

**PUGET SOUND ENERGY COMMENTS**  
**REAL-TIME MARKET NEUTRALITY SETTLEMENT INITIATIVE**  
**JUNE 13, 2019**

Puget Sound Energy (PSE) appreciates the opportunity to submit the following comments on the California Independent System Operator's (CAISO) Real-Time Market Neutrality Settlement Draft Final Proposal (DFP). In this initiative, CAISO is proposing to revise the manner in which it allocates real-time market (RTM) neutrality by: (1) eliminating the real-time imbalance energy offset (RTIEO) transfer adjustment; (2) utilizing the system marginal energy cost (SMEC) plus the greenhouse gas (GHG) component of the locational marginal price (LMP) outside of California to determine the financial value of EIM transfers between non-California balancing authority areas; and (3) working with stakeholders to revise the CAISO's business process manual (BPM) to clarify the rules for submitting EIM transfer system resource (ETSR) five-minute schedules and associated rules for validation.

PSE supports CAISO's proposed changes to eliminate the RTIEO transfer adjustment and to utilize the SMEC plus the GHG component of the LMP outside of California to determine the financial value of EIM transfers between non-California balancing authority areas. PSE agrees that these changes will result in a more equitable allocation of market neutrality amongst EIM entities, and supports CAISO's efforts to implement these changes as quickly as possible.<sup>1</sup>

Regarding the third element of the proposal, CAISO proposes to work with stakeholders through the proposed revision request (PRR) process to clarify the rules for submitting ETSRs five-minute schedules and associated validation rules, and has requested that stakeholders state their preference for the submission of these values to inform the PRR process. PSE supports the option wherein the EIM BAA with ETSR tagging responsibility submits after-the-fact EIM transfer values to settlements through the EIM real-time interchange schedule. This option reflects the dynamic signal that entities receive from the automatic dispatch system for ETSRs in a granularity that is consistent with the settlement process. PSE looks forward to participating in the PRR process to further clarify the rules and processes for the ETSR submission process.

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<sup>1</sup> Although PSE encourages CAISO to move forward with these changes as quickly as possible, we share the concerns that other stakeholder have raised with respect to the RTIEO charge code – namely, the quantity and complexity of the calculations in the charge code, and the scalability of the GHG solution in this proposal in the event that other jurisdictions adopt carbon pricing policies. PSE appreciates CAISO's commitment to examining these issues in a subsequent initiative.