30.6.2 places the burden of update responsibility on each Scheduling Coordinator. This is inconsistent with the CAISO's language during policy development where it was identified that the 2.5 minutes between 15-minute market awards and tagging deadline required automation.

PG&E suggests the following alternate tariff language:

"If a Scheduling Coordinator receives an intra-hour Schedule change, then the Scheduling Coordinator must, by twenty minutes before the start of the FMM interval to which the Schedule change applies, ensure that an updated energy profile reflects the change. The ISO will automatically update Energy profiles on E-tags for Energy Schedules that change from HASP to the FMM within a Trading Hour. However, it is ultimately the responsibility of the Scheduling Coordinator to ensure that the E-tag Energy profile reflects the delivered quantity. ***In the event of an e-tag automation failure, Scheduling Coordinators will perform updates and will receive instruction to use the last advisory interval.***" (Emphasis added to indicate suggested language.)

#### **30.7.3.6.3.2 Position Limits on Interties**

The timeline identified by the CAISO for position limits on intertie virtual bids contains two incorrect points. In subsection d, the CAISO states that position limits will be increased to fifty (50) percent on the first day of the twenty-fourth month. This is incorrect. The CAISO should correct this section to reflect an increase in position limits on the first day of the ***twenty-fifth*** month.

Subsection e contains a similar error. The CAISO indicates that position limits will cease to apply on the "first day of the twenty-ninth day". This section should be corrected to state that position limits will cease to apply on the first day of the twenty-ninth ***month***.

#### **Category 2: Inconsistency within the Tariff**

We request the CAISO further review definitions and ensure that tariff references are correct. We have provided a few examples where further discussion and evaluation are warranted. We also request the CAISO double check to ensure they are working off the latest version of the Tariff and that any sections represented

---

<sup>1</sup> FERC Order 764 Market Changes Addendum to Draft Final Proposal, page 16, [http://www.aiso.com/Documents/Addendum-DraftFinalProposal-FERC\\_Order764MarketChanges.pdf](http://www.aiso.com/Documents/Addendum-DraftFinalProposal-FERC_Order764MarketChanges.pdf)

contains the latest language filed to FERC and approved for Fall Release (e.g. AS Buyback) and other Spring related filings (e.g. BCR, RIMPR).

### **11.10.2 Settlements for User Charges for Ancillary Service**

For consistency, please remove any references to HASP.

“... any, by which (i) the total payments to Scheduling Coordinators pursuant to this Section 11.10.2 for the Day-Ahead ~~Market, HASP,~~ and the Real-Time Market, exceed (ii) the total amounts charged to Scheduling Coordinators pursuant to this Section 11.10.2, for the Day-Ahead Market and the Real-Time Market. If total amounts charged to Scheduling Coordinators exceed the total payments to Scheduling Coordinators, each Scheduling Coordinator will be refunded its proportionate share, based on total purchases by Scheduling Coordinators of Regulation Down, Regulation Up, Spinning Reserve, and Non-Spinning Reserve.”

### **11.21.1 CAISO Demand and Exports**

It appears that the existing tariff language lacks reference to an applicable tariff section. Specifically, the sentence, “If the CAISO corrects an LMP in the upward direction pursuant to Section 35 that impacts Demand in the Day-Ahead Market and the FMM such that either a portion of or the entire cleared CAISO Demand or export Economic Bid curve becomes uneconomic, then the CAISO will calculate and apply the Price Correction Derived LMP for settlement of CAISO Demand and exports in Section 11.2.1.2, 11.2.3, 11.2.1.4 and 11.4.1.” should have section 11.5.9.1 added to the list of tariff sections for which a price correction derived LMP would be utilized for settlement.

## **Category 3: Request for Clarification**

### **11.5.2.2 Hourly Real-Time Demand Settlement**

Please provide the source for the basis of using “gross deviations” in the emphasized portion of this section:

“The Default or Custom Hourly Real-Time LAP Price will be bounded by the maximum positive LMP and the lowest negative LMP for the applicable Trading Hour from those relevant intervals. ***If the calculated price exceeds the upper boundary or is below the lower boundary, then the price instead will be***

*calculated based on weighted average price with the weightings based on gross deviations (absolute value of each deviation)."*

### **11.5.9 Settlement of Scheduling Points in Real-Time Market**

In reviewing 11.5.9, it seems the definition of Non-Dynamic System Resource needs to be more specific. The term was not included in the latest revision.

"The CAISO shall settle both incremental and decremental Energy at the relevant Scheduling Points for ***Non-Dynamic System Resources*** scheduled in the FMM based on the FMM LMP in accordance with Sections 11.5.9.1, 11.5.9.2 and 11.32."

### **34.20.1 General Principles**

PG&E questions the usage of the term of "hourly pre-dispatch" and needs clarification on the correct tariff section. Section 11.5.2 has no relation to section 34.20.1, as identified in the section below.

"Instructed and Uninstructed Imbalance Energy shall be paid or charged the applicable FMM or RTD LMP except for ***hourly pre-dispatched*** Instructed Imbalance Energy, which shall be settled as set forth in ***Section 11.5.2.*** "

### **Appendix definition of Hourly Block Intertie Schedule**

All capitalized terms in need to be defined. If not, please remove capitalization.

#### **HASP Block Intertie Schedule:**

The output of the HASP resulting from accepted Self-Schedule Hourly Blocks and awarded Economic Hourly Block Bids (but excluding an Economic Hourly Block Bid with Intra-Hour option). HASP Block Intertie Schedules, as modified after accepted, are settled at the applicable FMM LMP and FMM ASMPs. HASP Block Intertie Schedules are advisory only in that they may be curtailed by the CAISO for Reliability reasons. Otherwise, the MWH quantity of a HASP Block Intertie Schedule is financially binding.

### **Appendix definition of FMM Scheduled Energy**

Re-examine definition and ensure tariff section references are correct.

#### **FMM Scheduled Energy**

IIE from a Non-Dynamic System Resource, exclusive of Real-Time Pumping Energy and Real-Time Minimum Load Energy, produced or consumed due to

hourly scheduling in the HASP. HASP Scheduled Energy is produced above the higher of the Day-Ahead Schedule or the Minimum Load, and below the HASP Intertie Schedule, or consumed below the Day-Ahead Schedule and above the HASP Intertie Schedule. In the latter case, HASP Scheduled Energy overlaps with Day-Ahead Scheduled Energy; HASP Scheduled Energy does not overlap with Real-Time Pumping Energy or Real-Time Minimum Load Energy, but it may overlap with other IIE subtypes. HASP Scheduled Energy is indexed against the relevant Energy Bid and sliced by service type, depending on the Ancillary Services capacity allocation on the Energy Bid, and by Energy Bid price. HASP Scheduled Energy slices are settled as described in Section 11.4, and they are included in BCR as reflected in Section 11.8.4; provided that if any HASP Scheduled Energy slice below or above the Energy Bid has no associated Energy Bid price, it is not included in BCR as described in Section 11.8.4. For Non-Dynamic System Resources that are designated as MSS Load following resources, HASP Scheduled Energy is considered as MSS Load Following Energy.

#### **4.8.2 Forecast Requirements**

Although section 4.8.2 was removed from this version of the draft tariff, PG&E requests clarification in the next version of tariff as to whether or not LSEs using CAISO's eligible intermittent resource (EIR) forecast are allowed to switch from the CAISO's forecast to their own. Further discussion of what the limitations or requirements associated with changing used forecasts will be of value.