

Stakeholder Process: E-tagging Timing Requirements Initiative

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One, 11/04/09
- Round Two, 12/21/09
- Round Three, 01/21/10

Stakeholder comments are posted at: <http://www.aiso.com/244c/244cabfb36550.html>

Other stakeholder efforts include:

- Conference Call, 10/28/09
- Conference Call, 12/14/09
- Conference Call, 01/14/10

Management Proposal	PG&E	SCE	JP Morgan / Shell	Powerex	Morgan Stanley	Barclays	CPUC	NCPA	Management Response
Implementation aligned with convergence bidding in February 2011	No comment	Support If issues arise the ISO should not allow convergence bidding on the interties.	Conditional No earlier than February 2011; however, premature to adopt any rule change until convergence bidding experience shows new rules are needed.	Oppose Expedited implementation timeline for HASP reversal rule	No comment	Support	No comment	No comment	The ISO is currently implementing several large initiatives and does not prioritize the implementation of the HASP reversal rule or other items in this proposal prior to convergence bidding.
HASP reversal settlement rule preferable to revising e-tag requirements	Support HASP reversal rule provides sufficient incentives	Support HASP reversal rule a reasonable compromise.	Conditional Agree there should be no change required to e-tag requirement. But HASP reversal rule not needed.	Support Prefers e-tag requirement prior to HASP; however, ISO proposal is balanced.	Conditional Acceptable, but not necessary once convergence bidding is implemented.	Conditional Concerned about reduced competition at interties from HASP reversal rule.	Support HASP Reversal Rule effective solution.	No comment	Many stakeholders supported a new e-tag timing requirement prior to HASP; however, many other stakeholders highlighted the potential reduced market liquidity and seams issues with other balancing authorities a new e-tag requirement could cause. The ISO sought to balance these positions and ensure that implicit virtual bidding is more costly than convergence bidding.
CRR “claw back” settlement rule applied to all HASP reductions	Support Could support applying to quantity not e-tagged	Support	Oppose Evidence does not support the need to impose new rules.	Oppose CRR rule should parallel HASP reversal rule by applying to quantity not e-tagged	No comment	No comment	Support Will reduce incentive to conceal virtual bidding flags in day-ahead market.	No comment	The presence of an e-tag is not sufficient to deter a market participant from engaging in implicit virtual bidding to avoid the convergence bidding CRR “claw back”. Also, a secondary condition must be met in order for the claw back to occur. The MW quantity reversed must drive divergence between the day-ahead and HASP price.

Management Proposal	PG&E	SCE	JP Morgan / Shell	Powerex	Morgan Stanley	Barclays	CPUC	NCPA	Management Response
Add explicit exemption for ETC/TOR [spell out] to proposal	No comment	Support	No comment	No comment	No comment	No comment	No comment	Support	The ISO agrees with the stakeholders who raised the ETC/TOR issue and will explicitly exempt from the new rules in this proposal.