

Comments on Straw Proposal for E-Tag Timing Initiative

CAISO Department of Market Monitoring December 10, 2009

The CAISO Department of Market Monitoring (DMM) offers several observations regarding the Straw Proposal for E-Tag Timing Initiative. These are intended to provide data and clarifications for stakeholders' consideration in developing a consensus on the final approach for the initiative. Our observations are as follows:

- The amount of import schedules that are currently “voluntarily” tagged in the day-ahead timeframe is an important reference point in determining the need for any change to the required e-tag submission deadline. DMM previously requested that the CAISO examine actual tagging data to determine the proportion of imports that are tagged in the day-ahead timeframe. The straw proposal presents scheduling staff's rough estimate that 95 percent of imports are tagged in the day-ahead timeframe. In order to more definitively characterize the amount of imports tagged in the day-ahead timeframe, DMM calculated the amount tagged based on a sample of operating hours during July-September 2009 timeframe, using the 16 hours in which HASP failed to run during this period. DMM used this sample of hours based on the rationale that (1) HASP failures are relatively random, (2) delivery of IFM schedules is important in these hours as the default instruction when HASP fails is for market participants to deliver day-ahead schedules. Table 1 summarizes this analysis and shows that on average 91 percent of net imports that are scheduled in the IFM are tagged in the day-ahead timeframe, with a range of 81 to 97 percent in individual hours.¹
- The straw proposal notes that a requirement to submit e-tags earlier than the current requirement of 20 minutes prior to the start of the operating hour may reduce the liquidity of the day-ahead market because it would reduce the amount of time market participants have to finalize arrangements for energy and transmission, and, in particular, could conflict with the timing of when transmission becomes available in other control areas. DMM recognizes that the CAISO must exercise judgment in considering potential trade-offs between the any market impacts of changes in market liquidity and any reliability impacts from modifying current e-tag submission deadlines. However, we note that it seems there could be other e-tag submission deadlines, besides the current day-ahead deadline, that would be prior to the HASP (and therefore provide increased reliability benefits), but would still accommodate the timing of transmission availability in other control areas. For example, an e-tag submission deadline of 20 minutes prior to the HASP market would accommodate market participants procuring transmission that becomes available in the evening of the prior day.

¹ E-Tags appearing on spreadsheets maintained by ISO pre-schedulers that show e-tags submitted as of 1500 to 1800 day-ahead (varies by day) were counted as having been submitted in the day-ahead timeframe. Net imports were used in the calculation, instead of *gross* exports, because the ISO is a net importer and virtually 100 percent of *exports* were tagged in the day-ahead timeframe in these hours, leaving the net amount of imports to be delivered by market participants.

Table 1. Percentage of IFM Imports Tagged Day-Ahead

Operating Date	Operating Hr	Net IFM Imports (MW)	Imports Tagged Day-Ahead (MW)	Percentage of Net IFM Imports Tagged Day-Ahead (MW)
7/27/2009	4	5,145	4,759	93%
7/31/2009	4	4,976	4,675	94%
8/5/2009	11	6,691	6,071	91%
8/5/2009	18	6,708	5,413	81%
8/5/2009	24	4,945	4,420	89%
8/10/2009	16	7,865	6,651	85%
8/15/2009	18	6,966	6,741	97%
8/19/2009	17	7,434	6,142	83%
8/25/2009	19	6,666	6,460	97%
8/28/2009	13	6,853	6,276	92%
8/28/2009	14	7,071	6,319	89%
8/28/2009	15	7,565	6,913	91%
9/2/2009	2	5,437	5,087	94%
9/2/2009	5	5,392	5,092	94%
9/8/2009	5	4,968	4,788	96%
9/30/2009	1	4,944	4,375	88%
Total		99,626	90,182	91%

- The issue paper implies that the HASP Intertie Schedules Declines Charges described in section 11.31 of the CAISO tariff is applicable to all import schedules, including those originally scheduled in the IFM. DMM agrees that it is probably appropriate to extend the declines charge to undelivered imports that were originally scheduled in the IFM. However, DMM notes, for clarification, that the current HASP Intertie Schedules Declines Charges is only applied to the amount of an import that is dispatched in HASP that is an *increase* to an IFM import schedule.