

Stakeholder Comments Template

Subject: Analysis of Real-Time Energy Imbalance Offset (CC 6477)

Submitted by	Company	Date Submitted
<i>Gifford Jung</i> <i>604-891-6040</i>	<i>Powerex Corp.</i>	<i>September 4th, 2009</i>

Powerex appreciates this opportunity to provide these comments on the RT Energy Imbalance Offset Issue Paper.

Powerex has no objections to the CAISO's near-term proposal to exempt load-following metered subsystem (MSS) from CC 6477 since by definition the MSS imposes no costs on the CAISO due to uninstructed imbalance energy.

In regards to long-term options, Powerex supports a two-tier allocation scheme for offset charges. The two-tier allocation provides the right incentive for LSE's to avoid over procuring energy in the day-ahead market. The two-tier allocation scheme would correctly allocate costs based on cost causation principles in the first tier.

To more accurately apply the two-tier allocation scheme, Powerex agrees that the CAISO should align the settlement intervals of RT load and generation. This more accurate allocation scheme would follow cost causation principles by more accurately matching real-time costs required to serve real-time load.

As far as the CAISO proposal to settle HASP imbalance energy using RTD prices, Powerex strongly disagrees with the proposal to settle HASP at the RTD prices with the CAISO's current daily bid cost recovery mechanism.

Powerex further notes that export bids do not currently have any bid cost recovery protection and Powerex believes that this is a flaw in the tariff that needs to be corrected.

Finally, Powerex does not believe it is an option for the CAISO to do nothing. At a minimum, the CAISO should implement a two-tier allocation scheme for offset charges.