

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators</b>	) ) ) ) )	<b>Docket No. RM15-24-000</b>
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**COMMENTS OF THE ISO/RTO COUNCIL**

The ISO/RTO Council (IRC)<sup>1</sup> respectfully submits these comments in response to the Federal Energy Regulatory Commission’s (Commission) Notice of Proposed Rulemaking (NOPR)<sup>2</sup> proposing to revise its regulations to require that each regional transmission organization (RTO) and independent system operator (ISO): 1) settle energy transactions in its real-time markets at the same time interval it dispatches energy and settle operating reserves transactions in its real-time markets at the same time interval it prices operating reserves; and 2) revise its regulations to require that each RTO/ISO trigger shortage pricing for any dispatch interval during which a shortage of energy or operating reserves occur.

The IRC supports the Commission’s goals of aligning prices with resource dispatch instructions and operating needs. The IRC specifically supports the Commission’s proposal to settle energy transactions in its real-time markets at the same time interval it dispatches energy. The IRC also believes that these principles should apply to the interties. The IRC respectfully

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<sup>1</sup> The IRC is comprised of the Alberta Electric System Operator (AESO), the California Independent System Operator Corporation (CAISO), the Electric Reliability Council of Texas, Inc. (ERCOT), the Independent Electricity System Operator (IESO), ISO New England Inc. (ISO-NE), the Midcontinent Independent System Operator, Inc. (MISO), the New York Independent System Operator, Inc. (NYISO), PJM Interconnection, L.L.C. (PJM) and the Southwest Power Pool, Inc. (SPP). ERCOT, AESO and IESO are not FERC-jurisdictional and are not joining these comments.

<sup>2</sup> *Settlement Intervals and Shortage Pricing in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 152 FERC ¶ 61,218, 80 Fed.Reg. 58393-01(2015) (NOPR).

requests that in its final order the Commission provide sufficient flexibility so that each of the ISO/RTOs can meet the Commission's directives leveraging off their existing market platforms.

## **I. COMMENTS**

### **A. The IRC generally supports alignment of dispatch, pricing, and settlement of energy.**

The IRC supports the Commission's efforts towards aligning settlement and dispatch intervals by requiring that each ISO/RTO settle energy transactions in its real-time markets at the same time interval it dispatches energy. The IRC agrees that where the ISO/RTOs dispatch resources every five minutes but perform settlements based on an hourly-integrated price, a misalignment is created between dispatch and settlement intervals that may distort the price signals sent to resources. Many of the ISO and RTOs have already modified or taken steps toward modifying their systems to align their energy dispatch and settlement consistent with the Commission's goal in the NOPR. The IRC agrees with the Commission that aligning settlement intervals with energy dispatch intervals will make resource compensation more transparent by increasing the proportion by which resources are paid through payments based on the price for energy as opposed to being compensated through uplift. The IRC notes that some ISOs and RTOs will have to undertake significant settlement system upgrades in order to achieve compliance and, as noted below, urges flexibility in implementation deadlines as a result. .

The IRC also believes the requirement to align dispatch and pricing should also apply equally to intertie transactions as it does to internal transactions. Bifurcation of settlement intervals between internal nodes and interties creates price discrepancies that may lead to greater uplift on the system.

**B. The Commission’s Final Rule should provide sufficient flexibility to meet the Final Rule requirements by leveraging existing market structures.**

While the various centralized energy markets in the country regulated by the Commission, all share the same principles of locational marginal based pricing, they are not all identical, and all have unique features and ways in which they have met Commission directives in the past. In addition to these comments, the individual ISOs and RTOs will be submitting separate comments that address more specifically their individual markets. As the Commission formulates its final order on this matter, it should recognize that meeting the new directives should not force the ISO/RTOs to substantially reform their existing market structure and engage in a major redesign. The IRC asks that the Commission carefully consider each party’s comments separately and consider any necessary clarifications to ensure each ISO/RTO can readily meet the Commission’s requirements within their individual market structure.

**II. CONCLUSION**

WHEREFORE, the IRC respectfully asks that the Commission accept the IRC’s comments.

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Dated: November 30, 2015

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 30<sup>th</sup> day of November 2015.

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