

Comments of Powerex Corp. on Miscellaneous Tariff Language Changes

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to comment upon CAISO's February 10, 2017 proposal outlining proposed changes to its tariff to correct errors, fill gaps, and harmonize tariff provisions with CAISO's business practice manuals ("BPM").¹

Powerex takes no position respecting CAISO's proposed tariff amendments. However, Powerex is submitting these comments to highlight an inconsistency between the provisions of the Tariff and CAISO BPMs addressing the HASP Reversal Settlement Rule that is left unresolved by the February 10 proposal. Powerex recommends that CAISO modify its proposal to include a fourth tariff amendment remedying the current discrepancy between the CAISO Tariff and BPMs respecting the HASP Reversal Settlement Rule.

HASP Reversal Settlement Rule Ambiguity

Under section 11.32 of the CAISO Tariff, the HASP Reversal Settlement Rule applies when a Scheduling Coordinator either (a) fails to submit an e-Tag consistent with the Scheduling Coordinator's Day-Ahead Schedule and WECC scheduling criteria; or (b) *withdraws the e-Tag prior to forty-five (45) minutes before the Trading Hour*. More specifically, Section 11.32 provides as follows:

11.32 Measures to Address Intertie Scheduling Practices

The CAISO will take the following actions regarding Schedules that clear the Day-Ahead Market at the Interties and that are wholly or partially reversed through a FMM Schedule:

- (i) The CAISO will charge the Scheduling Coordinator the positive difference between the Day-Ahead Market price and the FMM LMP applicable to any imports that clear the Day-Ahead Market and are reduced through a Bid to the RTM if the Scheduling Coordinator either: (a) fails to submit an E-Tag or E-Tags consistent with the Scheduling Coordinator's Day-Ahead Schedule and WECC scheduling criteria; or **(b) withdraws the E-Tag or E-Tags prior to forty-five (45) minutes before the Trading Hour.**

¹ Cal. Indep. Sys. Operator Corp., Proposal to Modify Three Tariff Provisions (Feb. 10, 2017), available at <http://www.caiso.com/Documents/Proposal-ModifyThreeTariffProvisions.pdf>.

- (ii) The CAISO will charge the Scheduling Coordinator the positive difference between the FMM LMP and the Day-Ahead Market LMP applicable to any exports that clear the Day-Ahead Market and are reduced through a Bid to the RTM if the Scheduling Coordinator either: (a) fails to submit an E-Tag or E-Tags consistent with the Scheduling Coordinator’s Day-Ahead Schedule and WECC scheduling criteria; or **(b) withdraws the E-Tag or E-Tags prior to forty-five (45) minutes before the Trading Hour.**

In contrast, the *BPM Configuration Guide – 6460 – FMM Instructed Imbalance Energy Settlement* states that the HASP Reversal Settlement Rule applies when the day-ahead schedule is reduced *prior to the publication of the HASP results* (rather than T-45 as described in the CAISO Tariff):

3. Charge Code Requirements

3.1 Business Rules

Bus Req ID	Business Rules
5.0	<i>The CAISO will take the following actions (through this charge code) regarding Schedules that clear the Day-Ahead Market (or the RUC Schedule if lower than DA Schedule) at the Interties and that a Scheduling Coordinator wholly or partially reverses prior to HASP solution availability. This is identified as the HASP reversal settlement rule and it applies to any import or export that clear the Day-Ahead Market (or the RUC Schedule if lower than DA Schedule) and <u>is reduced prior to the HASP solution availability for which the Scheduling Coordinator has failed to submit an E-Tag consistent with the Scheduling Coordinator’s Day-Ahead Schedule</u> (or the RUC Schedule if lower than DA Schedule).</i>
5.6	<i>The tagged MW value per resource ID as of the time when HASP solution is available must be captured for implementation of the HASP reversal settlement rule.</i>

In practice, the HASP results are generally published before the T-45 CAISO Tariff deadline, at approximately T-57. Powerex understands that CAISO has been using the HASP results publication, rather than T-45, to determine if the HASP Reversal Settlement Rule applies. Powerex supports using the HASP results publication as the “snapshot point” for the purposes of the HASP Reversal Settlement Rule in order to allow sufficient time to adjust schedules and initiate curtailment, which is consistent with

the curtailment timelines set out in recent CAISO notices and guidance.² However, this practice does not appear to align with the CAISO Tariff.

In order to resolve this inconsistency and to ensure that the CAISO has the authority to use the HASP results publication as the “snapshot point” for the HASP Settlement Reversal Rule, Powerex suggests that the CAISO modify subclause (b) of sections 11.32(i) and 11.32(ii) of the Tariff as follows:

... (b) withdraws the E-Tag or E-Tags prior to the earlier of (1) forty-five (45) minutes before the Trading Hour and (2) the publication of the HASP results for the upcoming Trading Hour.

Powerex believes this amendment is important to provide Scheduling Coordinators with the ability, under the Tariff, to withdraw (and/or adjust) e-Tags after the publication of the HASP results (at approximately T-57) and have these e-Tags withdrawals (and/or adjustments) approved prior to the CAISO issuing curtailments (at approximately T-40) without the Scheduling Coordinator being exposed to the HASP Reversal Settlement Rule.

² For example, the CAISO Market Notice, *Tagging Curtailment Timeline Change*, issued on January 12, 2016, advised that the CAISO will initiate curtailments of schedules that exceed their market award between T-55 to T-40. Furthermore, the CAISO’s May 27, 2016 document *Examples of Tagging Adjustment Timeline for Intertie Resources electing Hourly Dispatch Option*, notes that starting HE11 on trade date 04/28/2016, the CAISO will automatically adjust e-Tags following the HASP results when a resource is over tagged at T-40. Therefore, in practice, in order to accommodate its T-55 to T-40 curtailment timeline, the CAISO has been using the HASP results publication, rather than T-45 (as specified in the tariff), as the “snapshot point” to determine if the HASP Reversal Settlement Rule applies.