



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

NCPA Comments on CAISO Straw Proposal E-tag Timing Requirements Initiative

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The Northern California Power Agency (“NCPA”) is pleased to have the opportunity to submit these comments on CAISO’s straw proposal “E-tag Timing Requirements Initiative”, dated December 7, 2009.

Based on NCPA’s understanding of the straw proposal, CAISO attempts to limit or eliminate the amount of implicit virtual bidding behavior at Intertie Scheduling points through the application of financial incentives, rather than direct modification to E-tag timing requirements. In its straw proposal, CAISO requests stakeholder comments on whether to eliminate or reduce the exemption threshold and increase the HASP Intertie Schedules Decline Charge floor price and the percentage of the HASP intertie LMP. CAISO explains that this proposed reduction in the exemption threshold and the increase in decline charges is designed to deter implicit virtual bidding under the current design structure, as well as after convergence bidding is implemented.

NCPA currently holds explicit contractual rights to make Operational Adjustments to certain Intertie schedules (imports and exports) up to 20-min. prior to the active trading hour. NCPA must ensure this proposed solution does not inhibit its usage of its contractual rights, nor results in financial harm to such rights through the application of HASP Intertie Schedules Decline charges. The proposed concept of reducing the thresholds for measuring HASP Intertie Schedules Decline compliance must exclude any Operational Adjustments / Real-Time schedule changes, either positive or negative, which are supported by existing scheduling rights, including such rights documented in the NCPA Metered Subsystem Aggregator Agreement (“MSSAA”) and Existing Transmission Contracts (“ETC”). NCPA cannot support CAISO’s current proposal unless its contractual rights are protected.