

Comments on Straw Proposal for E-Tag Timing Initiative

Submitted by (name and phone number)	Company or Entity	Date Submitted
Lisa Yoho- 713-752-5004	Citigroup Energy Inc.	12/21/09

Citigroup Energy Inc. (“CEI”) appreciates the opportunity to provide comments on the CAISO’s E-Tag Timing Initiative Straw Proposal (“Straw Proposal”). Generally, CEI understands the CAISO’s desire to prevent implicit virtual trading once the CAISO has commenced its convergence bidding market. Overall, CEI endorses the Straw Proposal. With that said, CEI believes that Sections 5.3 and 5.4 of the Straw Proposal require substantial clarification.

Section 5.3 HASP Intertie Schedules Decline Charges

CEI does not understand how the CAISO’s proposal to either eliminate or reduce the exemption threshold and increase the decline charge floor price and the percentage of the HASP intertie LMP is at all relevant to this initiative. To that end, CEI requests that the CAISO expand on its rationale for how and why Section 5.3 is relevant. It is CEI’s understanding that Day-Ahead intertie schedules are not susceptible to declined dispatch charges. If that is true, it is unclear how or why declined dispatch charges should be discussed with the context of this Straw Proposal.

Section 5.4 CRR Settlement Rule Applied to Intertie HASP Reversals

It is unclear how the “CRR Settlement Rule,” Section 5.4 of the Straw Proposal, will be applied to physical transactions. CEI believes that the CAISO should completely and thoroughly outline exactly how the CRR Settlement Rule would be applied. In doing so, CEI urges the CAISO to address the following questions:

- Does a CRR need to be within an organization’s portfolio to be relevant?
- Does this simply apply to any Day-Ahead physical transaction, bought or sold, that the opposite (bought or sold) is completed in the HASP, thereby eliminating the physical flow in real-time? If so, how will the CAISO evaluate actual LMP decision making? How will the CAISO evaluate other components into the decision-making process (*i.e.*, External CAISO bilateral and financial transactions)?
- Would a market participant that did have a tag submitted and implemented by 3 pm PST Day-Ahead, not be subject to this CRR Settlement Rule?

In conclusion, CEI requests that the CAISO completely and thoroughly clarify both sections as they relate to the implementation and relevancy of these provisions to implicit virtual bidding.