

Barclays Capital appreciates the opportunity to provide comments on the CAISO's January 7, 2009 "Draft Final Proposal E-tag Timing Requirement Initiative"

Comments On E-Tag Timing Requirements:

Barclays Capital continues to support the CAISO's recommendation that prior to the implementation of Convergence Bidding, there be "no change to the current e-tag timing requirements of 20 minutes before the start of the operating hours or T-20." As noted several times in our previous comments, neither the CAISO nor any other Market Participant has presented one instance where the lack of a day-ahead tagging requirement has resulted in an operational or reliability problem. The current scheduling timelines seem to be working within the WECC, of which the CAISO is a member, and it is has been unclear to Barclays why there is a change needed as the result of the implementation of a day-ahead market in the CAISO.

Once Convergence Bidding is implemented, Barclays does have a concern that the CAISO's proposal to institute a HASP Reversal Settlement Rule that "removes price arbitrage gains for reversed MW with no supporting e-tag" will reduce competition at the Interties, and may reduce the CAISO's flexibility in the HASP. Competition is limited because there are only a few entities that have long-term firm transmission rights in California. The CAISO's flexibility in the HASP is limited because it could also reduce the amount of transmission that will available for incremental schedules arising from the HASP. As noted in Barclays earlier comments, if an entity that did not own firm transmission purchased available non-firm transmission to meet the requirement to submit an e-tag prior to the HASP, and then subsequently reduced its schedule in the HASP, the freed up transmission would not then be made available by the transmission provider for purchase by another entity with an incremental HASP schedule.

Finally, the new settlement rule could potentially increase the work of neighboring balancing authorities and transmission providers who will have to approve the e-tagging adjustments.