



SDG&E's Comments FERC Order 764 Compliance 15-Minute Scheduling and Settlement Revised Straw Proposal

Submitted by	Company	Date Submitted
Victor Kruger VKruger@SempraUtilities.com	San Diego Gas & Electric	February 27, 2013

SDG&E generally supports the changes contained in the CAISO's Revised Straw Proposal. However, SDG&E is concerned the CAISO is trying to solve too many problems in this single initiative. From a systems implementation standpoint, eliminating HASP and creating a 15-minute market may engender the largest changes since MRTU. In light of this potential, the CAISO must not try and solve too many current problems in a single initiative, or the initiative risks becoming so complex that implementation will be dragged out for years.

SDG&E believes only what is needed for FERC 764 compliance and creating the 15-minute market should be contained in this initiative. Squarely addressing lingering issues like convergence bidding on intertie scheduling points and the elimination of PIRP are important objectives, however, they should be handled separately to avoid endlessly delaying Order 764 compliance. Any items not core to complying with FERC Order 764 should be evaluated against other needed market solutions to see if their priority justifies inclusion. In this vein, Indeed, convergence bidding on interties has a much lower priority for SDG&E than other CAISO issues, particularly the \$95 million Real Time Offset uplifts from internal convergence bids in 2012. To be clear, SDG&E suggests not only stripping convergence bidding on interties from this initiative, also encourages the CAISO to address RTO uplift before devoting staff attention to that issue.

In this vein, SDG&E also questions the need for adding the option for a single intra-hour economic curtailment on real-time intertie bidding. The risk of creating additional uplift may be greater than the benefit of an intra-hour economic curtailment option. Perhaps this option can wait to be implemented until after experience with the 15-minute market is gained.

Participating Intermittent Resource Program (PIRP) in its current form is counter to cost causation principles. The straw proposal minimizes many of the risks PIRP was created to address. Uplift charges due to PIRP should be eliminated as soon as possible and this would also create the proper price signals to incent proper behavior. SDG&E supports the elimination of PIRP but does not want this issue to delay implementation of the far more important 15-minute market. Issues such as grandfathering could make eliminating PIRP a complex issue and may have to be handled in a separate initiative.

Finally, the elimination of the transmission reservation bidding and settlement is a significant positive step that helps avoid needless complications with dubious benefits. SDG&E commends the CAISO for fully analyzing this issue and ultimately rejecting it.