

PG&E Comments

Make Whole Payments Draft Tariff Language

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Pacific Gas & Electric (PG&E) appreciates the opportunity to participate in the Ex-Post Price Correction Make Whole Payments stakeholder process and to submit comments regarding the March 17, 2010 Draft Tariff Language.

Overall, the tariff language seems to accurately describe the make whole payment methodology arrived at through the stakeholder process. PG&E does, however, have two general questions. The first pertains to the exact mechanism which will be used to settle the “Price Correction Derived LMP”. The second has to do with how the CAISO intends to introduce the functionality for virtual bids to receive make whole payments.

Settlement of the “Price Correction Derived LMP”

The proposed tariff language states that for resources that have been impacted by a price correction, *“the IFM LMP will be the Price Correction Derived LMP”*. Using this language it is unclear which components of the LMP will be changed and therefore, how settlements will be affected. It was PG&E’s understanding that the Price Correction Derived LMP would be created by altering only the congestion component of the “original” LMP. This way, the energy and loss components remain the same. Assuming this understanding is correct, it might be helpful if additional language specifying this mechanism was added to the Tariff.

Make Whole Payments for Virtual Bids

PG&E would like clarity regarding any additional tariff review that might be needed to establish make whole payment functionality for virtual bids. The draft final proposal dealt extensively with this topic, but it does not appear to be a part of this tariff filing or the Convergence Bidding filing. Does this mean that the CAISO intends to file additional tariff language for FERC approval regarding this one provision? If so, when is this filing likely to happen?