

## **Comments of Boston Energy Trading and Marketing on The Congestion Revenue Right (CRR) Clawback Modification Straw Proposal**

Boston Energy Trading and Marketing (“Boston Energy”) appreciates the opportunity to comment on the Congestion Revenue Right (CRR) Clawback Modification Straw Proposal I issued on April 13<sup>th</sup> and discussed with stakeholders on April 20<sup>th</sup>. For the reasons discussed below Boston Energy opposes the CAISO applying the CRR clawback rule to virtual bids at the trading hubs and load aggregation points. Boston Energy offers the following comments for consideration.

### **Trading Hubs and Load Aggregation Points**

The reason for the straw proposal is to address issues where certain ISO rules are a disincentive to economic bidding in real-time at the interties. Inclusion of a short paragraph at the end of the straw proposal addressing a long standing ISO rule for virtual bidding at the trade hubs and load aggregation points seems out of place. Inclusion of the section 5 seems out of place and the rather short paragraph describing the ISO’s proposal lacks supporting information and historical and market context.

During the development of the virtual bidding market design it was determined that the trade hubs and load aggregation points would be are liquid locations and the likelihood that virtual bids could have a significant impact on constraints is very small. Trade hubs and load aggregation points are widely used by market participants to transact with the ISO and with third parties through short and long term contracts. Limiting the ability for market participants to hedge at these locations by applying the CRR clawback rule would be detrimental to market liquidity and efficiency. These locations likely have large amounts on virtual supply and demand bids that when netted together have even a smaller likelihood to impact constraints >10% than individual bids would. The CAISO proposal doesn’t even discuss the net impact virtual bids at these large locations have on the constraints impacting CRRs.

Lastly, the ISO proposal fails to address the impacts physical load under scheduling in the day-ahead market can have on constraints impacting CRRs. To be clear Boston Energy opposes applying the CRR clawback at the trading hubs and load aggregation points. However, in order to keep a level playing field, if the ISO is considering moving ahead with this change, the ISO would need to apply the CRR clawback rule to physical load that under schedules in the day-ahead market.

If you have any questions please let me know.

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