

Stakeholder Comments

**FERC Order 764 Compliance
15-Minute Scheduling and Settlement
Straw Proposal, October 23, 2012**

Submitted by	Company	Date Submitted
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This template contains SMUD’s comments on the CAISO’s FERC Order 764 Compliance – 15-Minute Scheduling and Settlement straw proposal, dated October 23, 2012 and issues discussed during the stakeholder meeting on October 30, 2012.

1. Price Certainty

SMUD generally supports the CAISO’s 15-minute scheduling and settlement proposal because it provides greater price certainty for physical imports and exports over the interties. Adoption of 15 minute intertie scheduling should significantly reduce forecast deviations and ultimately lessen uplifts associated with the HASP.

2. E-Tags

While SMUD agrees in concept to updating e-tags to reflect each binding 15-minute market interval, from a practical standpoint, SMUD is concerned that 2.5 minutes between the Energy Schedule Award and the e-tag deadline might be too short of a time period. This will require frequent monitoring during the hour, and if an e-tag is not updated before the deadline, the intertie transaction is exposed to real-time market uplifts.

3. Firm Bids

SMUD opposes the CAISO’s proposal to treat bids in HASP as firm bids for each 15-minute interval. If a bid in HASP is not awarded for the first 15-minute market interval, the bidder should be provided an opportunity to withdraw its bid for the remaining intervals in that hour. While SMUD recognizes that conditions may change within the hour and a bid could be accepted in subsequent market intervals,

obligating bids for the remaining three market intervals will likely discourage participation in the CAISO market from entities outside of the CAISO.

At the October 30th stakeholder meeting, the CAISO indicated it would look into “flagging” HASP bids that are not initially accepted and providing opt-out capability for subsequent market intervals. SMUD strongly supports this approach.

4. Complete Bid and Dispatch Scenarios

SMUD believes it would help for the CAISO to run through several complete bid and dispatch scenarios. All stakeholders would benefit from understanding specific examples.